STAR Throne Midco
Designated Activity Company

Directors' report and financial statements

Year ended 31 December 2021

Registered number: 639182

STAR Throne Midco Designated Activity Company

Directors' report and consolidated financial statements

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STAR Throne Midco Designated Activity Company

Directors and other information

Directors	P. Gensch P. Gough M. O'Kelly
Secretary	The Secretarial Company Limited
Registered office	Suite 3 One Earlsfort Centre Lower Hatch Street Dublin 2
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Bankers	Bank of Ireland The Mall Malahide Co. Dublin Investec Bank Limited 100 Grayston Drive Sandown Sandton 2196 South Africa BNP Paribas Fortis NV Warandeberg 3 1KA2E 1000 Brussel Belgium
Solicitors	Matheson 70 Sir John Rogerson's Quay Dublin 2 Eversheds Sutherland One Earlsfort Centre Earlsfort Terrace Dublin 2
Registered number	639182

STAR Throne Midco Designated Activity Company

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2021.

The Company is a subsidiary of STAR Throne Luxembourg Sarl, a company registered in Luxembourg. The ultimate controlling party is STAR Capital Partnership LLP, a limited liability partnership registered in England and Wales which is the manager of STAR Strategic Assets III LP, STAR Strategic Assets III-A LP, STAR III Executive Co-Investment Partnership LP and STAR Throne Co-Investment LP (collectively "STAR Funds").

Principal activities, business review and future developments

STAR Throne MidCo Designated Activity Company ("STAR MidCo", "the Company" and together with its subsidiaries "the Group") is registered in Ireland. The principal activity of the Company is investment management.

The Company's wholly-owned subsidiary, STAR Throne Bidco DAC, owns 100% of the shares in ASL Aviation Holdings Designated Activity Company ("ASL"). Headquartered in Dublin, Ireland, ASL is a global aviation services provider with operations on six continents. ASL operates 130 aircraft ranging from Boeing 747 to ATR Turbo Prop offering network solutions to express freight integrators and passenger airlines. In addition, ASL operates scheduled and charter flights under its own brands.

ASL has 3 European airlines; ASL Airlines Ireland based in Dublin, ASL Airlines Belgium, based in Liege, and ASL Airlines France, based in Paris-CDG. ASL also has an airline, Safair, in South Africa, that operates civilian 'Hercules' aircraft on humanitarian missions in Africa, and operates FlySafair, a leading low-cost domestic passenger airline based in Johannesburg. ASL also has a joint venture cargo airline in Thailand, K-Mile Air Company Limited, and a joint venture in Belgium which provides aircraft maintenance services, X-Air Services Limited (which became a subsidiary in 2022).

The principal activities of the Group during the year were as follows:

- Provision of air cargo transport services to the integrator, e-commerce and postal markets
- Provision of air passenger transport services
- Aircraft leasing
- Other aviation related services

Despite the ongoing impact of the COVID pandemic, the Group has made a strong recovery in 2021 and reported an operating profit for the year €73.4m *(2020: €3.6m)* and profit after tax for the year of €1.6m *(2020: loss after tax of €32.1m).*

Cargo activity and volumes remained strong over the year and continued the upward trajectory seen in the second half of 2020. Cargo tonnes carried increased 28.4% year on year to 991,141 *(2020: 771,825).* The number of passengers carried increased by 47.8% to 3,870,361 *(2020: 2,618,102)* driven by FlySafair. The long-haul activity operated via ASL Belgium continued to benefit from market capacity constraints which ultimately resulted in strong margins and volumes throughout the year. The underlying integrator activity remained as contracted with the reliability metric of on-time performance surpassing 98%. On an overall basis the Group achieved an on-time performance of 98.4% for full year reflecting the ongoing infrastructural improvements made throughout the business *(2020: 97.5%).* While the global passenger market continued to grapple with impacts of the pandemic, ASL's passenger activity in South Africa through its airline, FlySafair, increased its market share and reported a strong financial performance. The FlySafair fleet has increased from 22 to 25 over the year with the additional capacity absorbed due to the local market conditions.

Revenue during the year was €1,131.4m. During the year the Group disposed of fleet assets with net book value of €4.9m resulting in profit on disposal of €3.3m. This is in keeping with the Group's strategy of reducing the average age of assets and also maintaining a consistent and conservative approach to asset carrying values.

Principal activities, business review and future developments *(continued)*

Following the commencement of Project Darwin (strategic reorganisation of the European airlines) in 2020 continued progress was made across the European operations as it strives for standardisation and efficiency in so far as practical. This continued progress was supported by Oliver Wyman. Significant progress was made in this regard with a number of shared services centres and centres of excellence set up to further drive the efficiency and standardisation across the European airline structure.

Through the Group's joint venture airline in Thailand, KMile, the Group continues to grow its global footprint across the region having already added 3 aircraft through the trusted DHL partnership. The Group also retains an air operating certificate (AOC) in India and is seeing renewed interest in this regard across both its existing and new customer base.

In line with the Group's strategic focus on increasing asset ownership and upgrading of its fleet, the Group acquired 4 Boeing 737-800 aircraft over the year. These acquisitions were supported by a Group financing facility put in place with Goldman Sachs in early 2021.

Throughout 2021, the Group has continued to work tirelessly on its ESG agenda and has further developed "Cargovision" which is a working consultative forum established by the Group to drive meaningful change across both the Group and the industry as whole. The Group has entered into various collaborations with leading players across the space involved in development activities from developing hydrogen powered engines to sustainable aviation fuel initiatives.

There remains significant volatility across the geo-political climate which will undoubtedly continue to impact the global aviation industry. The global COVID pandemic will continue to challenge the industry and the impact will need to be continually managed. From the Group perspective, the integrator, e-commerce and postal markets remain predictable all of which are supported by long term contracts across a "blue chip" customer base. Driven by capacity constraints and the global market conditions, the long-haul business has enjoyed a strong performance in the year. When viewed in conjunction with the reduction in exposure to the European passenger business along with the increased market share and dominant position of FlySafair, this ensures that the outlook for future years remains positive.

The current conflict situation in Ukraine which commenced after the year end has not had a material impact on the operation of the Group but has resulted in a number of re-routings on activity in and out of China. The Group is working closely with all stakeholders to minimise any ongoing impact.

The result for the year has improved due to the Group's recovery from the impact of COVID and the directors note earnings before interest, tax, depreciation and amortisation ("EBITDA") of €205.3m *(2020: €156.1m)* generated during the year and a cash and cash equivalents balance of €194.4m as at 31 December 2021 *(2020: €133.9m)*.

Reconciliation of operating profit to EBITDA	**2021**	2020
	€'000	€'000
Operating profit	**73,423**	3,628
Depreciation and amortisation	**131,879**	152,471
EBITDA	**205,302**	156,099

Results and dividends

The results for the year have been presented on page 15 and in the related notes. The directors do not recommend payment of a dividend.

Going concern

The directors have assessed the Group’s and Company’s going concern status by preparing detailed financial forecasts to 31 December 2025, with consideration of the ongoing impact of COVID-19 along with the overall operating environment across all jurisdictions.. The Group has negative equity of €17.7m as at 31 December 2021 *(2020: negative equity of €32.5m)*. The directors note the loan notes, which are principally subscribed by funds which are managed by the ultimate controlling party of the Group, STAR Capital Partnership LLP, of €242.1m *(2020: €226.2m)* are unsecured and not repayable until 31 December 2029, if not paid or redeemed before this date, as a result of an Asset Sale (defined as a sale of the whole or substantially the whole of the business and assets of the Group), or a change in majority ownership of the Company or ASL, or a listing of the Company shares on a stock exchange, or an offering to the public in any jurisdiction of any Company shares for sale or subscription. Having assessed the business risks (which are primarily in relation to the passenger activities and geopolitical uncertainty), the cash flow forecasts and available bank facilities, the directors do not envisage any significant risk in relation to the ability to continue in operational existence for the foreseeable future. In addition, the ultimate controlling party, STAR Capital Partnership has confirmed it will continue to provide financial support to the Company for a period of at least 12 months from the date of approval of the financial statements. The directors have therefore adopted the going concern basis of preparation in the Group and Company financial statements.

Principal risks and uncertainties

Financial risk is managed within the framework set out by the board of directors and includes regular assessments and risk monitoring within the Group.

Companies that own and lease aircraft are exposed to changes in the underlying fair values of the aircraft and associated lease rates. While aircraft values have been impacted in the economic cycle, the directors are satisfied that the carrying values as at 31 December 2021 are appropriate.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Currency risk

Credit risk

The underlying customer base of the Group remains largely the integrators and e-commerce businesses. The existing relations with all customers in this regard remain positive with a minimal credit risk envisaged in this regard.

The Group’s provisioning polices have remained unchanged year on year.

The Group performs credit evaluations on an ongoing basis for individual counterparties. The Group also carefully considers all significant new customers before extending credit and implements controlled credit terms. The Group has also entered into an agreement with Dun & Bradstreet to assist in credit evaluations of existing and new customers to support the internal processes.

Cash is only deposited with financial institutions that have a strong credit rating.

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

Liquidity risk

Liquidity risk is the risk that the Group may not meet its obligations as they fall due.

The Group ensures, as far as possible, that it always has sufficient liquidity to meet its obligations when due under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash balances across the Group have grown to €194.4m representing a 45% increase year on year reflecting the continued focus on global cash management. ASL France also benefited from €9.4m of French State aid to support the business in light of the impact that the COVID pandemic had on the business in France.

Interest rate risk

The Group is exposed to interest rate risk through its borrowings and deposits.

Currency risk

The Group is exposed to currency risk since a number of its aircraft related activities are denominated in US Dollars which is the base currency worldwide for aircraft leasing, aircraft values and maintenance activity.

The Group is exposed to movements in South African Rand through its subsidiary Safair Operations, driven by revenue streams in Rand.

In the absence of derivative financial instruments to hedge exposure to foreign currency, the policy followed is to manage levels of inflows and outflows in each currency to reduce the overall exposure to movements in currency translation rates.

Further disclosures in relation to these principal risks and uncertainties are given in note 28 to the financial statements.

Directors and secretary and their interests

The directors and secretary who held office at 31 December 2021 had no interests in the shares and debentures of the Company or group companies other than as shown below.

Director	Description of debentures	Entities in which debentures are held	Amount at beginning of year	Amount at end of year
Mark O'Kelly	Fixed rate unsecured loan notes 2029	Star Throne Midco DAC	€26,397	€28,248

Each of Paul Gough and Philipp Gensch holds an indirect, minority interest in the shares of STAR Throne Luxembourg Sarl (which is the immediate parent entity of the Company) and in the loan notes issued by STAR Throne Midco DAC, in his capacity as a limited partner of certain co-investment and carried interest vehicles, each of which own interests in STAR Throne Co-investment LP and the STAR III Fund.

Directors' compliance statement

The directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014 and tax laws ("relevant obligations"). The directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies that are in their opinion appropriate with regard to such compliance;
- appropriate arrangements and structures have been put in place that, in their opinion, are designed to provide reasonable assurance of compliance in all material respects with those relevant obligations; and
- a review has been conducted, during the financial year, of those arrangements and structures.

Political donations

During the year, the Group and Company made no donations which are disclosable in accordance with the Electoral Act, 1997.

Subsequent events

On 24 May 2022 the Group disposed of part of its shareholding in Quikjet Cargo Airlines Pvt Ltd, and the Group shareholding decreased from 72.48% to 45.69%. On this date the Group lost control of the Quikjet and ceased accounting for it as a subsidiary and commenced accounting for it as a joint venture.

On 12 June 2022, the Group received €5.1m relating to funds that had been held in Escrow as part of the ASL acquisition in 2019 pending the final outcome of certain matters that were not clear at that time. The Escrow term expired on the third anniversary of the acquisition. These funds will be recorded in profit or loss in 2022.

On 1 July 2022, the Group agreed a refinancing of the facility with Goldman Sachs, and increased the total available facility by US$75m to US$200m. The Group drew down US$72.1m in 2022 and has US$32.1m remaining available and undrawn on this facility.

During 2022, the Group has repaid €35.2m to the loan note holders.

On 8 August 2022, the Group acquired the remaining share capital of X-Air Services S.A. for €2.5m. On this date the Group ceased accounting for X-Air as a joint venture and commenced accounting for it as a subsidiary. The total consideration paid on acquisition (including transfer of share of equity accounted investee) was €6.6m.

There were no other events subsequent to the period-end that require adjustment to the financial statements or the inclusion of a note thereto.

Accounting records

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at the offices of ASL at No 3 Malahide Road, Swords, Co. Dublin.

Directors’ report *(continued)*

Audit information

The directors believe they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group’s statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Group’s statutory auditors are unaware.

Audit Committee

The Group has established an Audit Committee with responsibilities for oversight of the:

- financial reporting process;
- audit process; and
- systems and internal controls.

Auditor

In accordance with Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the board

Jan Philipp Gensch

P. Gensch	P. Gough	19 December 2022
Director	*Director*	

STAR Throne Midco Designated Activity Company

Statement of directors' responsibilities in respect of the directors' report and the consolidated financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

Under company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year. In preparing the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Group and Company are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the board

Jan Philipp Gensch

P. Gensch	P. Gough	19 December 2022
Director	*Director*	

KPMG
Audit
1 Stokes Place
St. Stephen's Green
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Ireland

Independent auditor's report to the members of STAR Throne Midco Designated Activity Company

Report on the audit of the financial statements

Opinion

We have audited the financial statements of STAR Throne Midco Designated Activity Company ("the Company") and its consolidated undertakings ("the Group") for the year ended 31 December 2021 set out on pages 15 to 88, which comprise the consolidated income statement, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the Company statement of financial position, the consolidated statement of changes in equity, the Company statement of changes in equity, the consolidated statement of cash flows, the Company statement of cash flows and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2021 and of the Group's profit for the year then ended;

- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;

- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and

- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the members of STAR Throne Midco Designated Activity Company *(continued)*

Report on the audit of the financial statements *(continued)*

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Company's entity's ability to continue to adopt the going concern basis of accounting included the following procedures among others:

- considering the cash and loan facilities available to the Group and Company and the related debt servicing requirements which are applicable in the going concern period;
- analysing the cashflow projections prepared by management showing forecast available cash and considering the reasonableness of the underlying assumptions; and
- examining the confirmation provided to the Company by its ultimate controlling party in relation to continuing financial support to the Company in the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

(i) Group: Carrying value of aircraft

Refer to notes 1(a), 1(g), 1(m) and 8 to the financial statements.

The key audit matter

The Group has a large fleet of owned aircraft which are reviewed annually for impairment. Given the scale of the Group's fleet, if aircraft carrying values were overstated and any impairments were not appropriately recognised this may have a material impact on the Group's financial statements. Hence, carrying values of aircraft are considered to be a significant audit risk.

Independent auditor's report to the members of STAR Throne Midco Designated Activity Company *(continued)*

Report on the audit of the financial statements *(continued)*

Key audit matters: our assessment of risks of material misstatement *(continued)*

(i) Group: Carrying value of aircraft *(continued)*

How the matter was addressed in our audit
Our audit procedures included, among others:

(a) Examining the design and implementation of management's key control over the assessment of the carrying values of aircraft.

(b) Evaluating the third party industry benchmark valuation sources used by management in its impairment reviews.

(c) Examining the application of the Group's approach to the depreciation of aircraft.

(d) Checking the results of management's impairment reviews by comparing the carrying values of aircraft per the consolidated accounts to the valuation ranges in third party industry benchmark valuation sources for aircraft of the same (or similar) type and age.

(e) Investigating the reasons for any aircraft with carrying values at the high end of industry benchmark valuation ranges.

(f) Comparing the sales proceeds received from sales of aircraft which occur from time to time with the carrying value, to assess the accuracy of management's historic estimates.

Our audit procedures did not identify any material issues with the carrying value of aircraft. We found overall that the methodology followed by management in performing impairment reviews was reasonable and was consistent with the approach applied in the prior period.

(ii) Company: Loan to subsidiary undertaking

Refer to note 29 to the financial statements.

The key audit matter

The Company financial statements include a material loan to a subsidiary undertaking. Due to the financial position of the Group, this was not considered to give rise to a significant risk of material misstatement. However, due to the materiality of the loan in the context of the Company financial statements, the recoverability of this loan is considered to be the area that had the greatest focus of our overall audit of the Company financial statements.

How the matter was addressed in our audit

Our audit procedures included among others:

(a) We examined the terms of the loan agreement between the Company and the relevant subsidiary undertaking.

(b) We agreed that the amount due from the subsidiary was consistent with the counterparty balance as included in the financial statements of the subsidiary undertaking.

(c) We examined the financial position of the subsidiary undertaking.

(d) We considered the results of management's assessment of the recoverability of the amount due from the subsidiary undertaking and the rationale for their conclusion that no expected credit loss provision was required.

We found management's assessment of the carrying value of the loan due from the subsidiary undertaking to be appropriate.

Independent auditor's report to the members of STAR Throne Midco Designated Activity Company *(continued)*

Report on the audit of the financial statements *(continued)*

Our application of materiality and an overview of the scope of our audit

The materiality for the consolidated financial statements as a whole was set at €6.0 million (*2020: €6.0 million*). This has been calculated with reference to a benchmark of total assets. Materiality represents approximately 0.5% *(2020: 0.7%)* of this benchmark, which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. In assessing materiality in absolute terms, we also had regard to the level of revenue.

We report to the Audit and Risk Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of €0.3 million (*2020: €0.3 million*), in addition to other audit misstatements below that threshold that we believed warranted reporting on qualitative grounds.

Of the Group's 29 *(2020: 28)* reporting components, we subjected 17 *(2020: 15)* to full scope audits for group purposes. Other components were not material for group audit scoping purposes.

The Group team instructed component auditors as to the significant areas to be audited, including the relevant risks to be addressed and the information to be reported back. The Group team approved the component materialities which ranged from €0.1 million to €4.0 million (*2020: €0.1 million to €3.5 million*) having regard to the mix of size and risk profile of the Group across the components.

The audit work on 5 of the 17 *(2020: 6 of the 16)* components referred to above was performed by component auditors based outside of Ireland and the remainder, including the audit of the parent company, was performed by the Group team in Ireland.

Video and telephone conference meetings were held with the component auditors based outside of Ireland during the audit cycle. At these meetings, the risk areas and findings reported to the Group team were discussed in more detail. The Group team also reviewed component audit workpapers in key audit areas.

The components within the scope of our work, including the parent company, accounted for the following approximate percentages of the Group's results: 96% *(2020: 100%)* of Group total assets; 98% *(2020: 99%)* of Group revenue.

Materiality for the Company financial statements as a whole was set at €2.0 million *(2020: €2.0 million*) determined with reference to a benchmark of total assets, of which it represents approximately 0.9% *(2020: 0.9%)*. Our audit of the Company was undertaken to the materiality level specified above and was all performed by the Group engagement team in Ireland.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Independent auditor's report to the members of STAR Throne Midco Designated Activity Company *(continued)*

Report on the audit of the financial statements *(continued)*

Other information *(continued)*

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Group and Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for.

Independent auditor's report to the members of STAR Throne Midco Designated Activity Company *(continued)*

Respective responsibilities and restrictions on use *(continued)*

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

P. Carroll

19 December 2022

Patricia Carroll
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

STAR Throne Midco Designated Activity Company

Consolidated income statement
for the year ended 31 December 2021

	Note	**2021** **€'000**	2020 €'000
Continuing operations			
Revenue	*2*	**1,131,365**	909,542
Cost of goods and services		**(745,787)**	(593,856)
Depreciation and amortisation	*4*	**(131,879)**	(152,471)
Employee benefits expense	*5*	**(197,070)**	(173,030)
Other operating income	*3*	**26,732**	26,467
Other operating expenses	*3*	**(806)**	(2,874)
Impairment	*4*	**(9,132)**	(10,150)
Operating profit		**73,423**	3,628
Finance income	*6*	**1,208**	3,205
Finance costs	*6*	**(63,285)**	(46,981)
Net finance costs		**(62,077)**	(43,776)
Share of profit of equity-accounted investees, net of tax	*12*	**1,616**	1,679
Profit/(loss) before tax		**12,962**	(38,469)
Tax (charge)/credit	*7*	**(11,350)**	6,337
Profit/(loss) for the year		**1,612**	(32,132)
Profit/(loss) attributable to:			
Owners of the Company		**1,396**	(31,776)
Non-controlling interest	*21*	**216**	(356)
Profit/(loss) for the year		**1,612**	(32,132)

STAR Throne Midco Designated Activity Company

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2021

	Note	2021 €'000	2020 €'000
Profit/(loss) for the year		**1,612**	(32,132)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Defined benefit scheme actuarial gains/(losses)	*24*	**2,222**	(526)
Related tax (charge)/credit	*7*	**(585)**	329
		1,637	(197)
Items that are or may be reclassified subsequently to profit or loss			
Fair value movement on cash flow hedges		**74**	(221)
Foreign currency translation differences on retranslation of foreign operations		**12,281**	(19,809)
Foreign currency translation differences reclassified to profit or loss on liquidation of subsidiary		**(131)**	-
		12,224	(20,030)
Other comprehensive income/(loss), net of tax		**13,861**	(20,227)
Total comprehensive income/(loss) for the year		**15,473**	(52,359)
Attributable to:			
Owners of the Company		**15,025**	(51,494)
Non-controlling interest	*21*	**448**	(865)
Total comprehensive income/(loss) for the year		**15,473**	(52,359)

STAR Throne Midco Designated Activity Company

Consolidated statement of financial position
as at 31 December 2021

	Note	2021 €'000	2020 €'000
Assets			
Non-current assets			
Property, plant and equipment	*8*	**261,376**	224,386
Intangible assets	*15*	**47,361**	51,292
Right of use assets	*9*	**362,153**	231,688
Deferred tax assets	*26*	**22,552**	17,862
Trade and other receivables	*18*	**756**	716
Investments in joint ventures	*12*	**9,156**	7,742
Other financial asset	*13*	**2,874**	-
Other investment	*14*	**10**	10
Total non-current assets		**706,238**	533,696
Current assets			
Assets held for sale	*11*	**1,668**	1,536
Inventories	*16*	**16,282**	16,655
Trade and other receivables	*18*	**205,478**	192,838
Current tax assets	*17*	**10,915**	1,020
Cash at bank	*19*	**194,441**	115,253
Restricted cash	*19*	**-**	18,684
Total current assets		**428,784**	345,986
Total assets		**1,135,022**	879,682
Equity			
Share capital	*20*	**-**	-
Share premium		**25,833**	25,833
Currency translation reserve		**(7,693)**	(19,611)
Cash flow hedge reserve		**-**	(74)
Put option reserve	*22*	**(860)**	(214)
Retained earnings		**(38,253)**	(41,286)
Total equity attributable to equity holders of the Company		**(20,973)**	(35,352)
Non-controlling interests	*21*	**3,253**	2,805
Total equity		**(17,720)**	(32,547)

STAR Throne Midco Designated Activity Company

Consolidated statement of financial position *(continued)*

	Note	**2021** **€'000**	2020 €'000
Liabilities			
Non-current liabilities			
Other financial liabilities	*22*	**860**	214
Loans and borrowings	*23*	**341,162**	269,337
Lease liabilities	*9*	**286,526**	167,131
Employee benefits	*24*	**11,405**	13,393
Provisions	*25*	**29,611**	13,769
Deferred tax liabilities	*26*	**25,403**	26,943
Trade and other payables	*27*	**74,243**	51,484
Total non-current liabilities		**769,210**	542,271
Current liabilities			
Loans and borrowings	*23*	**28,618**	37,262
Lease liabilities	*9*	**78,345**	72,558
Current tax liabilities	*17*	**8,767**	5,367
Trade and other payables	*27*	**236,124**	219,156
Provisions	*25*	**31,678**	35,615
Total current liabilities		**383,532**	369,958
Total liabilities		**1,152,742**	912,229
Total equity and liabilities		**1,135,022**	879,682

On behalf of the board

Jan Philipp Gensch

P. Gensch
Director

P. Gough
Director

STAR Throne Midco Designated Activity Company

Company statement of financial position
as at 31 December 2021

	Note	2021 €'000	2020 €'000
Assets			
Non-current assets			
Investments in subsidiaries	*10*	**25,788**	25,788
Total non-current assets		**25,788**	25,788
Current assets			
Loan to subsidiary undertaking	*29*	**186,942**	193,987
Cash at bank	*19*	**7**	-
Total current assets		**186,949**	193,987
Total assets		**212,737**	219,775
Equity			
Share capital	*20*	**-**	-
Share premium		**25,833**	25,833
Retained earnings		**(55,146)**	(32,265)
Total equity		**(29,313)**	(6,432)
Liabilities			
Non-current liabilities			
Loans and borrowings	*23*	**242,050**	226,181
Total non-current liabilities		**242,050**	226,181
Current liabilities			
Trade and other payables	*27*	**-**	26
Total current liabilities		**-**	26
Total liabilities		**242,050**	226,207
Total equity and liabilities		**212,737**	219,775

On behalf of the board

Jan Philipp Gensch

P. Gensch
Director

P. Gough
Director

STAR Throne Midco Designated Activity Company

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Attributable to equity holders of the Company								
	Share capital €'000	**Share premium €'000**	**Currency translation reserve €'000**	**Cash flow hedge reserve €'000**	**Put option reserve €'000**	**Retained earnings €'000**	**Total €'000**	**Non-controlling interests €'000**	**Total equity €'000**
Balance at 31 December 2019	-	25,833	(311)	147	(573)	(9,313)	15,783	3,670	19,453
Total comprehensive loss for year									
Loss for the year	-	-	-	-	-	(31,776)	(31,776)	(356)	(32,132)
Other comprehensive loss	-	-	(19,300)	(221)	-	(197)	(19,718)	(509)	(20,227)
Total comprehensive loss	-	-	(19,300)	(221)	-	(31,973)	(51,494)	(865)	(52,359)
Transactions with owners									
Movement in put option liability (note 22)	-	-	-	-	359	-	359	-	359
Total transactions with owners	-	-	-	-	359	-	359	-	359
Total change in equity for the year	-	-	(19,300)	(221)	359	(31,973)	(51,135)	(865)	(52,000)
Balance at 31 December 2020	**-**	**25,833**	**(19,611)**	**(74)**	**(214)**	**(41,286)**	**(35,352)**	**2,805**	**(32,547)**

STAR Throne Midco Designated Activity Company

Consolidated statement of changes in equity *(continued)*

	Attributable to equity holders of the Company								
	Share capital €'000	**Share premium €'000**	**Currency translation reserve €'000**	**Cash flow hedge reserve €'000**	**Put option reserve €'000**	**Retained earnings €'000**	**Total €'000**	**Non-controlling interests €'000**	**Total equity €'000**
Balance at 1 January 2021	-	25,833	(19,611)	(74)	(214)	(41,286)	(35,352)	2,805	(32,547)
Total comprehensive profit for year									
Profit for the year	-	-	-	-	-	1,396	1,396	216	1,612
Other comprehensive income	-	-	11,918	74	-	1,637	13,629	232	13,861
Total comprehensive income	-	-	11,918	74	-	3,033	15,025	448	15,473
Transactions with owners									
Movement in put option liability (note 22)	-	-	-	-	(646)	-	(646)	-	(646)
Total transactions with owners	-	-	-	-	(646)	-	(646)	-	(646)
Total change in equity for the year	-	-	11,918	74	(646)	3,033	14,379	448	14,827
Balance at 31 December 2021	**-**	**25,833**	**(7,693)**	**-**	**(860)**	**(38,253)**	**(20,973)**	**3,253**	**(17,720)**

STAR Throne Midco Designated Activity Company

Company statement of changes in equity

for the year ended 31 December 2021

	Share capital €'000	Share premium €'000	Retained earnings €'000	Total equity €'000
Balance at 31 December 2019	-	25,833	(11,211)	14,622
Total comprehensive loss for the year				
Loss for the year	-	-	(21,054)	(21,054)
Total change in equity for the year	-	-	(21,054)	(21,054)
Balance at 31 December 2020	**-**	**25,833**	**(32,265)**	**(6,432)**
Balance at 1 January 2021	-	25,833	(32,265)	(6,432)
Total comprehensive loss for the year				
Loss for the year	-	-	(22,881)	(22,881)
Total change in equity for the year	-	-	(22,881)	(22,881)
Balance at 31 December 2021	**-**	**25,833**	**(55,146)**	**(29,313)**

STAR Throne Midco Designated Activity Company

Consolidated statement of cash flows

for the year ended 31 December 2021

	2021	2020
	€'000	€'000
Operating activities		
Profit/(loss) for the year	**1,612**	(32,132)
Adjustments for:		
Depreciation of property, plant and equipment	**45,820**	55,995
Depreciation of right of use assets	**81,960**	92,422
Amortisation of intangible assets	**4,099**	4,054
Profit on disposals of property, plant and equipment	**(3,291)**	(8,882)
Gain on disposal of asset held for sale	**-**	(1,215)
Net changes in financial asset for call option	**(2,874)**	2,874
Impairment of right of use assets	**160**	3,960
Impairment of property, plant and equipment	**9,271**	279
Net gain on disposal of right of use asset and associated lease liability	**(195)**	(317)
Net loss on modification of right of use asset and associated lease liability	**49**	-
Foreign currency translation differences reclassified to profit or loss on liquidation of subsidiary	**(131)**	-
Share of profit of equity accounted investees, net of tax	**(1,616)**	(1,679)
Net finance costs	**62,077**	43,776
Tax charge/(credit)	**11,350**	(6,337)
Operating cash inflows before movements in working capital	**208,291**	152,798
Movement in inventories	**(1,073)**	1,657
Movement in trade and other receivables	**(12,680)**	39,873
Movement in trade and other payables	**25,206**	9,660
Movement in provisions and employee benefits	**9,917**	17,545
Foreign exchange translation	**(49)**	5,258
Taxes paid	**(25,717)**	(3,439)
Net cash from operating activities	**203,895**	223,352
Cash flows from investing activities		
Proceeds on disposal of asset held for sale	**-**	4,006
Proceeds on disposal of property, plant and equipment	**8,179**	15,607
Purchases of property, plant and equipment	**(82,467)**	(42,651)
Purchases of intangible assets	**(1,614)**	(1,613)
Interest income received	**1,208**	1,169
Dividend received from joint venture	**-**	350
Net cash used in investing activities	**(74,694)**	(23,132)

STAR Throne Midco Designated Activity Company

Consolidated statement of cash flows *(continued)*

	2021	2020
	€'000	€'000
Cash flows from financing activities		
Repayments of loan notes	**(7,000)**	-
New bank loans received	**84,854**	17,717
Repayment of bank loans	**(42,985)**	(53,687)
Interest paid on loans and borrowings	**(7,291)**	(9,043)
Repayment of lease liabilities	**(80,995)**	(88,117)
Interest paid on lease liabilities	**(18,268)**	(16,870)
Commitment fee paid on undrawn borrowings	**(249)**	-
Net cash used in financing activities	**(71,934)**	(150,000)
Net increase in cash and cash equivalents	**57,267**	50,220
Cash and cash equivalents at the beginning of the year	**133,937**	96,223
Effect of exchange rate fluctuations on cash held	**3,237**	(12,506)
Cash and cash equivalents at the end of the year (note 19)	**194,441**	133,937

STAR Throne Midco Designated Activity Company

Company statement of cash flows
for the year ended 31 December 2021

	2021 €'000	2020 €'000
Operating activities		
Loss for the year	**(22,881)**	(21,054)
Adjustments for:		
Finance costs	**22,869**	21,028
Operating cash outflows before movement in working capital	**(12)**	(26)
Movement in trade and other payables	**(26)**	26
Net cash used in operating activities	**(38)**	-
Cash flows from investing activities		
Loan repayment from subsidiary undertaking	**7,045**	-
Net cash from investing activities	**7,045**	-
Cash flows from financing activities		
Repayments of loan notes	**(7,000)**	-
Net cash used in financing activities	**(7,000)**	-
Net decrease in cash and cash equivalents	**7**	-
Cash and cash equivalents at the beginning of the year	**-**	-
Cash and cash equivalents at end of the year (note 19)	**7**	-

Notes
forming part of the financial statements

1 Accounting policies

Reporting entity

STAR Throne Midco Designated Activity Company is a company domiciled in Ireland. The address of the Company's registered office is Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2. The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities") and the Group's interest in joint venture undertakings. The Group is primarily involved in the provision of air cargo transport services, the provision of air passenger transport services, aircraft leasing and other aviation related services.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU.

The individual financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU, and as applied in accordance with the Companies Act 2014.

The following standards and interpretations were effective for the Group for the first time from 1 January 2021. These standards have no material effect on the consolidated results of the Group.

- *Amendments to IFRS16 COVID-19 Related Rent Concessions beyond 30 June 2021* (the Group elected not to apply this optional amendment to the standard);
- Amendments to IFRS4 *Insurance Contracts* - deferral of effective date of IFRS 9
- *Interest Rate Benchmark Reform – phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The following other standards are effective from 1 January 2022 (or a later date where otherwise indicated). The Group has not adopted these standards early. The potential impact of these standards on the Group is not expected to be material.

- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to IAS 37) (effective date 1 January 2022)
- *Annual Improvements to IFRS Standards 2018 - 2021* (effective date 1 January 2022)
- *Property, Plant and Equipment: Proceeds Before Intended Use* (Amendments to IAS 16) (effective date 1 January 2022)
- *Reference to the Conceptual Framework* (Amendments to IFRS 3) (effective date 1 January 2022)
- *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1) (effective date 1 January 2023)
- IFRS 17 *Insurance Contracts* and Amendments to IFRS 17 *Insurance Contracts* (effective date 1 January 2023)
- *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice statement 2) (effective date 1 January 2023)
- *Definition of Accounting Estimates* (Amendments to IAS 8) (effective date 1 January 2023)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12) (effective date 1 January 2023)

In preparing these financial statements, management has made estimates that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

1 Accounting policies *(continued)*

Key sources of estimation uncertainty

The following key judgement and estimation uncertainty at 31 December 2021 has a significant impact on these financial statements.

The Group has a large fleet of owned aircraft. The carrying values of these aircraft are potentially exposed to decreases in market values of aircraft. If the carrying values were overstated and any impairments were not appropriately recognised this may have a material impact on the Group's financial statements. The carrying values are reviewed annually for impairment on an individual aircraft basis. Judgement is required in performing impairment reviews, primarily in relation to the assessment of carrying values against valuation ranges in applicable third party industry benchmark valuation sources for aircraft of the same (or similar) type and age, and forming conclusions as to the existence or not of impairment for each specific aircraft and, if relevant, the amount of impairment charge to record. Due to the existence of the inherent estimation uncertainty in the impairment assessment any charge recorded is required to be within a reasonable range of possible outcomes.

(a) Basis of preparation

The consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand.

The financial statements have been prepared on the historical cost basis except for derivative financial instruments and contingent consideration which have been recorded at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

1 Accounting policies *(continued)*

Going concern

The directors have assessed the Group's and Company's going concern status by preparing detailed financial forecasts to 31 December 2025, with consideration of the ongoing impact of COVID-19 along with the overall operating environment across all jurisdictions. The Group has negative equity of €17.7m as at 31 December 2021 *(2020: negative equity of €32.5m)*. The directors note the loan notes, which are principally subscribed by funds which are managed by the ultimate controlling party of the Group, STAR Capital Partnership LLP, of €242.1m *(2020: €226.2m)* are unsecured and not repayable until 31 December 2029, if not paid or redeemed before this date, as a result of an Asset Sale (defined as a sale of the whole or substantially the whole of the business and assets of the Group), or a change in majority ownership of the Company or ASL, or a listing of the Company shares on a stock exchange, or an offering to the public in any jurisdiction of any Company shares for sale or subscription. Having assessed the business risks (which are primarily in relation to the passenger activities and geopolitical uncertainty), the cash flow forecasts and available bank facilities, the directors do not envisage any significant risk in relation to the ability to continue in operational existence for the foreseeable future. In addition, the ultimate controlling party, STAR Capital Partnership has confirmed it will continue to provide financial support to the Company for a period of at least 12 months from the date of approval of the financial statements. The directors have therefore adopted the going concern basis of preparation in the Group and Company financial statements.

(b) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in note 28.

(c) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is initially measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration as at each reporting date are recognised in profit or loss for that period.

1 Accounting policies *(continued)*

Going concern *(continued)*

(c) Basis of consolidation *(continued)*

(i) Business combinations *(continued)*

The fair value of the contingent consideration is based on a discounted future cashflow ("DCF") methodology. The DCF is prepared based on projected cashflows of the relevant subsidiary, forecasted for a period of 6 years and discounted using a weighted average cost of capital ("WACC") of the subsidiary, comprising cost of debt using a benchmark of Johannesburg International Average rate ("JIBAR") and cost of equity for a private equity investor. The projected cashflows of the subsidiary are assumed to recover from the impact of COVID-19 over the forecasted period. The valuation estimate is adjusted for net debt of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Joint ventures

A joint venture is an arrangement where the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method. Interests in joint ventures are initially recognised at cost, which includes transaction costs (or at fair value where acquired as a result of a business combination). Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of joint ventures, until the date joint control ceases. The Group does not continue to recognise its share of losses of joint ventures when the interest in the joint venture has been reduced to zero.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees (associates and joint ventures) are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, only to the extent that there is no evidence of impairment.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Euro at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1 Accounting policies *(continued)*

(d) Foreign currency *(continued)*

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at rates approximating the exchange rates at the dates of the transactions.

Foreign currency differences arising on the translation of foreign operations are recognised in other comprehensive income and in the currency translation reserve in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the currency translation reserve is transferred to profit or loss.

(e) Derivative financial instruments

The Group holds derivative financial instruments to hedge certain of its foreign currency and interest rate risk exposures and options relating to the future acquisition of the share capital held by the non-controlling interest in a subsidiary. The Group also has a derivative financial asset in relation to a call option over shares in a subsidiary owned by a third party.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognised immediately in profit or loss, except where the derivative is designated as a cash flow hedging instrument and hedge accounting is applied or it is a put option.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on discounted cash flow analyses, taking into account current market rates.

The Group has a put option liability in relation to shares in a subsidiary owned by a third party. The put option is measured at estimated fair value, being the present value of the estimated exercise price of the option. The Group has elected to record movements in the fair value of the put option liability directly in equity.

Cash flow hedges and hedge accounting

When a derivative is designated as a cashflow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

1 Accounting policies *(continued)*

(f) Intangible assets

(i) Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries. Goodwill represents the difference between the cost of the acquisition and the net fair value of identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is recognised as an asset and initially at its cost after initial recognition goodwill is remeasured at cost less any accumulated impairment losses (see accounting policy (m)).

If the net fair value of the acquired net assets exceeds the cost of the acquisition, the excess is recognised immediately in profit or loss after a reassessment of the identifiable assets, liabilities and contingent liabilities.

(ii) Other intangible assets

Other intangible assets that are acquired are stated at cost or fair value at the date of acquisition (when acquired as part of a business combination) less accumulated amortisation and impairment losses (see accounting policy (m)).

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and its cost can be measured reliably. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset as from the date they are available for use. The estimated maximum useful life is as follows:

Customer contracts	4 years
Software	3 - 10 years

Trademarks are currently considered to have indefinite useful lives.

(g) Aircraft fleet, property, plant and equipment

(i) Owned assets

Aircraft fleet and other items of property, plant and equipment are stated at cost or fair value at the date of acquisition (when acquired as part of a business combination) less accumulated depreciation (see below) and impairment losses (see accounting policy (m)) if any. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Aircraft, spare engines and rotable spares are classified as aircraft fleet assets in property, plant and equipment.

Gains and losses on disposal of aircraft or of another item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the aircraft or the item of property, plant and equipment and are recognised net.

Notes *(continued)*

1 Accounting policies (continued)

(g) Aircraft fleet, property, plant and equipment *(continued)*

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other expenditure is recognised in the income statement as an expense as incurred.

(iii) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of aircraft and other items of property, plant and equipment. Land is not depreciated.

Aircraft operated within the Group	These are depreciated on a component basis. The components are aircraft specific but typically include the airframe, engines, landing gear and major overhaul and inspection modules. Engines, landing gear and major overhaul and inspection items are depreciated over the period of the maintenance interval, to estimated residual core value, which does not exceed 8 years. Airframes are depreciated over a period of 8 years to a residual value.

The estimated maximum useful lives of other assets are as follows:

Aircraft leased to third parties	8 years to estimated residual values of between US$0.5 million and US$2.0 million or their equivalent.
Aircraft improvements	These are depreciated over the duration of the underlying aircraft lease.
Engines	Engines typically comprise the engine core and the life limited parts. Engine cores are depreciated over the remaining life of the engine between 3 and 10 years. Where the lessee is obliged to restore life limited components to their original condition, through lease return conditions or through contributing appropriate maintenance reserves, the life limited components of engines are not depreciated. Otherwise life limited components are depreciated on the basis of the engine usage.
Significant aircraft spare parts	2-10 years
Equipment and machinery	3-10 years
Motor vehicles	5 years
Buildings	Improvements to leased premises are depreciated over the term of the lease.

The useful lives and residual values are reassessed annually.

1 Accounting policies *(continued)*

(h) Inventories

Inventories of consumables are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

(j) Non-derivative financial assets

Non-derivative financial assets include cash and cash equivalents, and receivables with fixed or determinable payments that are not quoted in an active market and arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans to and receivables from subsidiaries are disclosed separately in the Company statement of financial position.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired (see accounting policy (m)).

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value, and subsequently are measured at amortised cost using the effective interest method, less expected credit losses (see accounting policy (m)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Restricted cash includes cash deposits which are held as maintenance contributions for leased aircraft and under the terms of certain borrowing arrangements, the Group's ability to withdraw funds is restricted.

(m) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (see accounting policy (w)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite useful lives are tested annually for impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount

The recoverable amount of financial assets is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Loss allowances are recognised based on lifetime expected credit losses.

1 Accounting policies *(continued)*

(m) Impairment *(continued)*

(i) Calculation of recoverable amount *(continued)*

For owned aircraft and right-of-use assets for leased aircraft, impairment testing is performed at an individual aircraft level.

For impairment testing of other non-financial assets, the relevant assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(ii) Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss recognised for goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are reclassified as held for sale. The assets are measured at the lower of their carrying amount and fair value less cost to sell.

(o) Share capital

(i) Ordinary share capital

Ordinary share capital is classified as equity.

(ii) Dividends

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders.

Interim dividends are recognised when paid.

1 Accounting policies *(continued)*

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs.

Attributable transaction costs relate to costs directly incurred in the initiation and arrangement of financing agreements. These costs are capitalised and charged to profit or loss over the term of the underlying financing agreement.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount, and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

1 Accounting policies *(continued)*

(q) Employee benefits *(continued)*

(iii) Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amount to which the Group has a present obligation to pay as a result of the employee's services provided to the period end. The accruals for employee benefits have been calculated at undiscounted amounts based on current salary rates. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating, when the absence occurs.

(r) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provisions are determined by discounting, where the effect is material, the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

In certain instances, the Group may enter into long term aircraft lease contracts. These lease arrangements often create an obligation for the Group to return the aircraft in a specific condition on termination of the lease. In such circumstances the Group makes provision throughout the period of the lease on a systematic basis for the estimated cost of the maintenance and repair of the aircraft and in particular for time and usage limited components. Such costs are charged to the income statement on the basis of the use of the aircraft or the passage of time whichever is applicable. The provisions are reviewed and adjusted on an ongoing basis, taking account of changes in market rates and experience of the aircraft type. Any shortfall or surplus associated with a maintenance event is charged or credited to the income statement at the time of the maintenance event.

(s) Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: loans and borrowings; trade and other payables; contingent consideration (see policy (c)); and lease liabilities (see policy (u)).

Loans and borrowings and trade and other payables are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(t) Revenue

Revenue from aircraft chartering and related services rendered is recognised and measured in accordance with the five-step revenue recognition model in IFRS 15 *Revenue from Contracts with Customers*. The Group recognises such revenue when it transfers control over these services to a customer by supplying the services. This revenue is measured based on the consideration specified in the contractual arrangement with the customer and in accordance with the performance obligations satisfied in the period.

Advance deposits for charters are deferred until the operation of the charter takes place.

Rental income from the leasing of aircraft under operating leases is recognised, in accordance with IFRS 16 *Leases*, in the income statement on a straight-line basis over the term of the lease.

Revenue excludes value added tax.

1 Accounting policies *(continued)*

(u) Leased assets

As lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration it is recognised as a lease.

To assess the right to control, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset; and
- the Group has the right to direct the use of the asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group 's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate, which is defined as the rate of interest that the lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For leases acquired through business combinations, the acquisition date is deemed to be the commencement date.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Variable lease payments linked to future performance or use of an underlying asset are excluded from the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in costs of goods and services in profit or loss.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments.

The Group remeasures the lease liability where lease payments change due to changes in an index or rate, changes in expected lease term or where a lease contract is modified. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

1 Accounting policies *(continued)*

(u) Leased assets *(continued)*

As lessee *(continued)*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. Right-of-use assets are reviewed for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. IAS 36 *Impairment of Assets* is applied to determine whether a right-of-use asset is impaired, and any identified impairments are accounted for through profit or loss. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group has elected not to recognise right-of-use-assets and lease liabilities for short-term leases of fixtures, fittings and equipment that have a lease term of 12 months or less and leases of low-value assets. Assets are considered low value if the value of the asset when new is less than €15,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease and if not then it is an operating lease.

As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as revenue.

(v) Finance income and finance costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested.

Interest income is recognised in the income statement on the effective interest basis.

(w) Tax

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

1 Accounting policies *(continued)*

(w) Tax *(continued)*

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(x) Government grants

The Group has received government grants for certain non-capital expenditure.

Unconditional government grants are recognised in the income statement as other operating income when the grant becomes receivable.

Other government grants are initially recognised as deferred income at fair value if there is a reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. They are then recognised in the income statement when the conditions are met.

(y) Company financial statements

Significant policies specifically applicable to the individual company financial statements and which are not reflected within the accounting policies for the Group consolidated financial statements are detailed below.

Investments in subsidiaries

Investments in subsidiaries are accounted for in the individual Company financial statements on the basis of the direct equity interest, rather than on the basis of the reported results and the net assets of investees. Investments in subsidiaries are carried at cost less impairment.

Notes *(continued)*

2 Revenue

	Passenger 2021 €'000	Passenger 2020 €'000	Cargo 2021 €'000	Cargo 2020 €'000	Leasing 2021 €'000	Leasing 2020 €'000	Other 2021 €'000	Other 2020 €'000	Total 2021 €'000	Total 2020 €'000
Primary geographical markets										
Europe	**14,893**	15,968	**527,043**	531,766	**382**	1,848	**13,561**	9,805	**555,879**	559,387
Asia	**220**	287	**305,185**	152,915	**8,769**	6,361	**-**	-	**314,174**	159,563
Africa	**215,807**	131,007	**25,395**	26,415	**1,418**	2,480	**-**	2,577	**242,620**	162,479
North America	**-**	243	**18,692**	27,870	**-**	-	**-**	-	**18,692**	28,113
	230,920	147,505	**876,315**	738,966	**10,569**	10,689	**13,561**	12,382	**1,131,365**	909,542
Major goods/service line										
Aircraft charter and other related services	**230,920**	147,505	**876,315**	738,966	**-**	-	**13,561**	12,382	**1,120,796**	898,853
Aircraft leasing	**-**	-	**-**	-	**10,569**	10,689	**-**	-	**10,569**	10,689
	230,920	147,505	**876,315**	738,966	**10,569**	10,689	**13,561**	12,382	**1,131,365**	909,542

Leasing revenue is earned over the term of the lease. All other Group revenues relate to the transfer of services or goods at a point in time.

The increase in passenger revenue in 2021 reflects the recovery of the passenger activity market following the impact of COVID-19 on the 2020 revenue. The increase is principally attributable to the passenger operations of Safair Operations (Pty) Limited.

The increase in cargo revenue in 2021 is due to growth in the Group's long-haul cargo operations which has increased by €152.3m compared to 2020 revenue.

Notes *(continued)*

2 Revenue *(continued)*

	2021	2020
	€'000	€'000
Receivables which are included in 'trade and other receivables' (note 18)	**90,522**	83,648
Contract assets (note 18)	**4,573**	4,099
Contract liabilities (note 27)	**(24,993)**	(15,118)

The contract assets principally relate to the Group's rights to consideration for services supplied to customers but not billed at the reporting date. The contract assets are transferred to receivables when the Group issues an invoice to the customer.

The contract liabilities principally relate to advance consideration received from customers which will be recognised in revenue as the service is performed.

Performance obligations and revenue recognition policies

Revenue is recognised for passenger and cargo activity upon completion of the flight.

Revenue is recognised for leasing on a straight-line basis over the term of the lease.

3 Other operating income/expenses

	2021	2020
	€'000	€'000
Group		
Other operating income		
Profit on disposals of property, plant and equipment	**3,291**	8,882
Government grant income	**16,656**	8,049
Other income	**3,585**	4,004
Net gain on disposal of right of use asset and associated lease liability	**195**	317
Profit on disposal of asset held for sale	**-**	1,215
Contract settlement	**-**	4,000
Net changes in financial asset for call option (note 13)	**2,874**	-
Realisation of foreign currency translation gains on liquidation of subsidiary (note 10)	**131**	-
	26,732	26,467

Notes *(continued)*

3 Other operating income/expenses *(continued)*

Government grant income relates to grants received in Belgium in respect of employment costs for work completed outside of local social working hours amounting to €7,306,000 *(2020: €8,049,000)* and government grants received in France relating to COVID-19 support amounting to €9,350,000 *(2020: €Nil)*.

In 2021, the Group completed the liquidation of its subsidiary OFSB Ltd, and upon liquidation the Group recycled foreign currency translation gains of €131,000 to the income statement from the foreign currency translation reserve.

The contract settlement in 2020 relates to an amount agreed with a customer that cancelled an operating contract for which the Group had incurred certain contracted expenditure. The Group agreed a contribution from the customer of €4.0m towards this expenditure.

During 2021 the Group terminated certain leases early through early return of assets. At date of termination the Group disposed of the remaining right of use asset and lease liability. During the year ended 31 December 2021 the Group recognised a gain on disposal of €593,000 *(2020: €317,000)* reflecting the difference between the depreciation of the right of use assets and the amortisation of the lease liabilities during the period of the leases that were terminated.

	2021	2020
	€'000	€'000
Other operating expenses		
Net cost of exercising early termination option of leases	**757**	-
Net loss on modification of right of use asset and associated lease liability	**49**	-
Net changes in financial asset for call option (note 13)	**-**	2,874
	806	2,874

At 31 December 2020 the Group valued the call option at Nil due to the impact of COVID-19 on the operations of Safair Operations (Pty) Limited. This resulted in a charge of €2,874,000 in the income statement for the year ended 31 December 2020.

At 31 December 2021, the Group fair valued the call option at €2,874,000 based on the performance of Safair Operations (Pty) Limited during the year end 31 December 2021 and the outlook of the future trading performance of the subsidiary as the local economy recovers from the impact of COVID-19.

STAR Throne Midco Designated Activity Company

Notes *(continued)*

		2021	2020
4	**Statutory and other information**	**€'000**	€'000
	Profit/(loss) before tax is stated after charging:		
	Group		
	Depreciation of property, plant and equipment	**45,820**	55,995
	Depreciation of right of use assets	**81,960**	92,422
	Amortisation of intangible assets	**4,099**	4,054
	Depreciation and amortisation	**131,879**	152,471
	Impairment of property, plant and equipment	**9,271**	279
	Impairment of right of use assets	**160**	3,960
	Impairment loss on trade receivables	**-**	5,911
	Net reversal of impairment loss on trade receivables	**(299)**	-
	Impairment	**9,132**	10,150
	Net foreign exchange loss	**1,320**	4,213
	Auditor's remuneration:		
	- Audit of group and company accounts	**380**	330
	- Tax advisory services	**167**	108
	- Other non-audit services	**2**	9
		549	447

5 Employee benefits and numbers

The average number of persons employed by the Group was as follows:

	2021	2020
Directors and senior management	**51**	60
Crew, administration and engineering	**2,664**	2,605
	2,715	2,665

5 Employee benefits and numbers *(continued)*

The aggregate payroll costs of these persons were as follows:

	2021	2020
	€'000	€'000
Group		
Wages and salaries	**136,630**	128,865
Social insurance costs	**31,035**	25,175
Pension and other staff costs	**29,405**	18,990
	197,070	173,030

For services to the Group, the aggregate remuneration of directors of the Company, was as follows:

	2021	2020
	€'000	€'000
Emoluments	**436**	105
Pension contributions - defined contribution scheme	**183**	-
	619	105

Directors' remuneration

Directors' remuneration includes (i) amounts paid or payable by the Group to the directors of the Company in the year and (ii) estimated allocations of emoluments paid or payable to directors of the Company in the year by higher entities above the Company in the organisation structure headed by the ultimate controlling party, STAR Capital Partnership LLP in respect of qualifying services, including management of the affairs of the Company and its subsidiaries, provided by directors of the Company to the Group.

6 Finance income and finance costs

	2021	2020
	€'000	€'000
Group		
Finance income		
Interest income on cash and cash equivalents	**1,208**	1,169
Gain on fair value of derivatives through profit and loss	**-**	2
Fair value gain arising on remeasurement of contingent consideration	**-**	2,034
	1,208	3,205
Finance costs		
Interest on loan notes (note 23)	**22,869**	21,028
Interest on bank borrowings	**7,291**	9,043
Guarantee fees	**-**	40
Commitment fees on undrawn borrowings	**249**	
Other	**13**	-
Interest on lease liabilities	**18,268**	16,870
Fair value loss arising on remeasurement of contingent consideration	**14,595**	-
	63,285	46,981

The movement in contingent consideration resulting in a fair value loss of €14.6 million *(2020: gain of €2.0 million)* relates to an increase *(2020: reduction)* in estimated future amounts payable to the previous shareholders of ASL based on the estimated disposal price achievable in the event of a disposal of Safair Operations (Pty) Limited, as described further in note 27.

7 Tax charge/(credit)

	2021	2020
	€'000	€'000
Group		
Recognised in profit or loss (a)	**11,350**	(6,337)
Recognised in other comprehensive income (b)	**585**	(329)
	11,935	(6,666)

7 Tax charge/(credit) *(continued)*

	2021 €'000	2020 €'000
(a) Amounts recognised in profit or loss		
Current tax charge		
Corporation tax – Ireland – current year	**3,115**	(206)
Corporation tax – foreign – current year	**15,289**	6,940
Adjustment in relation to prior periods	**817**	(316)
	19,221	6,418
Deferred tax credit		
Origination and reversal of temporary differences (note 26)	**(7,871)**	(12,755)
	11,350	(6,337)

A reconciliation of the expected tax of the Group and the actual tax charge/(credit) is as follows:

	2021 €'000	2020 €'000
Profit/(loss) for the year	**1,612**	(32,132)
Tax charge/(credit)	**11,350**	(6,337)
Profit/(loss) before tax	**12,962**	(38,469)
Expected tax, computed by applying the Irish tax rate 12.5% *(2020: 12.5%)*	**1,620**	(4,809)
Effect of different tax rates of subsidiaries operating in foreign jurisdictions	**1,327**	(3,343)
Non-deductible expenses	**3,706**	74
Non-taxable income	**-**	(254)
Movement on unrecognised deferred tax asset (note 26)	**3,022**	2,739
Adjustment in relation to prior periods	**817**	(316)
Other	**858**	(428)
Tax charge/(credit)	**11,350**	(6,337)

	2021 €'000	2020 €'000
(b) Amounts recognised in other comprehensive income		
Deferred tax charge/(credit) related to defined benefit plan actuarial (gains)/losses	**585**	(329)

8 Property, plant and equipment

Group	Aircraft fleet €'000	Equipment and machinery €'000	Buildings €'000	Total €'000
Cost or deemed cost				
Balance at 31 December 2019	275,399	17,472	5,854	298,725
Additions	41,013	1,509	129	42,651
Disposals	(10,117)	(286)	-	(10,403)
Reclassified to assets held for sale	(2,699)	-	-	(2,699)
Foreign exchange movements	(18,264)	(1,369)	(8)	(19,641)
Balance at 31 December 2020	285,332	17,326	5,975	308,633
Additions	81,280	1,179	8	82,467
Disposals	(20,671)	(392)	-	(21,063)
Reclassified to assets held for sale	(755)	-	-	(755)
Reclassified from inventories	1,446	-	-	1,446
Foreign exchange movements	20,759	1,031	-	21,790
Balance at 31 December 2021	**367,391**	**19,144**	**5,983**	**392,518**
Depreciation				
Balance at 31 December 2019	33,871	2,672	467	37,010
Charge for the year	51,400	3,942	653	55,995
Disposals	(3,503)	(175)	-	(3,678)
Reclassified to assets held for sale	(1,163)	-	-	(1,163)
Impairment charge for the year	279	-	-	279
Foreign exchange movements	(3,775)	(420)	(1)	(4,196)
Balance at 31 December 2020	77,109	6,019	1,119	84,247
Charge for the year	41,365	3,838	617	45,820
Disposals	(15,983)	(192)	-	(16,175)
Reclassified to assets held for sale	(362)	-	-	(362)
Impairment charge for the year	9,271	-	-	9,271
Foreign exchange movements	7,846	495	-	8,341
Balance at 31 December 2021	**119,246**	**10,160**	**1,736**	**131,142**
Net book value				
At 31 December 2021	**248,145**	**8,984**	**4,247**	**261,376**
At 31 December 2020	208,223	11,307	4,856	224,386

During the year the Group reclassified assets from inventories to aircraft fleet, within property, plant and equipment as the assets were considered rotable items which will be used on Group aircraft. The amount reclassified is €1,446,000.

At 31 December 2021 the Group reclassified an aircraft airframe as an asset held for sale (note 11) as the aircraft was no longer in use by the Group and an agreement had airframe been reached with a customer to dispose of the asset. The aircraft was disposed in January 2022 for a €Nil profit.

8 Property, plant and equipment *(continued)*

During the year the Group recognised an impairment charge of €9,271,000 on certain aircraft as the pre-impairment carrying value of the aircraft was considered to be in excess of its recoverable amount.

At 31 December 2021, aircraft with a net book value of €172.2 million *(2020: €157.4 million)* were mortgaged to lenders as security for bank loans (see note 23).

Aircraft with a net book value of €1.1 million at 31 December 2021 *(2020: €1.5 million)* were leased to third parties under leases.

The Group classified rotable assets with a net book value of €1,536,000 as an asset held for sale as at 31 December 2020 as the value will be recovered through disposal (note 11).

9 Lease liabilities and right of use assets

(i) Group

The Group leases a number of aircraft, properties and other assets. The remaining lease terms at 31 December 2021 for aircraft are between 1 and 9 years, and for properties and other assets are between 1 and 14 years.

(a) Lease liabilities	**Lease liabilities €'000**
Reconciliation of lease liabilities	
Lease liabilities at 31 December 2019	**294,233**
Interest on lease liabilities	16,870
Lease payments	(104,987)
Additions	63,373
Disposals	(7,513)
Translation adjustment	(22,287)
Lease liabilities at 31 December 2020	**239,689**
Interest on lease liabilities	18,268
Lease payments	(99,263)
Additions	200,037
Disposals	(2,301)
Translation adjustment	24,283
Lease modifications	(15,842)
Lease liabilities at 31 December 2021	**364,871**

During the year the Group agreed certain amendments to leases with lessors which shortened lease terms and/or reduced lease amounts payable. The Group has accounted for these changes as lease modifications.

During the year the Group terminated certain leases early through early return of assets. At date of termination the group disposed of the remaining right of use asset and lease liability.

Notes *(continued)*

9 Lease liabilities and right of use assets *(continued)*

(a) Lease liabilities *(continued)*

The lease liabilities have the following classification in the statement of financial position	**2021 €'000**	2020 €'000
Current	**78,345**	72,558
Non-current	**286,526**	167,131
Lease liabilities at 31 December	**364,871**	239,689

The lease liabilities have the following contractual maturities:

	Total €'000	**Less than 1 year €'000**	**1-2 years €'000**	**2-5 years €'000**	**+5 years €'000**
At 31 December 2021	**364,871**	**78,345**	**67,001**	**129,772**	**89,753**
At 31 December 2020	239,689	72,558	54,741	83,871	28,519

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The weighted average discount rate applied for leases that commenced in the year was 5.75% *(2020: 5.75%)*.

(b) Reconciliation of movement of lease liabilities to cashflows from financing activities	**Lease liabilities 2021 €'000**	Lease liabilities 2020 €'000
Balance at 1 January	**239,689**	294,233
Changes from financing cashflows		
Repayment of lease liabilities	**(80,995)**	(88,117)
Interest paid on lease liabilities	**(18,268)**	(16,870)
Total changes from financing cashflows	**(99,263)**	(104,987)
The effect of changes in foreign exchange rates	**24,283**	(22,287)
Other changes		
New leases	**200,037**	63,373
Interest charged	**18,268**	16,870
Disposals	**(2,301)**	(7,513)
Lease modifications	**(15,842)**	-
Total other changes	**200,162**	72,730
Balance at 31 December	**364,871**	239,689

Notes *(continued)*

9 Lease liabilities and right of use assets *(continued)*

(c) Right of use assets

The Group has the following right of use assets in relation to aircraft, property and other assets.

	Right of use assets €'000
Right of use assets at 31 December 2019	**293,391**
Additions	63,373
Depreciation	(92,422)
Impairment	(3,960)
Disposals	(7,196)
Translation adjustment	(21,498)
Right of use assets at 31 December 2020	**231,688**
Additions	207,406
Depreciation	(81,960)
Impairment	(160)
Disposals	(2,106)
Translation adjustment	23,176
Lease modification	(15,891)
Right of use assets at 31 December 2021	**362,153**

The right of use assets are comprised of leased aircraft €352.5m *(2020: €226.7m)* and property and other assets €9.7m *(2020: €5.0m)*.

During 2021, the Group capitalised entry into service costs of €7.4m for new aircraft leases which commenced. The entry into service costs have been capitalised as part of the right of use asset and are being depreciated over the term of the lease.

During the year the Group terminated certain leases early through early return of assets. At date of termination the Group disposed of the remaining right of use asset and lease liability.

STAR Throne Midco Designated Activity Company

Notes *(continued)*

10 Investments in subsidiaries

	Shares in subsidiaries €'000
Company	
Cost	
At 31 December 2019	25,788
Investment during year	-
At 31 December 2020	25,788
Investment during year	-
At 31 December 2021	**25,788**
Net book value	
At 31 December 2021	**25,788**
At 31 December 2020	25,788

Subsidiary undertakings at 31 December 2020	Address of registered office	Country of incorporation	Nature of business	Shareholding
STAR Throne Bidco DAC	1	Ireland	Investment in companies	100%
ASL Aviation Holdings DAC	2	Ireland	Investment in companies/ Aircraft leasing	*100%
ASL Airlines Belgium S.A.	3	Belgium	Air transport services	*100%
ASL Airlines (France) S.A.	4	France	Air transport services	*100%
S.A.S. Europe Airpost Holdings	4	France	Aircraft leasing	*100%
ASL Airlines (Hungary) Kft	5	Hungary	Air transport services	*100%
Quikjet Cargo Airlines Pvt Ltd	6	India	Aircraft services	*72.48%
ASL Airlines (Ireland) Ltd	2	Ireland	Air transport services	*100%
ASL Aircraft Investment DAC	2	Ireland	Aircraft leasing	*100%
ASL Aircraft Investment (No. 2) Ltd	2	Ireland	Aircraft leasing	*100%
ASL Aircraft Investment (No. 3) Ltd	2	Ireland	Aircraft leasing	*100%
ASL Aircraft Investment (No.4) DAC	2	Ireland	Aircraft leasing	*100%
ASL Aircraft Investment (No.5) Ltd	2	Ireland	Aircraft leasing	*100%
ASL CAMO Limited	2	Ireland	Aviation related services	*100%
Safair Aviation (Ireland) DAC	2	Ireland	Aircraft leasing	*100%
Safair Lease Finance (Ireland) DAC	2	Ireland	Aircraft leasing	*100%
Safair Lease Finance 72 DAC	2	Ireland	Aircraft leasing	*100%
Safair Holdings (Pty) Limited	7	South Africa	Investment in companies	*100%
Safair Lease Finance (Pty) Ltd	7	South Africa	Aircraft leasing	*100%
FARNAIR Holding SA	8	Switzerland	Investment in companies	*100%
ASL Airlines (Switzerland) AG	8	Switzerland	Air transport services	*100%
Air Contractors (UK) Ltd	9	United Kingdom	Aviation related services	*100%
African Aviation Investments DAC	2	Ireland	Investment in companies	*100%
Safair Investment Holdings (Pty) Ltd	7	South Africa	Investment in companies	*100%
Safair Operations (Pty) Ltd	7	South Africa	Air transport services	*74.86%
Safair Investment Trust	7	South Africa	Investment in companies	*100%
ASL Airlines UK Ltd	9	United Kingdom	Air transport services	*34%
Bel Air Cargo (Ireland) Ltd	2	Ireland	Air transport services	*100%
Bel Air Cargo Belgium Srl	3	Belgium	Air transport services	*100%

10 Investment in subsidiaries *(continued)*

* indirect shareholdings

1 Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2
2 No.3 Malahide Road, Swords, Co. Dublin
3 Rue de l'Aeroport, 4460 Grace Hollogne
4 15 rue du Haut de Laval, Tremblay en France, 95708 Roissy CDG
5 1185 Budapest, Nemzetkozi Repuloter
6 Krishna Complex, Hayes Road, Bengaluru 560025
7 Safair House, Northern Perimeter Road, Bonaero Park, Johannesburg, 1619
8 Wuhrmattstrasse 21, 4103 Bottmingen
9 7 Savoy Court, London, WC2R 0EX

See note 21 for further details on the nature of the investment in ASL Airlines UK Ltd.

(a) Liquidation of OFSB Ltd

In 2021, the Group completed the liquidation of a subsidiary in Bermuda, OFSB Limited, which had no external assets or liabilities at the date of liquidation.

Upon liquidation the Group recycled foreign currency translation gains of €0.1m (note 3) to the income statement from the foreign currency translation reserve.

11 Assets held for sale

	2021	2020 €'000
Assets held for sale	**1,668**	1,536

At 31 December 2021 the Group held certain aircraft rotables of €1,606,000 *(2020: €1,536,000)* which were classified as held for sale, as its economic value would be recovered through disposal. These rotables remain available for sale at date of signing the financial statements.

At 31 December 2021 the Group classified an ATR aircraft airframe of €62,000 as an asset held for sale as the aircraft was no longer in use and at that date an agreement had been reached to dispose of the airframe.

12 Investments in joint ventures

As part of the acquisition of ASL in 2019 the Group acquired interests in two joint venture undertakings, a Thailand based cargo airline operator, K-Mile Air Company Ltd ("K-Mile") and X-Air Services S.A. ("X-Air"), a Belgian joint venture undertaking which provides aircraft maintenance services. The percentage shareholding held by the Group in X-Air at 31 December 2021 was 50% *(2020: 50%)*. The percentage shareholding held by the Group in K-Mile at 31 December 2021 was 45% *(2020: 45%)*.

Movements in the carrying value of investments in joint ventures are as follows:

Notes *(continued)*

12 Investments in joint ventures *(continued)*

	K-Mile €'000	X-Air €'000	Total €'000
Investment as at 1 January 2020	3,157	3,612	6,769
Share of profit in the year	1,366	313	1,679
Dividend received	-	(350)	(350)
Foreign currency translation movement	(356)	-	(356)
Investment as at 31 December 2020	**4,167**	**3,575**	**7,742**
Investment as at 1 January 2021	4,167	3,575	7,742
Share of profit in the year	1,208	408	1,616
Foreign currency translation movement	(202)	-	(202)
Investment as at 31 December 2021	**5,173**	**3,983**	**9,156**

On 25 September 2020, the Group received a dividend of €350,000 from X-Air.

The following tables summarise the financial information of individually material joint ventures as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies.

	2021 €'000	2020 €'000
K-Mile Air Company Ltd		
Non-current assets	**33,510**	5,160
Current assets	**16,891**	11,311
Current liabilities	**(26,185)**	(4,480)
Non-current liabilities	**(12,721)**	(2,732)
Net assets (100%)	**11,495**	9,259
Percentage ownership interest	**45%**	45%
Group's share of net assets	**5,173**	4,167
Goodwill	**-**	-
Carrying amount of interest in joint venture	**5,173**	4,167

	2021 €'000	2020 €'000
Income	**40,452**	31,415
Expenses	**(37,767)**	(28,380)
Profit	**2,685**	3,035
Group's share of profit	**1,208**	1,366

Notes *(continued)*

12 Investments in joint ventures *(continued)*

	2021 €'000	2020 €'000
X-Air Services Limited		
Non-current assets	**524**	472
Current assets	**14,397**	13,742
Current liabilities	**(6,955)**	(7,064)
Net assets (100%)	**7,966**	7,150
Percentage ownership interest	**50%**	50%
Group's share of net assets	**3,983**	3,575
Goodwill	**-**	-
Carrying amount of interest in joint venture	**3,983**	3,575

	2021 €'000	2020 €'000
Income	**28,709**	27,921
Expenses	**(27,893)**	(27,295)
Profit	**816**	626
Group's share of profit	**408**	313

13 Other financial asset

	2021 €'000	2020 €'000
Call option	**2,874**	-

The Group entered into a call option with the minority shareholder of Safair Operations (Pty) Limited ("Safair Operations") on 27 June 2019. The Group can call the shareholding after a period of 12 months from the date of divestment of the 25.14% stake in Safair Operations on 27 June 2019 at a reduced price compared to net asset value.

At 31 December 2020 the Group valued the call option at Nil due to the impact of COVID-19 on the operations of Safair Operations at that time, which resulted in a charge of €2,874,000 in the income statement for the year ended 31 December 2020 (note 3).

At 31 December 2021, the Group fair valued the call option at €2,874,000 based on the performance of Safair Operations during the year ended 31 December 2021 and the outlook of the future trading performance of the subsidiary as the local economy recovers from the impact of COVID-19. This resulted in the recognition of related income of €2,874,000 in the income statement for the year ended 31 December 2021 (note 3).

14 Other investment

	2021 €'000	2020 €'000
Other investment	**10**	10

The Group, through its subsidiary ASL Airlines Belgium S.A, holds a €10,000 investment in "Blue Sky Aviation", a Belgian company. The Group has accounted for this investment on a cost basis as it does not have significant influence over that entity.

15 Intangible assets

Group	**Goodwill €'000**	**Customer contracts €'000**	**Software €'000**	**Trademarks €'000**	**Total €'000**
Cost or deemed cost					
At 31 December 2019	36,680	10,712	11,221	631	59,244
Additions	-	-	1,613	-	1,613
Foreign exchange movement	(3,180)	-	(129)	(66)	(3,375)
At 31 December 2020	33,500	10,712	12,705	565	57,482
Additions	-	-	1,614	-	1,614
Foreign exchange movement	(1,461)	-	(44)	48	(1,457)
At 31 December 2021	**32,039**	**10,712**	**14,275**	**613**	**57,639**
Amortisation					
At 31 December 2019	-	1,563	683	-	2,246
Amortisation in year	-	2,676	1,378	-	4,054
Foreign exchange movement	-	-	(110)	-	(110)
At 31 December 2020	-	4,239	1,951	-	6,190
Amortisation in year	-	2,679	1,420	-	4,099
Foreign exchange movement	-	-	(11)	-	(11)
At 31 December 2021	**-**	**6,918**	**3,360**	**-**	**10,278**
Net book value					
At 31 December 2021	**32,039**	**3,794**	**10,915**	**613**	**47,361**
At 31 December 2020	33,500	6,473	10,754	565	51,292

Goodwill represents the excess of the consideration paid and payable over the fair value of the identifiable assets and liabilities of ASL. The goodwill has been attributed to the cash generating unit ("CGU") of Safair Operations (Pty) Limited in accordance with the substance of the acquisition agreement.

15 Intangible assets *(continued)*

The goodwill has been reviewed for impairment based on an assessment of the recoverable amount of the CGU, which is the higher of Value In Use (“VIU”) and Fair Value Less Costs of Disposal (“FVLCD”). The FVLCD of the CGU is assessed using a discounted cash flow (“DCF”). The DCF is prepared based on projected cashflows of the CGU, forecasted for a period of 6 years and discounted using a weighted average cost of capital (“WACC”) for the CGU, comprising cost of debt using a benchmark of Johannesburg International Average rate (“JIBAR”) and cost of equity for a private equity investor. The projected cashflows of the subsidiary are assumed to recover from the impact of COVID-19 over the forecasted period. The DCF estimate is adjusted for the net debt of the CGU.

No impairment has been recognised.

There were no reasonably foreseeable circumstances as at 31 December 2021, in which a change in the assumptions underpinning the fair value of the underlying business would result in an impairment.

The Group recognised intangible assets relating to customer contracts of €10.7 million on acquisition of the ASL group. The intangible assets arising are being amortised over a period of four years which represents the remaining life of the contracts.

16 Inventories

	Group	
	2021	2020
	€’000	€’000
Consumables	**16,282**	16,655

Inventories are stated at the lower of cost and net realisable value. The replacement cost of inventories does not differ materially from its carrying value. The impairment provision in respect of Group inventories amounted to €9,479,000 *(2020: €7,516,000)*.

During the year the Group reclassified assets from inventories to aircraft fleet, within property, plant and equipment as the assets were considered rotable items which will be used on Group aircraft. The amount reclassified was €1,446,000 (note 8).

17 Current tax assets and liabilities

	Group		Company	
	2021	2020	**2021**	2020
	€’000	€’000	**€’000**	€’000
Current tax assets	**10,915**	1,020	**-**	-
Current tax liabilities	**(8,767)**	(5,367)	**-**	-

Current tax assets and liabilities represents corporation tax receivable/(payable) in respect of the current year.

Notes *(continued)*

18 Trade and other receivables

	Group 2021 €'000	Group 2020 €'000	Company 2021 €'000	Company 2020 €'000
Amounts due from joint venture (note 29)	**787**	670	**-**	-
Trade receivables	**90,522**	83,648	**-**	-
Prepayments	**20,953**	22,962	**-**	-
Contract assets	**4,573**	4,099	**-**	-
VAT receivable	**6,430**	6,054	**-**	-
Other debtors	**82,969**	76,121	**-**	-
	206,234	193,554	**-**	-
Non-current	**756**	716	**-**	-
Current	**205,478**	192,838	**-**	-
	206,234	193,554	**-**	-

Details of loans to subsidiary undertakings by the Company are included in note 29.

Other debtors also includes, among others, amounts incurred on behalf of customers which are recharged and deposits paid to lessors for aircraft leases.

19 Cash and cash equivalents

	Group 2021 €'000	Group 2020 €'000	Company 2021 €'000	Company 2020 €'000
Cash at bank	**194,441**	115,253	**7**	-
Restricted cash	**-**	18,684	**-**	-
Cash and cash equivalents per cash flow statement	**194,441**	133,937	**7**	-

Restricted cash included cash received which was held as maintenance contributions for leased aircraft and under the terms of certain borrowing arrangements the Group's ability to withdraw funds was restricted. During 2021, the Group repaid the loan facility with this restriction and therefore no longer recognises the cash received as restricted.

STAR Throne Midco Designated Activity Company

Notes *(continued)*

20 Share capital

	2021	2020
	€'000	€'000
Share capital – Group and Company		
Authorised		
1,000,000 Ordinary shares of €1 each	**1,000**	1,000
Allotted, called up and fully paid		
101 Ordinary shares of €1 each	**-**	-

21 Non-controlling interests

As part of the acquisition of ASL in 2019, the Group acquired a 72.48% interest in Quikjet Cargo Airlines PVC Ltd ("Quikjet"), an Indian based aircraft service company (note 10). The non-controlling interest holds 27.52% of the issued ordinary share capital of Quikjet.

Since 27 June 2019, there is a 25.14% non-controlling interest in Safair Operations (Pty) Limited following the divestment by the Group.

Since 19 March 2021, there is a non-controlling interest of 66% of ASL Airlines UK Limited, which subsequently commenced operations in 2021. The Group controls ASL Airlines UK Limited through its 34% shareholding and has continued to account for ASL Airlines UK Limited as a subsidiary. The Group controls ASL Airlines UK Limited as the Group has power over the relevant activities of the entity and has the ability to direct the activities of the entity to generate returns for itself.

Movements in the carrying value of non-controlling interests are as follows:

	ASL Airlines UK Limited €'000	**Quikjet Cargo Airlines PVT Ltd €'000**	**Safair Operations (Pty) Ltd €'000**	**Total €'000**
Non-controlling interests as at 31 December 2019	-	(2,091)	5,761	3,670
Share of loss in the year	-	(36)	(320)	(356)
Foreign currency translation movement	-	213	(722)	(509)
Non-controlling interests as at 31 December 2020	-	(1,914)	4,719	2,805
Share of profit/(loss) in the year	(426)	(137)	779	216
Foreign currency translation movement	(11)	(132)	375	232
Non-controlling interests as at 31 December 2021	**(437)**	**(2,183)**	**5,873**	**3,253**

STAR Throne Midco Designated Activity Company

Notes *(continued)*

21 Non-controlling interests *(continued)*

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests before any intra-group eliminations.

	ASL Airlines UK Limited	Quikjet Cargo Airlines PVT Ltd	Safair Operations (Pty) Ltd
31 December 2021	**66%**	**27.52%**	**25.14%**

	Quikjet Cargo Airlines PVT Ltd	Safair Operations (Pty) Ltd
31 December 2020	27.52%	25.14%

	ASL Airlines UK Limited 2021 €'000	Quikjet Cargo Airlines PVT Ltd 2021 €'000	Safair Operations (Pty) Ltd 2021 €'000	Total €'000
Non-current assets	**-**	**77**	**124,455**	
Current assets	**1,879**	**827**	**84,943**	
Non-current liabilities	**-**	**-**	**(103,258)**	
Current liabilities	**(2,541)**	**(8,835)**	**(82,777)**	
Net assets/(liabilities)	**(662)**	**(7,931)**	**23,363**	
Net assets/(liabilities) attributable to NCI	**(437)**	**(2,183)**	**5,873**	**3,253**

	Quikjet Cargo Airlines PVT Ltd 2020 €'000	Safair Operations (Pty) Ltd 2020 €'000	Total €'000
Non-current assets	85	102,479	
Current assets	740	62,934	
Non-current liabilities	-	(77,470)	
Current liabilities	(7,780)	(69,171)	
Net assets/(liabilities)	(6,955)	18,772	
Net assets/(liabilities) attributable to NCI	(1,914)	4,719	2,805

Notes *(continued)*

21 Non-controlling interests *(continued)*

	ASL Airlines UK Limited 2021 €'000	**Quikjet Cargo Airlines PVT Ltd 2021 €'000**	**Safair Operations (Pty) Ltd 2021 €'000**	**Total €'000**
Revenue	**1,720**	**328**	**228,007**	
Profit/(loss) for the year	**(645)**	**(497)**	**3,100**	
Profit/(loss) allocated to NCI	**(426)**	**(137)**	**779**	**216**

	Quikjet Cargo Airlines PVT Ltd 2020 €'000	Safair Operations (Pty) Ltd 2020 €'000	Total €'000
Revenue	377	148,239	
Loss for the year	(131)	(1,274)	
Loss allocated to NCI	(36)	(320)	(356)

22 Other financial liability

The Group entered into a put option with the minority shareholder of Safair Operations (Pty) Ltd on 27 June 2019.

The minority shareholder can put their 25.14% shareholding in Safair Operations to the Group after a period of 7 years from the date of the agreement, at an exercise price based on a specific formula in the shareholders' agreement.

The Group determined the fair value of the put option liability, which is discounted to present value using the weighted average cost of capital of the ASL Aviation Group.

The Group has accounted for the movement of the fair value of the liability in equity in accordance with its choice of accounting policy.

	€'000
Balance at 31 December 2019	573
Fair value movement for the year recognised directly in equity	(359)
Balance at 31 December 2020	214
Fair value movement for the year recognised directly in equity	646
Balance at 31 December 2021	**860**

23 Interest-bearing loans and borrowings

	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Current	**28,618**	37,262	**-**	-
Non-current	**341,162**	269,337	**242,050**	226,181
	369,780	306,599	**242,050**	226,181
Non-current liabilities				
Unsecured loan notes	**242,050**	226,181	**242,050**	226,181
Bank loans	**99,112**	43,156	**-**	-
	341,162	269,337	**242,050**	226,181
Current liabilities				
Current portion of bank loans	**28,618**	37,262	**-**	-
Total	**369,780**	306,599	**242,050**	226,181

(i) Loans

Secured bank loans	**127,730**	80,418	**-**	-
Unsecured loan notes	**242,050**	226,181	**242,050**	226,181
Less current portion of secured bank loans	**(28,618)**	(37,262)	**-**	-
Non-current portion	**341,162**	269,337	**242,050**	226,181

The bank loans are secured over aircraft assets with a net book value of €172.2 million *(2020: €157.4 million)*. The loans bear interest at rates between 1.75% and 5.75%.

Included in bank loans are foreign currency loans of which the amounts outstanding at 31 December 2021 were US$86.9 million – equivalent to €76.7 million *(2020: US$36.1 million – equivalent to €29.4 million)*.

During the prior year, the Group renegotiated a loan agreement with a bank lender and drew down an additional €17.7m funding. As part of the renegotiation of the loan the Group agreed a loan balloon payment at the end of the loan in June 2024 of €6.7m relating to the new drawdown. The total loan balloon payment relating to this facility and due in June 2024 is €17.3m.

In 2021 the Group early repaid loan facilities totalling €28.0m and agreed a new five-year bank loan facility of US$125.0m of which US$95.8m (€84.9m) has been drawn down at 31 December 2021.

On 1 July 2022, the Group agreed a refinancing of the facility, and increased the total available facility by US$75m to US$200m. The Group drew down US$72.1m in 2022 and has US$32.1m remaining available and undrawn on this facility at the date of signing the financial statements.

Notes *(continued)*

23 Interest bearing loans and borrowings *(continued)*

(ii) Loan notes

On 4 June 2019 the Company issued an unsecured loan note instrument. The loan note instrument was €193,941,579 and is subject to compound interest at 10% per annum, with six-month interest periods. During the year ended 31 December 2021 the Company incurred interest of €22,869,000 *(2020: €21,028,000)*. The interest accrued in the year and prior year was capitalised and added to the unsecured loan note balance. The unsecured loan note instrument is primarily subscribed by funds which are managed by the ultimate controlling party of the Company, STAR Capital Partnership LLP (note 29).

The loan notes are repayable on 31 December 2029, if not previously redeemed or repaid as a result of an Asset Sale (defined as a sale of the whole or substantially the whole of the business and assets of the Group), or a change in majority ownership of the Company or ASL, or a listing of the Company shares on a stock exchange, or an offering to the public in any jurisdiction of any Company shares for sale or subscription.

If not previously repaid, the loan note holders and the Company can agree to repay the loans before 31 December 2029.

On 20 December 2019, the loan notes were listed on The International Stock Exchange (“TISE”), a stock exchange registered in Guernsey.

During the year ended 31 December 2021 the Company repaid €7,000,000 to the loan note holders.

During 2022, the Company has repaid €35.2m to the loan note holders up to the date of signing the financial statements.

(iii) Maturity profile

The maturity profile of the borrowings is as follows:

Group	**Total €’000**	**Less than 1 year €’000**	**1-2 years €’000**	**2-5 years €’000**	**+5 years €’000**
As at 31 December 2021					
Unsecured loan notes	242,050	-	-	-	242,050
Bank loans	127,730	28,618	23,687	75,425	-
Total	**369,780**	**28,618**	**23,687**	**75,425**	**242,050**

Notes *(continued)*

23 Interest bearing loans and borrowings *(continued)*

(iii) Maturity profile *(continued)*

Group	Total €'000	Less than 1 year €'000	1-2 years €'000	2-5 years €'000	+5 years €'000
As at 31 December 2020					
Unsecured loan notes	226,181	-	-	-	226,181
Bank loans	80,418	37,262	13,808	29,348	-
Total	**306,599**	**37,262**	**13,808**	**29,348**	**226,181**

Company	Total €'000	Less than 1 year €'000	1-2 years €'000	2-5 years €'000	+5 years €'000
As at 31 December 2021					
Unsecured loan notes	242,050	-	-	-	242,050
Total	242,050	**-**	**-**	**-**	242,050

Company	Total €'000	Less than 1 year €'000	1-2 years €'000	2-5 years €'000	+5 years €'000
As at 31 December 2020					
Unsecured loan notes	226,181	-	-	-	226,181
Total	**226,181**	**-**	**-**	**-**	**226,181**

(iv) Undrawn borrowing facilities

At 31 December 2021 the Group has an undrawn overdraft facility of €5m *(2020: €5m)*. In addition, the Group has an undrawn factoring facility of up to €35m as at 31 December 2021 in relation to the financing of trade receivables.

In 2020, the Group agreed a revised facility of US$125.0m and the undrawn amount was US$29.2m (€25.8m) as at 31 December 2021.

On 1 July 2022, the Group agreed a refinancing of this facility and increased the total available facility by US$75m to US$200m. The Group has US$32.1m remaining and undrawn on this facility at the date of signing the financial statements.

Notes *(continued)*

23 Interest bearing loans and borrowings *(continued)*

(v) Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities		
	Bank loans €'000	**Loan notes €'000**	**Total €'000**
Balance at 1 January 2021	80,418	226,181	306,599
Changes from financing cash flows			
Proceeds from loans and borrowings	84,854	-	84,854
Repayment of borrowings	(42,985)	(7,000)	(49,985)
Interest paid	(7,291)	-	(7,291)
Total changes from financing cash flows	**34,578**	**(7,000)**	**27,578**
The effect of changes in foreign exchange rates	5,443	-	5,443
Other changes			
Interest charged	7,291	22,869	30,160
Total other changes	7,291	22,869	30,160
Balance at 31 December 2021	**127,730**	**242,050**	**369,780**

23 Interest-bearing loans and borrowings *(continued)*

(v) Reconciliation of movement of liabilities to cash flows arising from financing activities *(continued)*

	Liabilities			
	Bank overdraft €'000	Bank loans €'000	Loan notes €'000	Total €'000
Balance at 1 January 2020	4,981	119,252	205,153	329,386
Changes from financing cash flows				
Proceeds from loans and borrowings	-	17,717	-	17,717
Repayment of borrowings	-	(53,687)	-	(53,687)
Interest paid	(21)	(9,022)	-	(9,043)
Total changes from financing cash flows	**(21)**	**(44,992)**	**-**	**(45,013)**
The effect of changes in foreign exchange rates	-	(2,864)	-	(2,864)
Other changes				
Change in bank overdraft	(4,981)	-	-	(4,981)
Interest charged	21	9,022	21,028	30,071
Total other changes	**(4,960)**	**9,022**	**21,028**	**25,090**
Balance at 31 December 2020	**-**	**80,418**	**226,181**	**306,599**

Movements in lease liabilities are shown separately in note 9.

24 Employee benefits

The Group makes contributions to defined contribution schemes that provide pension benefits for employees upon retirement. The Group also operates an unfunded and funded defined benefit schemes in respect of subsidiary undertakings.

Group	**2021 €'000**	2020 €'000
Unfunded scheme – liability	**4,943**	8,449
Funded schemes – net liability	**6,462**	4,944
	11,405	13,393

24 Employee benefits *(continued)*

	2021 €'000	2020 €'000
(a) Unfunded defined benefit scheme		
The amounts recognised in the statement of financial position were as follows:		
Present value of unfunded obligations	**4,943**	8,449
Net liability	**4,943**	8,449
Amounts in the statement of financial position		
Liabilities	**4,943**	8,449
Net liability	**4,943**	8,449
Movements in the net liability recognised in the statement of financial position		
Net liability at beginning of year	**8,449**	8,001
(Credit)/expense recognised in the income statement	**(447)**	267
Actuarial (gain)/loss recognised in other comprehensive income	**(3,059)**	181
Net liability at end of year	**4,943**	8,449

The amounts recognised in profit or loss are as follows:	**2021 €'000**	2020 €'000
Current service costs	**619**	224
Interest on obligation	**23**	43
Curtailment	**(1,089)**	-
Total (credit)/expense – included in 'Employee benefits expense'	**(447)**	267
The amounts recognised in other comprehensive income are as follows:		
Actuarial (gain)/loss recognised in year	**(3,059)**	181

The actuarial gain in the current year reflects an updated calculation of the pension liability in line with guidance contained in a 2021 Agenda Decision of the International Financial Reporting Interpretations Committee ("IFRIC") on the interpretation of IAS19 and the periods of service to which the Group must attribute benefits for a defined benefit scheme.

The curtailment recognised in 2021 relates to employees who have ceased employment with the Group and are no longer part of the defined benefit scheme as at 31 December 2021.

Principal actuarial assumptions at 31 December	**2021 €'000**	2020 €'000
Discount rate	**0.35%**	0.5%
Future salary increases (including inflation)	**0%+ salary scale**	0% + salary scale
Future pension increases	**0%**	0%
Inflation	**0.5%**	0.5%

24 Employee benefits *(continued)*

(b) Funded defined benefit schemes

The amount recognised in the statement of financial position is determined as follows:

	2021	2020
	€'000	€'000
Pension obligations	**(30,256)**	(26,610)
Pension plan assets	**23,794**	21,666
Net liability	**(6,462)**	(4,944)

The Group operates two funded defined benefit schemes. They are separately administered schemes.

The summary movements in the net liability of the funded defined benefit schemes are as follows:

2021	**ASL Airlines Switzerland €'000**	**ASL Airlines Belgium €'000**	**Total €'000**
Opening net liability at 1 January 2021	(2,477)	(2,467)	(4,944)
Closing net liability at 31 December 2021	(2,325)	(4,137)	(6,462)
Movement	**152**	**(1,670)**	**(1,518)**

2020	**ASL Airlines Switzerland €'000**	**ASL Airlines Belgium €'000**	**Total €'000**
Opening net liability at 1 January 2020	(3,985)	(773)	(4,758)
Closing net liability 31 December 2020	(2,477)	(2,467)	(4,944)
Movement	**1,508**	**(1,694)**	**(186)**

24 Employee benefits *(continued)*

(b) Funded defined benefit schemes *(continued)*

Movements in the net pension liability for the year ended 31 December 2021 are as follows:

	ASL Airlines Switzerland €'000	**ASL Airlines Belgium €'000**	**Total €'000**
Periodic pension costs	(174)	(1,429)	(1,603)
Return on plan assets	68	316	384
Actuarial gain/(loss)	275	(1,112)	(837)
Other plan movements	(17)	555	538
	152	**(1,670)**	**(1,518)**

Movements in the net pension liability for the year ended 31 December 2020 are as follows:

	ASL Airlines Switzerland €'000	**ASL Airlines Belgium €'000**	**Total €'000**
Periodic pension credit/(costs)	297	(1,181)	(884)
Return on plan assets	605	306	911
Actuarial gain/(loss)	1,007	(1,352)	(345)
Other plan movements	(401)	533	132
	1,508	**(1,694)**	**(186)**

(i) ASL Airlines Switzerland

The following amounts pertaining to this defined benefit plan were recognised in the income statement:

	2021 €'000	2020 €'000
Current service cost	**(214)**	(361)
Interest expense	**(21)**	(57)
Interest income on plan assets	**17**	45
Administration costs	**(18)**	(24)
Curtailment	**62**	694
Periodic pension (costs)/credit	**(174)**	297

24 Employee benefits *(continued)*

(b) Funded defined benefit schemes *(continued)*

(i) ASL Airlines Switzerland (continued)

The following effective return on plan assets was realised by the pension fund:

	2021	2020
	€'000	€'000
Actual return on plan assets	**68**	605

The following changes were recorded in defined benefit liabilities for this scheme:

	2021	2020
	€'000	€'000
Present value of funded obligations at beginning of year	**(13,866)**	(16,727)
Current service cost	**(214)**	(361)
Employee contributions	**(133)**	(193)
Interest cost	**(21)**	(57)
Benefits paid	**545**	2,437
Actuarial gain on benefit obligation	**224**	447
Curtailment	**62**	694
Translation effects	**(646)**	(106)
Surrender value	**(748)**	-
Present value of funded obligation at year end	**(14,797)**	(13,866)

The following changes were recorded in the fair value of plan assets:

	2021	2020
	€'000	€'000
Fair value of plan assets at beginning of year	**11,389**	12,742
Employer contributions	**151**	213
Employee contributions	**133**	193
Interest income on plan assets	**17**	45
Actuarial gain on plan assets	**51**	560
Benefits paid	**(545)**	(2,437)
Administration costs	**(18)**	(24)
Translation effects	**546**	97
Surrender value	**748**	-
Fair value of plan assets at year end	**12,472**	11,389

24 Employee benefits *(continued)*

(b) Funded defined benefit schemes *(continued)*

(i) ASL Airlines Switzerland (continued)

Pension plan assets are comprised as follows:

	2021	2020
Managed funds	**100%**	100%
Total	**100%**	100%

The principal actuarial assumptions used were as follows:

	2021	2020
Discount rate	**0.30%**	0.15%
Future salary increase	**1.0%**	1.0%
Future pension increase	**0.0%**	0.0%

Statutory employer's contributions for the year 2022 are estimated at €0.2 million.

(ii) ASL Airlines Belgium

The following amounts pertaining to this defined benefit plan were recognised in the income statement:

	2021 €'000	2020 €'000
Current service cost	**(1,411)**	(1,161)
Interest expense	**(69)**	(143)
Interest income on plan assets	**51**	123
Periodic pension costs	**(1,429)**	(1,181)

The following effective return on plan assets was realised by the pension fund:

	2021 €'000	2020 €'000
Actual return on plan assets	**316**	306

Notes *(continued)*

24 Employee benefits *(continued)*

(b) Funded defined benefit schemes *(continued)*

(ii) ASL Airlines Belgium *(continued)*

The following changes were recorded in defined benefit liabilities for this scheme:

	2021 **€'000**	2020 €'000
Present value of funded obligations at beginning of year	**(12,744)**	(10,269)
Current service cost	**(1,411)**	(1,161)
Interest cost	**(69)**	(143)
Benefits paid	**141**	364
Actuarial loss on benefit obligation	**(1,376)**	(1,535)
Present value of funded obligation at year end	**(15,459)**	(12,744)

The following changes were recorded in the fair value of plan assets:

	2021 **€'000**	2020 €'000
Fair value of plan assets at beginning of year	**10,277**	9,496
Employer contributions	**870**	839
Interest income on plan assets	**52**	123
Actuarial gain on plan assets	**264**	183
Benefits paid	**(141)**	(364)
Fair value of plan assets at year end	**11,322**	10,277

Pension plan assets are comprised as follows:

	2021	2020
Bonds	**100%**	100%
Total	**100%**	100%

The principal actuarial assumptions used were as follows:

	2021	2020
Discount rate	**1.0%**	0.5%
Future salary increase	**1.70%**	1.70%
Future pension increase	**0.44%**	0.45%

Statutory employer's contributions for the year 2022 are estimated at €1.3 million.

Notes *(continued)*

25 Provisions

	2021 €'000	2020 €'000
Group		
Non-current portion	**29,611**	13,769
Current portion	**31,678**	35,615
	61,289	49,384
Aircraft maintenance	**47,300**	43,567
Restructuring and other	**13,989**	5,817
	61,289	49,384
Movements during the year		
Aircraft maintenance		
At beginning of year	**43,567**	31,475
Additional provisions in the year	**15,961**	16,845
Utilisations and releases in the year	**(12,211)**	(3,915)
Foreign currency translation differences	**(17)**	(838)
At end of the year	**47,300**	43,567
Restructuring and other		
At beginning of year	**5,817**	998
Additional provisions in the year	**10,615**	5,321
Utilisations and releases in the year	**(2,451)**	(501)
Foreign currency translation differences	**8**	(1)
At end of the year	**13,989**	5,817
Total provisions	**61,289**	49,384

Restructuring and other provisions at 31 December 2021 principally relates to amounts provided in respect of a strategic reorganisation of the European airlines of the Group and a provision relating to allowances claimed on specific employee benefits under local regulations.

26 Deferred tax assets and liabilities

	Group 2021 €'000	Group 2020 €'000	Company 2021 €'000	Company 2020 €'000
Deferred tax assets	**22,552**	17,862	**-**	-
Deferred tax liabilities	**(25,403)**	(26,943)	**-**	-
Net	**(2,851)**	(9,081)	**-**	-

Deferred tax assets and liabilities are attributable to the following:

	2021 Assets €'000	2021 Liabilities €'000	2021 Net €'000	2020 Assets €'000	2020 Liabilities €'000	2020 Net €'000
Group						
Property, plant and equipment	**914**	**(25,369)**	**(24,455)**	440	(26,573)	(26,133)
Employee benefits	**5,904**	**-**	**5,904**	3,575	(266)	3,309
Unused tax losses	**15,142**	**-**	**15,142**	13,847	-	13,847
Other	**592**	**(34)**	**558**	-	(104)	(104)
	22,552	**(25,403)**	**(2,851)**	17,862	(26,943)	(9,081)

Movement in temporary differences during the year

Group	**Balance at 1 January 2021 €'000**	**Recognised in total comprehensive income €'000**	**Foreign exchange movement €'000**	**Balance at 31 December 2021 €'000**
Property, plant and equipment	**(26,133)**	**2,849**	**(1,171)**	**(24,455)**
Employee benefits	**3,309**	**2,648**	**(53)**	**5,904**
Unused tax losses	**13,847**	**1,121**	**174**	**15,142**
Other	**(104)**	**668**	**(6)**	**558**
	(9,081)	**7,286**	**(1,056)**	**(2,851)**

Group	**Balance at 1 January 2020 €'000**	**Recognised in total comprehensive income €'000**	**Foreign exchange movement €'000**	**Balance at 31 December 2020 €'000**
Property, plant and equipment	(29,442)	991	2,318	(26,133)
Employee benefits	(535)	3,844	-	3,309
Unused tax losses	6,260	7,541	46	13,847
Other	(735)	708	(77)	(104)
	(24,452)	13,084	2,287	(9,081)

The deferred tax credit recognised in total comprehensive income of €7,286,000 *(2020: €13,084,000)* includes a credit of €7,871,000 *(2020: credit of €12,755,000)* to profit or loss, and a charge of €585,000 *(2020: credit of €329,000)* in other comprehensive income (see note 7).

26 Deferred tax assets and liabilities *(continued)*

The deferred tax asset relating to unused tax losses at 31 December 2021 of €15.1m *(2020: €13.8m)* is principally comprised of France €8.7m *(2020: €6.5m)*, South Africa €Nil *(2020: €1.3m)*, Switzerland €3.4m *(2020: €1.5m)*, Ireland €2.3m *(2020: €3.8m)* and others €0.7m *(2020: €0.7m)*. The Group believes future profits will be available for offset against these losses based on the future projections and trading activities of these subsidiaries.

The Group has not recognised deferred tax assets of €7,212,000 *(2020: €4,190,000)* relating to unused tax losses as the Group does not currently consider it is probable that future taxable profit will be available to utilise those particular losses. Of this total, €6,892,000 *(2020: €4,033,000)* relates to an unrecognised deferred tax asset in the Company.

27 Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Amounts owed to parent undertaking	**-**	93	**-**	26
Amounts due to joint ventures (note 29)	**5,843**	6,258	**-**	-
Trade payables	**125,257**	131,958	**-**	-
VAT payable	**8,064**	5,364	**-**	-
Accruals and other payables	**67,624**	50,735	**-**	-
Contract liabilities	**24,993**	15,118	**-**	-
Advance deposits received	**33,751**	30,800	**-**	-
Derivatives	**-**	74	**-**	-
Contingent consideration in relation to			**-**	
business combination	**44,835**	30,240	**-**	-
	310,367	270,640	**-**	26
Current	**236,124**	219,156	**-**	26
Non-current	**74,243**	51,484	**-**	-
	310,367	270,640	**-**	26

The Group classifies amounts received from customers for future flights as contract liabilities.

Advance deposits received relates to amounts received from customers in relation to contributions for aircraft maintenance, less amounts drawn by customers to fund such maintenance expenditure.

The Group has recognised contingent consideration due to the previous shareholders of ASL of €44,835,000 as at 31 December 2021 *(2020: €30,240,000)*. The amount has been classified as non-current as the amount is due on any future date of disposal of Safair Operations (Pty) Limited. The contingent consideration has increased by €14,595,000 during the year *(2020: decreased by €2,034,000)* due to the performance of Safair Operations (Pty) Limited. The contingent consideration is measured at fair value (note 28) based on the applicable contractual terms that determine the portion of the estimated price achievable in the event of a disposal of Safair Operations (Pty) Limited that would be payable to the previous shareholders.

Non-current trade and other payables principally includes contingent consideration in relation to the business combination and advance deposits received in which the event is not due for a period of at least 12 months after 31 December 2021.

In the course of its normal business the Group is exposed to credit, liquidity, interest rate and currency risks.

28 Financial instruments – market and other risks

Credit risk

The Group performs counterparty credit evaluations on an ongoing basis.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The ageing of trade receivables is as follows:

	Weighted average loss rate 2021 %	**Gross carrying amount 2021 €'000**	**Provision €'000**	**Net carrying amount 2021 €'000**
Not past due	**0.0%**	**76,450**	**-**	**76,450**
Past due 0-30 days	**0.0%**	**2,779**	**-**	**2,779**
Past due 31-365 days	**7.5%**	**10,748**	**(804)**	**9,944**
Past due > 1 year	**92.0%**	**16,809**	**(15,460)**	**1,349**
		106,786	**(16,264)**	**90,522**

	Weighted average loss rate 2020 %	Gross carrying amount 2020 €'000	Provision €'000	Net carrying amount 2020 €'000
Not past due	0.0%	61,098	-	61,098
Past due 0-30 days	0.0%	10,962	-	10,962
Past due 31-365 days	34.3%	17,301	(5,928)	11,373
Past due > 1 year	98.0%	10,850	(10,635)	215
		100,211	(16,563)	83,648

At 31 December 2021 the Group has provisions of €16.3 million *(2020: €16.6 million)* for expected credit losses against trade and other receivables.

The impairment movement on trade receivables during the year was a net impairment reversal of €0.3 million *(2020: impairment charge €5.9 million)* (note 4).

The impairment provision for trade receivables is based on a review of historic experience, past due receivables and customer specific circumstances.

The unprovided balance past due greater than one year of €1.3m is principally recoverable through deposits received from the customer and ongoing trading relationships. The Group remain confident of the recoverability of the unprovided balances.

Liquidity risk

Liquidity risk is the risk that the Group may not meet its obligations as they fall due. The Group ensures, as far as possible, that it always has sufficient liquidity to meet its obligations when due under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

28 Financial instruments – market and other risks *(continued)*

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Bank loans 2021 €'000	**Loan notes 2021 €'000**	**Lease liabilities 2021 €'000**	**Trade and other payables 2021 €'000**	**Other financial liabilities 2021 €'000**	**Total 2021 €'000**	Bank loans 2020 €'000	Loan notes 2020 €'000	Lease liabilities 2020 €'000	Trade and other payables 2020 €'000	Other financial liabilities 2020 €'000	Total 2020 €'000
Group												
Less than one year	**35,704**	**-**	**98,190**	**236,124**	**-**	**370,018**	41,232	-	82,269	219,156	-	342,657
Between 1 and 5 years	**114,835**	**-**	**236,950**	**29,408**	**1,659**	**382,852**	48,784	-	159,882	21,244	-	229,910
More than 5 years	**-**	**528,365**	**97,342**	**44,835**	**-**	**670,542**	-	544,331	33,539	30,240	484	608,594
	150,539	**528,365**	**432,482**	**310,367**	**1,659**	**1,423,412**	90,016	544,331	275,690	270,640	484	1,181,161

For the purposes of the above table it has been assumed that the loan notes (note 23) would not be redeemed prior to 31 December 2029 (and hence would accrue interest up to that date) and the contingent consideration (note 27) would not be payable within five years of the balance sheet date. The actual timing of loan note repayments and contingent consideration payments is not known at this stage.

Company

The only material financial liabilities of the Company are the loan notes. The details of the contractual maturities of the loan notes are disclosed in the above Group table.

28 Financial instruments – market and other risks *(continued)*

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing borrowings was:

	2021	2020
	€'000	€'000
Fixed rate instruments	**253,531**	247,127
Variable rate instruments	**116,249**	59,472
	369,780	306,599

The Group has no interest rate swaps on variable rate loans at 31 December 2021 *(2020: €10.8 million)*.

Cashflow sensitivity analysis for variable rate instruments

A 50 basis point movement in the interest rates would have (decreased)/increased equity and loss by the amount shown below. This analysis assumes that all other variables remain constant.

2021	**2021**	2020	2020
+ 50 basis points	**- 50 basis points**	+ 50 basis points	- 50 basis points
€'000	**€'000**	€'000	€'000
(212)	**212**	(369)	369

Currency risk

The Group is exposed to currency risk since a number of its aircraft related activities are denominated in US dollar which is the base currency worldwide for aircraft leasing, aircraft values and maintenance activity.

The Group has exposure to movements in South African Rand through its subsidiary Safair Operations (Pty) Limited. The Group has advanced loans denominated in South African Rand to Safair Holdings (Pty) Limited and is exposed to fluctuations in the movement between the Euro and the South African Rand.

The Group is also exposed to movements in the Swiss Franc through its subsidiary ASL Airlines (Switzerland) AG.

The Group has advanced loans to and received loans from subsidiary companies for the purposes of working capital loans, investment and treasury management. These loans are typically denominated in the base currency of the underlying subsidiary.

At each reporting date, derivative contracts are remeasured to fair value with any adjustment recognised in net profit or loss for the period or, where hedge accounting is applied, through the cash flow hedge reserve.

For the remainder, the Group's currency risk is, to a large extent, limited to a translation risk and to an exposure on foreign currency cash holdings.

Notes *(continued)*

28 Financial instruments – market and other risks *(continued)*

Currency risk *(continued)*

A 10% strengthening of the Euro against the US dollar at 31 December would have (decreased)/increased the equity and profit by:

	2021	2020
	€'000	€'000
Equity	**(14,805)**	(13,884)
Profit	**1,910**	939

A 10% weakening of the Euro against the US dollar at 31 December 2021 would have had the equal but opposite effect on equity and profit to the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Group is continuously optimising its capital structure (mix between debt and equity). The main objective is to maximise shareholder value while keeping the desired financial flexibility to execute strategic projects.

28 Financial instruments – market and other risks *(continued)*

Fair values versus carrying amounts

The following tables show the carrying amount of Group financial assets and liabilities including their values in the fair value hierarchy. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carried at fair value 2021 €'000	Assets at amortised cost 2021 €'000	Liabilities at amortised cost 2021 €'000	Carrying amount 2021 €'000	Fair value Level 1 2021 €'000	Fair value Level 2 2021 €'000	Fair value Level 3 2021 €'000
Trade and other receivables	-	206,234	-	206,234			
Cash and cash equivalents	-	194,441	-	194,441			
Call option	2,874	-	-	2,874			2,874
Secured bank loans – fixed rate	-	-	(11,481)	(11,481)		(11,481)	
Secured bank loans – variable rate	-	-	(116,249)	(116,249)			
Trade and other payables (excluding contingent consideration)	-	-	(265,532)	(265,532)			
Contingent consideration for business combination	(44,835)	-	-	(44,835)			(44,835)
Put option	(860)	-	-	(860)			(860)
Lease liabilities	-	-	(364,871)	(364,871)			
Unsecured loan notes - fixed rate		-	(242,050)	(242,050)		(242,050)	
	(42,821)	400,675	(1,000,183)	(642,329)			

28 Financial instruments – market and other risks *(continued)*

Fair values versus carrying amounts *(continued)*

	Carried at fair value 2020 €'000	Assets at amortised cost 2020 €'000	Liabilities at amortised cost 2020 €'000	Carrying amount 2020 €'000	Fair value Level 1 2020 €'000	Fair value Level 2 2020 €'000	Fair value Level 3 2020 €'000
Derivatives – interest rate swaps	(74)	-	-	(74)		(74)	
Trade and other receivables	-	193,554	-	193,554			
Cash and cash equivalents	-	133,937	-	133,937			
Call option	-	-	-	-			-
Secured bank loans – fixed rate	-	-	(20,946)	(20,946)		(20,838)	
Secured bank loans – variable rate	-	-	(59,472)	(59,472)			
Trade and other payables (excluding derivatives and contingent consideration)	-	-	(240,326)	(240,326)			
Contingent consideration for business combination	(30,240)	-	-	(30,240)			(30,240)
Put option	(214)	-	-	(214)			(214)
Lease liabilities	-	-	(239,689)	(239,689)			
Unsecured loan notes - fixed rate	-	-	(226,181)	(226,181)		(226,181)	
	(30,528)	327,491	(786,614)	(489,651)			

28 Financial instruments – market and other risks *(continued)*

Valuation techniques and significant unobservable inputs

The following tables shows the valuation techniques used in measuring level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Contingent consideration	The valuation model considers the present value of the expected future payment based on the forecasted subsidiary EBITDA information, discounted using a risk-adjusted discount rate. The discount rate is estimated as the weighted average cost of capital for Safair Operations (Pty) Limited, comprising cost of debt using a benchmark of Johannesberg International Average rate ("JIBAR") and cost of equity for a private equity investor.	Discount rate: 15.3% *(2020: 15.3%)*	The estimated fair value would increase/(decrease) if the expected cashflows were higher/(lower) and if the risk adjusted discount rate were lower/(higher)
Call option	The fair value is calculated based on a formula per the shareholders agreement between the Group and the non-controlling shareholder. The fair value is determined as the difference between the share of net assets value attributable to the non - controlling interests and the exercise price to acquire the non-controlling interests shareholding based on a value as if the option was exercised at 31 December 2021. The actual exercise price will be determined at the exercise date.	Not applicable	Not applicable
Put option	The fair value is calculated based on a formula per the shareholders agreement between the Group and the non-controlling shareholder. The put option can only be exercised after 30 June 2026. The put option liability is calculated as the present value of the estimated exercise price payable. The exercise price is based on the difference between the share of net assets value attributable to the non-controlling interests and an estimated notional debt based on the terms of the agreement. This is discounted to present value using ASL Group weighted average cost of capital ("WACC"). The attributable share of net assets at 31 December 2021 is used as an estimate of the attributable share at an exercise date of 30 June 2026.	Discount rate 12.32% *(2020: 12.46%)*	The estimated fair value would increase/(decrease) if the discount rate were lower/(higher)

28 Financial instruments – market and other risks *(continued)*

Estimation of fair values

The fair values of interest rate swaps are based on information provided by the financial institution with whom the contracts have been arranged.

For fixed rate bank loans the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at market rates of interest at the reporting date.

The fair value of the unsecured loan notes is determined by using valuation techniques, primarily earnings multiples and recent comparable transactions by the ultimate controlling party. The model used to determine fair value is validated and reviewed annually by the Group. The model uses observable data, to the extent practicable, and unobservable data, which carries a degree of judgement and estimates. Changes in factors about these assumptions could affect the disclosed fair value of the unsecured loan notes.

28 Financial instruments – market and other risks *(continued)*

Cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur and are expected to affect profit or loss:

	At 31 December 2021				At 31 December 2020			
	Carrying amount €'000	**Expected amount €'000**	**1 year or less €'000**	**2 to 5 less €'000**	Carrying amount €'000	Expected amount €'000	1 year or less €'000	2 to 5 years €'000
Interest rate swaps:								
Assets	**-**	**-**	**-**	**-**	-	-	-	-
Liabilities	**-**	**-**	**-**	**-**	(74)	(74)	(74)	-
	-	**-**	**-**	**-**	(74)	(74)	(74)	-

29 Related parties

Identity of related parties

The Group has related party relationships with its shareholders, directors and key management personnel, and joint venture undertakings. The Company also has related party relationships with its subsidiaries.

The ultimate controlling party of the Company is STAR Capital Partnership LLP, a limited liability partnership registered in England and Wales, which is the manager of STAR Strategic Assets III LP, STAR Strategic Assets III-A LP, STAR III Executive Co-Investment Partnership LP, STAR Throne Co-Investment LP and STAR III Fund (collectively "STAR Funds").

(a) Transactions with ultimate controlling party

	Payable balance at 31 December 2021 €'000	**Charge in the year ended 31 December 2021 €'000**	Payable balance at 31 December 2020 €'000	Charge in the year ended 31 December 2020 €'000
STAR Capital Partnership LLP				
Expense recharge	**-**	**(9)**	(93)	(93)
	-	**(9)**	(93)	(93)

(b) Transactions with directors and key management personnel

Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Key management personnel include directors of the Company and the other members of Group senior management with authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel compensation comprised the following:	**2021 €'000**	2020 €'000
Short-term employee benefits	**4,317**	4,151
Post-employment benefits	**800**	630
Loan note interest (note 29 (d))	**117**	107
	5,234	4,888

Notes *(continued)*

29 Related parties *(continued)*

Identity of related parties *(continued)*

(c) Transactions with joint ventures

The Group had related party transactions with its joint venture undertakings (see note 12) as follows:

	Receivable/ (payable) balance at 31 December 2021 €'000	**Income/ (charge) in the year ended 31 December 2021 €'000**	Receivable/ (payable) balance at 31 December 2020 €'000	Income/ (charge) in the year ended 31 December 2020 €'000
X-Air Services S.A.	**(5,843)**	**(25,813)**	(6,258)	(26,169)
K-Mile Air Company Ltd	**787**	**6,500**	670	6,674
	(5,056)	**(19,313)**	(5,588)	(19,495)

These relate to trading transactions in the normal course of business, principally from leasing of aircraft on normal commercial terms and maintenance services provided.

(d) Transactions with other related parties

Unsecured loan notes (note 23)	**Payable balance at 31 December 2021 €'000**	**Interest charge in the year ended 31 December 2021 €'000**	Payable balance at 31 December 2020 €'000	Interest charge in the year ended 31 December 2020 €'000
STAR Strategic Assets III LP	**(68,514)**	**(6,473)**	(64,022)	(5,952)
STAR Strategic Assets III-A LP	**(53,295)**	**(5,035)**	(49,801)	(4,630)
STAR III Executive Co Investment Partnership LP	**(2,436)**	**(230)**	(2,277)	(212)
Total STAR III Fund	**(124,245)**	**(11,738)**	(116,100)	(10,794)
STAR Throne Co Investment LP	**(116,571)**	**(11,014)**	(108,928)	(10,127)
Transactions with STAR Funds managed by ultimate controlling party STAR Capital Partnership LLP	**(240,816)**	**(22,752)**	(225,028)	(20,921)
Loan notes owed to key management personnel	**(1,234)**	**(117)**	(1,153)	(107)
Total	**(242,050)**	**(22,869)**	(226,181)	(21,028)

Notes *(continued)*

29 Related parties *(continued)*

Identity of related parties *(continued)*

(d) Transactions with other related parties *(continued)*

Company

Details of transactions with related undertakings are outlined below:

Name of related party	**Nature of transaction**	**Income/ (charge) in the year 31 December 2021 €'000**	**Receivable balance at 31 December 2021 €'000**
STAR Throne Bidco DAC (subsidiary undertaking)	Interest-free loan receivable	**-**	**186,942**
STAR Capital Partnership LLP (ultimate controlling party)	Expense recharge	**(9)**	**-**
			186,942

Name of related party	**Nature of transaction**	Income/ (charge) in the year 31 December 2020 €'000	Receivable/ (payable) balance at 31 December 2020 €'000
STAR Throne Bidco DAC (subsidiary undertaking)	Interest-free loan receivable	-	193,987
STAR Capital Partnership LLP (ultimate controlling party)	Expense recharge	(26)	(26)
			193,961

The interest-free loan was issued by the Company to finance the acquisition of ASL Aviation Holdings by STAR Throne Bidco DAC. This loan receivable is repayable on demand and given the nature of the use of funds by the counterparty the Company has no current intention to demand repayment within 12 months of the date of approval of these financial statements. The subsidiary has repaid €35.1m of this loan in 2022.

Based on the financial positions of the counterparty and the underlying group companies no significant credit losses are expected and, as a result, no expected credit loss provision has been recognised.

30 Operating leases

As lessee

In accordance with IFRS 16 all leases are recognised on the statement of financial position as right of use assets and lease liabilities (see note 9).

As lessor

Aircraft leasing rights

The Group leases out certain aircraft to third parties under operating leases.

The future minimum operating lease payments that are receivable under non-cancellable leases are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Less than one year	**1,333**	1,862	**-**	-
Between 1 and 5 years	**-**	253	**-**	-
More than 5 years	**-**	-	**-**	-
	1,333	2,115	**-**	-

31 Other commitments

	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Capital commitments	**63,769**	64,585	**-**	-

Capital commitments principally relate to aircraft acquisitions which have been agreed but not completed before period end and software development expenditure.

32 Major exchange rates

The following major exchange rates have been used in preparing the consolidated financial statements:

	Closing rate		Average rate	
			Year ended	Year ended
	31 December 2021	31 December 2020	**31 December 2021**	31 December 2020
US Dollar	**1.1326**	1.2271	**1.1894**	1.1384
British Pound	**0.8403**	0.8990	**0.8633**	0.8853
South African Rand	**18.0625**	18.0219	**17.5888**	18.7268
Swiss Franc	**1.0331**	1.0802	**1.0838**	1.0713

33 Subsequent events

On 24 May 2022 the Group disposed of part of its shareholding in Quikjet Cargo Airlines Pvt Ltd, and the Group shareholding decreased from 72.48% to 45.69%. On this date the Group lost control of the Quikjet and ceased accounting for it as a subsidiary and commenced accounting for it as a joint venture.

On 12 June 2022, the Group received €5.1m relating to funds that had been held in Escrow as part of the ASL acquisition in 2019 pending the final outcome of certain matters that were not clear at that time. The Escrow term expired on the third anniversary of the acquisition. These funds will be recorded in profit or loss in 2022.

On 1 July 2022, the Group agreed a refinancing of the facility with Goldman Sachs, and increased the total available facility by US$75m to US$200m. The Group drew down US$72.1m in 2022 and has US$32.1m remaining available and undrawn on this facility.

During 2022, the Group has repaid €35.2m to the loan note holders.

On 8 August 2022, the Group acquired the remaining share capital of X-Air Services S.A. for €2.5m. On this date the Group ceased accounting for X-Air as a joint venture and commenced accounting for it as a subsidiary. The total consideration paid on acquisition (including transfer of share of equity accounted investee) was €6.6m.

There were no other events subsequent to the period-end that require adjustment to the financial statements or the inclusion of a note thereto.

34 Company result for the year

A separate company income statement is not presented in these financial statements as the Company has availed of the exemption provided by Section 304 of the Companies Act 2014. The Company recorded a loss of €22,881,000 for the year ended 31 December 2021 *(2020: loss of €21,054,000)*, due primarily to the interest charge on the loan notes.

35 Approval of financial statements

The board of directors approved these financial statements on 19 December 2022.