Aer Lingus Limited

Directors' report and financial statements

Financial year ended 31 December 2023

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Directors and other information

Board of Directors at 15 March 2024

Lynne Embleton (Chief Executive Officer)
Elizabeth Haun (Chief Financial Officer)
Aisling Hassell (Non-Executive Director)
Stephen Kavanagh (Non-Executive Director)
Dónal Moriarty (Company Executive)

Secretary and registered office

Méabh Gallagher
Laurence Gourley (assistant secretary)
Dublin Airport
Co. Dublin
Ireland

Registered number: 9215

Independent auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen’s Green
Dublin 2
Ireland

Bankers

Citibank
North Wall Quay,
Dublin 1,
Ireland

Legal advisors

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

Directors' report

The Directors submit their report together with the audited financial statements of Aer Lingus Limited (the 'Company') for the year ended 31 December 2023.

The Company's immediate parent company is Aer Lingus Group DAC ('Aer Lingus Group') and ultimate parent company is International Consolidated Airlines Group, S.A. ('IAG').

Audit committee

The Company does not have an Audit Committee of its Board in accordance with section 167 of the Companies Act 2014, but instead relies on the independent Audit Committee of its ultimate parent, IAG, which is maintained in compliance with its listing obligations.

Directors' compliance statement

It is the policy of Aer Lingus Limited to comply with its relevant obligations as defined in section 225 of the Companies Act 2014. The Directors have drawn up a compliance policy statement as defined in section 225(3)(a) of the Companies Act 2014. Arrangements and structures have been put in place that are, in the Directors' opinion, designed to secure a material compliance with the Company's relevant obligations. These arrangements and structures were reviewed during the financial year. As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with the relevant obligations. In discharging their responsibilities under section 225, the Directors relied on the advice of Management of the Company ("Management") and third parties who the Directors believe have the requisite knowledge and experience on compliance with its relevant obligations.

Accounting records

The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Dublin Airport, Co. Dublin, Ireland.

Accounting policies

The financial statements are prepared under International Financial Reporting Standards ("IFRS") as adopted by the EU. The principal accounting policies, together with the basis of preparation of the accounts are set out in Notes 2 and 3 to the financial statements.

Disclosure of information to the auditor

The Directors confirm that:

- in so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware;
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

Retained earnings position at 31 December 2023

The Income statement for the year ended 31 December 2023 and the Statement of financial position as at that date are set out on pages 17 and 19 respectively. The profit after taxation for the year amounted to €169 million (2022: loss of €23 million). The movement in retained earnings for the year was as follows:

	€ m
Balance, 1 January 2023	(785.3)
Profit for the year	169.3
Other comprehensive loss for the year	(0.4)
Deficit, 31 December 2023	(616.4)

Total retained deficit decreased by €169 million since 1 January 2023. The Directors propose no other transfers to or from reserves.

Dividends

No dividend was paid during the year (2022: €Nil). The Directors do not recommend the payment of a dividend in the financial period.

Principal activities

The principal activities of the Company during the year continued to be the provision of air travel services.

Directors' report (continued)
Business overview and commercial developments

Business overview

The year 2023 saw growth, in both capacity and profitability, supported by investment in digital transformation and enhanced customer experience. Strong demand for leisure travel led to a strong summer, delivering our highest-ever third quarter profits.

Business travel recovery continues to lag that of leisure, which has put pressure on profitability in the off-peak months and exacerbated the seasonality of the Company's results. We built our North Atlantic leadership position; we now have the fourth largest number of direct destinations from Europe into the US. We expanded into secondary cities, leveraging the geography and US preclearance facility at our Dublin hub, adding a new route to Cleveland which performed really well in its first year.

On our European network, demand for major sun destinations and new Mediterranean routes was exceptionally strong, while the resurgence in demand for European city breaks also contributed to a strong summer. A focus on operational performance led to process improvements and quick recovery from disruption events such as the UK's aircraft control (NATS) outage in August. Nevertheless, the summer operation was challenging in parts, most notably due to aircraft availability and to ongoing Air Traffic Control issues in Dublin, the UK and France. We started 2023 with a new brand advert and message "You're very welcome" showcasing the warmth of our service and our people. This was underpinned by "customer first" training for over 2,500 colleagues. The strength of our brand and the improvements in customer experience were reflected in increased brand preference ratings and a higher Net Promoter Score.

Our customers

We delivered a significant transformation in our Customer Contact Centre following the difficult post COVID-19 restart, and we are now providing a vastly improved service to customers. Technology investment, workflow change, process redesign and bot automation collectively have brought average wait times to consistently below two minutes, with 90% of calls directed to the appropriate agent. Overall customer satisfaction rates are now 30% higher than in 2022.

Our investment in digital improvements is also making a difference to our customers, with additional information and functionality on our app, resulting in a better "day of travel" experience. Our ability to continue improving the customer experience has been greatly advanced with the introduction of Salesforce, allowing us deeper insights into our customers and enabling us to offer a personalised and digital-led experience throughout their travel journey. Recognising loyalty is also important to customers. We have continued to work closely with IAG Loyalty to enhance our offers and services to AerClub members, an effective partnership that has seen us expand our AerClub membership to 2.4 million customers, a 28% increase from 2022.

Our people

Our people go above and beyond every day to deliver for our customers. They are the people who make what we do possible. In 2023, we continued to improve communication and engagement with our colleagues. Our ambition is to continue to create an inclusive environment, where our people are aligned with our strategy and recommend the Company as a place to work. We want everyone to feel empowered to own the brand promise "We are simply people who do everything we can for the people who fly with us." We launched a new digital communications platform company wide, AerWaves. After only three months, over two thirds of our colleagues have signed up. This enables us to share knowledge while fostering a sense of belonging and teamwork in the airline. In response to feedback, we have also created an Idea Hub, where employees can contribute suggestions for continuous improvement across the company.

We have also made significant progress in industrial relations starting with a new pay deal with Dublin Ground Handling staff and then with cabin crew based in both Ireland and Manchester. Importantly we reached a pay agreement with our line maintenance engineers which will help us retain and attract talent, while providing better work coverage to support our operations.

Following the rejection by pilots of a pay tribunal recommendation, the Company and the pilots' representative organisation (IALPA) commenced further discussions in the Workplace Relations Commission (Ireland's employment conciliation service). Mediation via the Workplace Relations Commission was unsuccessful, and the process has been referred to the Labour Court. As part of our mission to improve diversity and inclusion at the Company we have placed much focus on female pilot recruitment. The Company ranks third in the world in terms of the proportion of female pilots (11% of our total) and we are determined to increase this, starting with the significant jump we achieved in female applications for our Future Pilot Programme in 2023.

Our planet

Further steps were made in our commitment to sustainability, and we were pleased to attain IATA's Environmental Assessment (IEnvA) Stage 2 certification. In 2023, the Company became the first airline flying into Ireland to segregate and recycle on-board waste. We now recycle waste from over 90% of short-haul flights into Ireland and have completed trials on long-haul routes, with a target to recycle 20% of on-board waste in 2024.

Other important steps in our sustainability journey in 2023 were the investment in two new Airbus A320neo aircraft, and the introduction of hydrotreated vegetable oil (HVO) to replace diesel use in our airside ground vehicles at Dublin Airport.

Directors' report (continued)
Business overview and commercial developments (continued)

Looking forward.

In 2024 we will maintain our North Atlantic leadership from Dublin whilst continuing to offer an attractive schedule for European leisure travel.

DAA has lodged a planning application to increase the passenger cap at the hub airport from 32 million to 40 million passengers per year. The Company has supported the application and is engaging with relevant stakeholders on what is required to accommodate future growth by the Company out of Dublin. The airline has also supported the relaxation of night-flight restrictions at the airport. Both issues are currently going through the Irish planning process and the timing and manner of resolution is uncertain.

The Company's transformation programme is well underway, and many more projects are in the pipeline for 2024 - encompassing hub development, deepening partnerships, modernising IT, increasing data and digitalisation, and investment in our people.

We are committed to developing the Company as a growing, profitable, customer-centric airline, with a strong brand and a great place to work.

Trading highlights

Revenue statistics	**2023**	**2022**	**% increase/ (decrease)**
Available Seat Kilometres (ASKs) (million)	31,574.2	26,258.0	20%
Number of seats ('000s)	13,435.5	13,375.0	0%
Passenger numbers ('000s)	10,816.4	9,020.0	20%
Passenger revenue (€ million)	2,086.7	1,579.5	32%
Cargo revenue (€ million)	50.7	79.3	(36%)
Other revenue (€ million)	9.9	9.1	9%
Total revenue (€ million)	2,147.3	1,667.9	29%
Load factor RPK/ASK (%)	81%	77%	5%
Passenger revenue per ASK (€ cent)	6.61	6.02	10%

The key operating costs and unit cost measures are as follows:

Operating costs (€ million unless otherwise stated)	**2023**	**2022**	**% increase/ (decrease)**
Fuel, oil costs and emissions charges	591.6	494.3	20%
Employee costs	465.6	386.1	21%
Supplier costs[1]	721.5	592.4	22%
Ownership Costs	149.6	145.6	3%
Total operating costs	1,928.3	1,618.4	19%
Operating cost per ASK (€ cent)	6.1	6.2	(2%)
Non-fuel operating cost per ASK (€ cent)	4.2	4.3	(2%)

1 Supplier costs comprises of all Operating costs not relating to Fuel, Employees, or the Depreciation and Amortisation of assets. It includes the net gain on the sale of Property, Plant, and Equipment which would previously have been presented in Non-Operating items. €11.5m of a gain relating to 2022 has been reclassified to Supplier costs accordingly for the comparative period.

The Company had a strong return to profitability in 2023 with an Operating Profit of €219 million (2022: €50 million) and an operating margin of 10% (2022: 3%). Capacity was increased by 20% (measured in Available Seat Kilometres (ASKs)) from 2022 with the continued restoration of the network at the beginning of the year and the addition of new routes. We launched the Cleveland route and recommenced the Bradley route in Longhaul and in Shorthaul, routes to Olbia, Kos and Brindisi were added.

The Company carried circa 10.8 million passengers in the year, an increase of 20% from last year, with a higher passenger load factor of 5 points. Passenger unit revenue also increased by 10% reflecting the higher yields across the network. These factors contributed to a positive passenger revenue performance of €2.087 million, an improvement of 32%. Cargo revenue decreased versus last year on foot of increased capacity in the market.

Total operating costs in the year were €1,928 million, an increase of 19% with an improvement of 2% in unit costs/operating cost per ASK.

Directors' report (continued)
Trading highlights (continued)

The number of headcount employed as part of the Company's trade rose by circa 900 in the year, in line with capacity growth. Unit costs improved by 1% due to management initiatives offsetting pay increases.

Fuel and supplier costs rose by circa 20% in 2023, primarily due to higher activity. The Company hedges its fuel purchases in advance, typically building its cover over two years. This hedging programme smooths the effects of rising (or falling) prices as evidenced by the blended average fuel price per metric tonne in 2023 being flat versus last year (2023: $870; 2022: $869). On a unit basis, fuel costs were 2% better. Supplier costs were impacted by inflation and volatility in international supply chains.

Non-operating items

Exceptional items: There were no exceptional items for the period (2022: None).

The Company's net non-operating costs were €34 million in 2023 (2022: €69 million). Non-operating items in 2023 include finance costs of €53 million (2022: €55 million), finance income of €16 million (2022: €6 million), net charges relating to losses on derivatives not qualifying for hedge accounting and finance charges relating to retirement benefit obligations of €0.4m (2022: €0.004m), and net gain/loss of €3 million (2022: €10 million loss) relating to the revaluation of foreign currency denominated provisions, namely for Maintenance-related expected outflows (which are measured in USD).

Non-operating items were impacted by interest rates rising during the period which earned the Company a higher return on cash placed on deposit versus the prior year. The Company's applicable interest rates on debt are either fixed or hedged where appropriate.

Taxation

The tax charge for the period was €16 million (2022: €4 million). In 2023, the effective tax rate is 9.09% (2022: 14.5%). The difference from 12.5% is driven by a prior year adjustment in respect of the IAS12 amendment which narrowed the scope of the initial recognition exemption of leases and other permanent differences.

In December 2023, the Irish Government enacted legislation regarding the introduction of the global minimum tax rate of 15%, effective January 2024. As per the provisions of the relevant accounting standard, no impact relating to the 15% rate has been included in the 2023 financial statements.

As a guide, the Company has estimated the approximate impact of the minimum 15% tax rate on its 2023 profit before tax to be a differential of €4 million from the current rate.

Capital expenditure

Capital expenditure for the financial period was €252 million (2022: €133 million), primarily reflecting the delivery of two aircraft in the period and aircraft pre-delivery payments.

Other items included in capital expenditure are maintenance technical equipment (such as engines and rotable spare parts), in addition to operating and office equipment of €4 million (2022: €0.2 million). €65 million (2022: €39 million) was invested acquiring intangible assets such as licences, software and carbon credits for emissions trading schemes.

Fleet summary

A summary of our fleet as at 31 December 2023 was:

By aircraft type and classification:

Aircraft type	Owned	Operating lease	Finance Lease	Other[1]	Total
Airbus A320	15	14	-	1	**30**
Airbus A320neo	-	4	-	-	**4**
Airbus A330-200	2	1	-	-	**3**
Airbus A330-300	4	4	4	-	**12**
Airbus A321neo	-	8	-	-	**8**
Total	**21**	**31**	**4**	**1**	**57**

[1]Other aircraft relates to stood down aircraft that were not in use during the reporting period.

Directors' report (continued)
Fleet summary (continued)

As at 31 December 2023 there were 57 aircraft in service (2022: 56). During the reporting period, three A330-200 aircraft returned to active service. One aircraft in storage was stood down during the year. Of the three aircraft which returned to service, two are owned assets and one is on an operating lease. Additionally, four A320 aircraft which were previously on finance leases were reclassified as owned aircraft during the reporting period.

A summary of our fleet as at 31 December 2022 was:

By aircraft type and classification:

Aircraft type	Owned	Operating lease	Finance Lease	Other[1]	Total
Airbus A320	12	15	4	-	**31**
Airbus A320neo	-	2	-	-	**2**
Airbus A330-200	-	-	-	3	**3**
Airbus A330-300	4	4	4	-	**12**
Airbus A321neo	-	8	-	-	**8**
Total	**16**	**29**	**8**	**3**	**56**

[1]Other aircraft relates to grounded aircraft that were not in use during the reporting period.

Liquidity

At 31 December 2023, the Company had total liquidity of €823 million (2022: total liquidity of €1,103 million), comprising cash, cash equivalents and interest-bearing deposits of €341 million (2022: €362 million) and €482 million of committed and undrawn general facilities (2022: €741 million).

The Company has previously entered into two Revolving Credit Facilities, one with the Irish Strategic Investment Fund (ISIF) and one as part of an IAG Group facility with a syndicate of banks. The ISIF facility was signed in 2022 with a total committed value of €350 million, which if drawn is secured on Aer Lingus' London Heathrow slot holdings. The remaining credit facility is available to the Company via the Group facility (total of $146 million) which was executed in March 2021.

Both facilities are available to the Company until their expiration dates in March 2025 with no amounts drawn under either facility at 31 December 2023.

Going concern

In preparing its assessment of going concern for the next 12 months, the Directors considered the forecasts included in the Company's 2024 financial plan and longer-term business plan which was prepared for and approved by the Board in December 2023. This forecast considers the Board's and management's views on the anticipated continued recovery from the COVID-19 pandemic and the wider economic and geopolitical environments on the Company's businesses across 2024 and into 2025. Furthermore, and as part of an annual exercise performed by IAG, several downside stress test scenarios are performed to validate the Company's liquidity position, all of which indicated that Aer Lingus Limited remains viable.

Having reviewed the business plan, the Directors are satisfied that the Company has sufficient liquidity to continue to pay its debts/creditors as they fall due over the next 12 months. This is due to the continued recovery following the pandemic. The Directors are satisfied in adopting the going concern basis in preparation of the financial statements for the year to 31 December 2023.

Principal risks and uncertainties

The highly regulated and commercially competitive environment, together with Aer Lingus Limited's operations, exposes the Company to risks, where its ability to influence and directly manage the risks may be limited. Examples include aircraft, engine, and component availability, the wider ongoing fundamental weaknesses in the resilience of the aviation sector's supply chain; air traffic control (ATC) resilience and policy measures taken by governments to address the economic environment or policy proposals that could impact Aer Lingus' ability to set capacity and/or competitive pricing. Other external threats that remain heightened include: the impact of inflation and interest rates on demand and customer confidence; higher costs in the supply chain; potential delays to delivery of infrastructure at Dublin Airport and, the imposition of operating restrictions that could impact scheduled operations and cap overall annual numbers of passengers.

Directors' report (continued)
Principal risks and uncertainties (continued)

The Directors are responsible for oversight of the Company's risk management systems, which are designed to identify, manage and mitigate potential material risks to its strategic and business objectives. The Company carries out detailed risk management reviews under the IAG Enterprise Risk Management (ERM) framework. This framework sets out a comprehensive risk management process and methodology, ensuring a robust identification and assessment of the risks facing Aer Lingus Limited, including emerging risks. Throughout 2023, Aer Lingus Limited has monitored the evolution of the risk landscape, because of internal and external changes, particularly considering how risks combine to create increased threats, and re-assessing the potential severity and likelihood of risks accordingly. The risk heatmap is reviewed by the Aer Lingus Executive Management Committee every two months. In addition, the Executive Management Committee and the IAG Head of Enterprise Risk Management review the risk heatmap twice a year to ensure that risks are appropriately evaluated, and any further actions identified. This is then reported to the Aer Lingus Board for review and challenge to assist in the management of risk. For every principal risk, a business owner(s) is assigned, and appropriate mitigations and timelines for implementation are agreed, following discussions with all relevant stakeholders. Where risk treatments require time to implement, short term mitigations are assessed and the timeline to risk mitigation and consequent risk acceptance discussed and agreed by stakeholders. Every risk has clear executive oversight.

The Board reviews and challenges management on the risk landscape and its management in the light of changes that influence the Company and the aviation industry. Where further action has been required, the Aer Lingus Board has considered potential mitigations and, where appropriate or feasible, Aer Lingus Limited has implemented or confirmed plans that would address those risks. Business responses implemented by management and that effectively mitigate or reduce the risk are reflected in the Company's latest business plan. In addition, the Aer Lingus Board have been appraised of regulatory, competitor and governmental responses on an ongoing basis. A separate but parallel management system monitors flight safety and security risks.

No new principal risks were identified through the risk discussions in the year. One risk has been reconsidered as part of the reviews and has been reframed as 'Transformation, innovation and Artificial Intelligence ("AI") from 'Transformation and change' to recognise how Aer Lingus' change agenda is underpinned by investment which will leverage innovation and Artificial Intelligence (AI) tools to accelerate the delivery of customer-centric, efficient processes and tools to run its business. The principal corporate risks that Aer Lingus Board and Aer Lingus Management Committee believe to be the most likely to have a potential material impact on Aer Lingus Limited during the three-year plan period are described below. This list is not intended to be exhaustive.

Brand and customer trust

Aer Lingus Limited's ability to attract and secure bookings and generate revenue depends on customers' perception and affinity with the brand and its associated reputation for customer service and value. Erosion of the brand and customer trust through poor customer service or lack of reliability in operations, may adversely impact the Company's position with customers. The Aer Lingus brand is and will continue to be at risk of adverse publicity regarding events impacting service and operations. Operational resilience and customer satisfaction underpin customer trust. Reliability, including on-time performance, is a key element of the brand and of each customer's experience. Aer Lingus Limited continues to support our customers through any disruption, ensuring, where possible, that customers are able to complete their travel plans. The Company remains focused on strengthening its end-to-end customer experience to ensure that it continues to adapt and focus its business model to meet changes in customer mix, expectations and needs.

Competition risk

The demand environment in the year has seen the restoration of capacity into the market, with some markets exceeding pre-pandemic capacity levels. Aer Lingus Limited operates in an intensely competitive market across its main route groups. Failure to compete to optimise its market share and customer engagement in key markets may result in erosion of revenue and margins. Aer Lingus Limited is investing to maintain its competitive position. Capacity, services, revenues and costs are proactively managed to optimise market share, and to adapt and respond to market changes.

Critical third parties in the supply chain, including hub infrastructure

The aviation sector continues to be affected by global supply chain disruption which has impacted aircraft deliveries, engine and component availability and reliability, resource availability and/or threat of employee industrial action in critical third parties and airport services, the level of resilience of airports, and air traffic control capability and restrictions. The Company, supported by IAG Procurement, works with suppliers to ensure operations are maintained and costs remain competitive.

Critical third parties in the supply chain, including hub infrastructure (continued)

As Aer Lingus Limited seeks to develop and expand its business, its growth plans depend on the timely delivery of appropriate infrastructure by the Dublin Airport Authority (DAA) and planning regulations allowing the Company to set capacity and its flight schedules to meet customer demand. The Company continues to engage with both regulatory, government and other stakeholders to highlight potential delays to infrastructure planning and delivery timelines; the impact of potential restrictions on capacity at its Dublin hub, flight operations and the effects on schedules and connectivity; and the potential impact of the current passenger cap at Dublin Airport for customers and airlines. The Company has put forward its case on issues of the importance of aviation to international trade and customer connectivity and the value that it brings. Aer Lingus Limited's longer-term growth plans are predicated on the assumption that Dublin Airport can facilitate the associated increase in customer traffic. The outcome of the planning process could impact the Company's medium and long term capacity and fleet plans.

Aer Lingus Limited remains reliant on the resilience within the operations of air traffic control airspace services and the level of resilience of airports to deliver its flight schedules as planned.

Cyber-attack and data security

The risks from cyber threats continue as threat actors seek to exploit any weaknesses in defences particularly through social engineering and human behaviours. The threat of ransomware attacks on critical infrastructure and services remains high and increased in the year with heightened geopolitical tensions. Aer Lingus Limited could face financial loss, disruption or damage to brand reputation arising from an attack on its systems by criminals, foreign governments or hacktivists. If the Company does not adequately protect its customer and employee data, it could breach regulation and face penalties and loss of customer trust, or experience business disruption through system outages or performance deterioration.

A cyber risk management framework is in place to monitor the risk across the Company. The Aer Lingus Cyber Governance Board assesses and actively re-prioritises the portfolio of cyber projects and initiatives based on level of threat/risk. Aer Lingus Limited is working with both IAG Tech (IAG's central tech function) and market leading partners to enhance detection capabilities across all channels through the deployment of AI solutions and intelligent threat detection. Aer Lingus Limited has a BISO (Business Information Security Officer) who is responsible for cyber security risk and supports the IAG CISO (Cyber Information Security Office) in key areas including threat intelligence, expertise, training, policy development and security operations.

There is oversight of critical systems and suppliers to ensure that the Company understands the data it holds, that the data is secure, and the Company adheres to a wide set of regulations. Aer Lingus Limited has a Data Protection Officer in place. All third-party suppliers must adhere to IAG security requirements and an IAG Group Third Party Risk Management (TPRM) process integrates cyber security due diligence into contracting processes to monitor supplier security performance. The fast-moving nature of this risk means that the Company will always retain a level of vulnerability.

Economic, political, and regulatory environment

The economic impact of geopolitical events coming after the energy crisis last winter, increases in commodity and wage costs from inflation and higher interest rates drive continued significant uncertainty over the economic outlook. Economic deterioration in either the domestic market or the global economy may have a material impact on the Company's financial position, while foreign exchange, fuel price and interest rate movements create volatility. Aer Lingus Limited closely reviews this volatility and any impact of wage and supplier inflation on its financial results and forecasts. Wider macroeconomic trends are being monitored and the Company also considers changes in government in key markets and the implications for trade, respective economic health and how governments view the aviation industry, with elections expected in Ireland, the UK and the US over the upcoming year. The Company will continue to adjust its future capacity plans, accordingly, retaining flexibility to adapt as required and where possible.

Financial and treasury related risks

Failure to manage the volatility in the price of oil and petroleum products, manage currency risk or other financial risks could impact the profitability of the Company. Fuel, foreign exchange and interest rate hedging are actively managed in accordance with IAG Group's treasury policies and Board approvals. Aer Lingus Limited continues to assess the strength of the US dollar against the euro and the potential impacts on the Company's operating results.

Fleet

In accordance with the approved fleet and business plans, maintaining the correct fleet specification, aircraft number and mix is critical for the Company to meet customer mix and expectations and remain competitive. The fleet plan ensures there is sufficient flexibility over the short and medium term to respond to business demands. With the increasing focus on sustainability and the environment, all fleet sourcing decisions evaluate new technology options. Any delays in the entrance of any future fleet deliveries may impact efficiency of operations, flight schedules and growth plans. Aer Lingus Limited is able to leverage IAG Procurement when sourcing new or replacement aircraft from both the Original Equipment Manufacturers (OEMs) directly or from the leasing market.

IT systems and IT infrastructure

The Company's dependency on IT systems and networks for key business and customer processes is increasing and the failure of a critical system may cause significant disruption to the operation and lost revenue. The performance and reliability of these systems is critical to our ability to operate and compete effectively. IAG Tech works with the Company to deliver digital and IT change initiatives to enhance security, stability, and availability and to maximise customer experience. The level of transformational change at the pace required may result in disruption to operations as the legacy environment is addressed. Mitigating actions that prioritise operational stability and resilience have been built into all cutover plans. Operational outages are tracked, and root causes identified to help minimise any impact to our customers and operations.

Obsolescence within the Company’s legacy IT estate could result in service outages and/or operational disruption or delays in the implementation of transformation programmes. A comprehensive governance, planning and delivery framework ensures appropriate controls and prioritisation across an extensive and complex work programme. The Aer Lingus Chief Data & Information Officer team manages delivery and delivery timelines for IT systems and infrastructure provided by IAG Tech and suppliers to the Company.

Operational resilience

An event causing significant long-term disruption or the inability to promptly recover from short-term disruptions, can have an adverse material impact on the Company’s business in terms of lost bookings and revenue, additional cost and loss of customer trust. Any public health concerns impacting populations at scale is likely to have an adverse effect on the Company, where governments choose to impose restrictions, as would any other material event impacting operations or customers’ ability to travel. The Company is also reliant on critical third parties to deliver goods and services and any failure of the level of service in its third parties may impact operational resilience and Aer Lingus’ customers. The Company has scenario-based business continuity plans to mitigate risk to the extent feasible, with focus on operational and financial resilience and customer and colleague safety and recovery. A robust and independently validated Emergency Response Plan is in place for aircraft related crisis events. Potential high impact, low likelihood events have been considered that could have the potential to disrupt Aer Lingus Limited and/or the aviation sector. Many of these events remain outside the Company’s control such as adverse weather, another pandemic, civil unrest or a terrorist event seen in cities served by Aer Lingus Limited.

People and industrial relations

Our people, their engagement and cultural appetite and mindset for change are critical to the Company’s current performance and future success. Aer Lingus Limited recognises the efforts of our staff and their commitment through the continued operational challenges facing Aer Lingus. The Company is focused on ensuring it attracts, motivates, retains and develops its people to deliver service and brand excellence across a range of skill sets. Engagement and organisational health surveys have been conducted with action plans developed to create a positive and inclusive culture.

The Company has a largely unionised workforce and collective bargaining takes place on a regular basis across a range of issues. These engagements are focused on employment levels, pay, work practices and cost. Aer Lingus Limited aims to regularly engage with unions in a progressive manner. Should the Company experience any breakdowns in the bargaining process, mediation (via the Workplace Relations Commission and/or Labour Court) with the relevant unionised workforce is preferred. Any strike action may disrupt operations and adversely affect business performance and customer perception.

Regulatory compliance risk

Any breach of laws and regulations would pose a risk to the Company. The Company is exposed to the risk of individual employees’ or groups of employees’ inappropriate and/or unethical behaviour resulting in reputational damage, fines or losses. Any failure to meet legal or regulatory standards may result in a breach with the potential to hurt or impact our customers, employees or third parties, or impact our operations, and lead to reputational damage, fines or losses to the Company. The IAG Group has clear frameworks in place including comprehensive Group-wide policies designed to ensure compliance. Aer Lingus Limited actively manages compliance with competition and data protection regulations. There are mandatory training programmes in place to educate employees as required for their roles in these matters.

Directors' report (continued)
Principal risks and uncertainties (continued)

Sustainable aviation

Increasing global concern about climate change and the impact of carbon, new taxes, the potential removal of aviation jet fuel exemptions and increasing price of carbon allowances could impact demand for air travel. The airline industry sector is subject to increased regulatory requirements and policy asymmetry driving costs, distortion, and operational complexity, as well as the potential for sub-optimal outcomes for the planet. The IAG Group is committed to a target of net zero carbon emissions across its operations and supply chain by 2050, along with 2030 targets. Plans implemented by the EU, UK, and US governments to decarbonise aviation have resulted in fragmentation of policy measures and support offered by governments for green initiatives across the different regions in which Aer Lingus Limited operates. Sustainable Aviation Fuel (SAF) infrastructure and availability lags demand and is a key enabler to achieving the aviation industry's carbon reduction commitments. Government and European Union policy support is required to incentivise production of SAF. Mandates and other tax-based measures may disproportionately impact the Company versus its competitors. Aer Lingus has agreed new deals for the procurement of SAF to meet the IAG Group's target on the path to decarbonisation. Overall aviation industry requirements will require infrastructure investments across markets to support the production of SAF to meet demand expectations. Aer Lingus Limited participates in the IAG SAF working group, it continues to invest in new carbon-efficient aircraft, and SAF supply agreements. Annual incentive plans link manager bonuses to carbon intensity targets.

Transformation, innovation, and AI

Failure to transform the business to effectively maintain or grow share in the new competitive environment, fully implement all required change programmes and realise the benefits of the change initiatives, to deliver digital platforms and customer propositions could result in loss of revenue and market share. Competitors, or new entrants, may invest and innovate deploying digital technologies and AI, ahead of the Company and the levels of data capture, data storage and security and availability of data, may not be sufficient and ready to exploit AI use cases. The pace of change may expose the Company to execution risk as multiple initiatives are delivered across processes and systems that serve our operations and customers.

The impact on our people of the wide-ranging change agenda if poorly managed or uncoordinated could lead to logistical, engagement and resourcing challenges with the potential to negatively impact customer satisfaction, revenue and efficiency benefits. The Aer Lingus Transformation team monitors delivery of the change programmes and reports progress and delivery risks to the Transformation Executive Steering Group. Programme status and benefit delivery is reported regularly to the IAG Transformation Office. There is a Group AI governance committee to assess AI initiatives. Aer Lingus Limited continues to secure the requisite skills with internal and external resources to support the change initiatives and company communications are shared with our employees regularly regarding change initiatives. Consideration is given to the Company's sustainability commitments for all programmes.

Directors

The names of the current Directors appear on page 2. The Directors who served during the year ended 31 December 2023 are listed in the table below.

Director	Status	Executive/Non-Executive
Dónal Moriarty	Current	Executive
Lynne Embleton	Current	Executive
Elizabeth Haun	Current	Executive
Stephen Kavanagh	Current	Non-Executive
Aisling Hassell	Current	Non-Executive

Directors' and Secretary's interests in shares and debentures

The Directors, the Secretary, and Assistant Secretary did not hold an interest in, at either the beginning of the financial year (or, if he or she was not then a Director, when he or she became a Director) or at the end of the financial year, any shares in or debentures of the Company or any group undertaking of the Company required to be recorded in the Company's register of interests under section 267 of the Companies Act 2014.

Directors' report (continued)

Payment practices

The Directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the European Communities (Late Payments in Commercial Transactions) Regulations 2002 (the "Regulations"). Procedures have been implemented to identify the dates upon which invoices fall due for payment and to ensure that payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the Regulations. The payment policy throughout 2023 was to comply with the requirements of the Regulations.

Research and development

The Company did not engage in any research and development activities during the year (2022: €nil).

Political contributions

No political contributions were made by the Company during the year (2022: €nil).

Subsidiary companies

Details of the principal subsidiary companies are set out in Note 15 to the financial statements.

Independent auditor

The independent auditor KPMG is prepared to continue in office in accordance with the provisions of section 383(2) of the Companies Act 2014.

On behalf of the Board

LYNNE EMBLETON	ELIZABETH HAUN
DIRECTOR	DIRECTOR
15 March 2024	**15 March 2024**

Statement of directors' responsibilities in respect of the directors' report and the 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 financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year.

In preparing the 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 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 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 enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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 Company 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

LYNNE EMBLETON	ELIZABETH HAUN
DIRECTOR	DIRECTOR
15 March 2024	**15 March 2024**

KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AER LINGUS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Aer Lingus Limited ('the Company') for the year ended December 31, 2023 set out on pages 17 to 61, which comprise the Income Statement, the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cashflows and related notes, including the material accounting policies set out in note 3.

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 Company as at December 31, 2023 and of its profit for the year then ended;

- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; 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 are 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), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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.

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 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.

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.

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

Other information (continued)

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.

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; and
- 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 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.

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

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 13, 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 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 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 https://iaasa.ie/publications/description-of-the- a uditors-responsibilities-for-the-audit-of-the-financial-statements/.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AER LINGUS LIMITED (*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. o 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.

Stephen J. King 15 March 2024

for and on behalf of KPMG

Chartered Accountants, Statutory Audit Firm

1 Stokes Place

St. Stephen's Green

Dublin 2

D02 DE03

Income Statement
Year ended 31 December 2023

	Note	2023 €'000	2022[1] €'000
Passenger revenue		**2,086,727**	1,579,516
Cargo revenue		**50,697**	79,332
Other revenue		**9,924**	9,086
Total revenue		**2,147,348**	1,667,934
Employee costs	*8*	**465,567**	386,102
Fuel, oil costs and emission charges		**591,557**	494,254
Handling, catering and other operating costs		**229,852**	209,387
Landing fees and en-route charges		**193,587**	138,322
Engineering and other aircraft costs		**134,479**	104,300
Property, IT and other costs		**88,778**	81,088
Net loss/(gain) related to sale of property, plant, equipment and investments[1]		**480**	(11,533)
Selling costs		**75,407**	63,060
Depreciation and amortisation	*6*	**149,619**	145,587
Currency differences		**(1,046)**	7,785
Total expenditure on operations		**(1,928,280)**	(1,618,352)
Operating profit		**219,068**	49,582
Finance costs	*7*	**(52,544)**	(54,578)
Finance income	*7*	**16,258**	5,902
Net currency retranslation credit/(charge)		**2,615**	(9,630)
(Loss) on derivatives not qualifying for hedge accounting		**(8)**	(10,350)
Net financing (charge)/credit relating to retirement benefits	*7*	**(36)**	4
Profit/(Loss) before taxation		**185,353**	(19,070)
Tax charge	*10*	**(16,074)**	(3,940)
Profit/(Loss) after taxation		**169,279**	(23,010)

Attributable to:		
Equity holders of the parent	**169,279**	(23,010)

[1] The 2022 results include a reclassification to conform with the current year presentation for the net gain on sale of property, plant and equipment. There is no impact on the profit after tax. Further information is given in note 2.

All reported results arise from continuing operations.

The notes on pages 22 to 61 form an integral part of these financial statements.

Approved by the Board of Directors on **15 March 2024**

Statement of other comprehensive income
Year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Items that may be reclassified subsequently to net profit/loss			
Cash flow hedges:			
Reclassified and reported in net profit/loss	*30*	**(12,603)**	87,651
Deferred tax impact	*30*	**1,400**	(9,440)
Fair value movement in equity	*30*	**(17,421)**	(73,801)
Deferred tax impact	*30*	**1,936**	8,374
Fair value movements on cost of hedging	*30*	**(28,698)**	-
Deferred tax impact	*30*	**3,189**	-
Cost of hedging reclassified and reported in net profit/loss	*30*	**18,294**	-
Deferred tax impact	*30*	**(2,033)**	-
Items that will not be reclassified to net profit/loss			
Re-measurements of post-employment benefit obligations	*30*	**(435)**	619
Deferred tax impact	*30*	**54**	(77)
Total other comprehensive (loss)/profit for the year, net of tax		**(36,317)**	13,326
Profit/(Loss) after tax for the year		**169,279**	(23,010)
Total comprehensive profit/(loss) for the year, net of tax		**132,962**	(9,684)

Total comprehensive profit/(loss) is attributable to:		
Equity holders of the parent	**132,962**	(9,684)

All reported results arise from continuing operations.

The notes on pages 22 to 61 form an integral part of these financial statements.

Approved by the Board of Directors on **15 March 2024**.

Statement of financial position as at 31 December 2023

	Note	At 31 December 2023 €'000	At 31 December 2022 €'000
Non-current assets			
Property, plant and equipment	*11*	**1,211,412**	1,131,487
Intangible assets	*13*	**130,567**	83,853
Investment in subsidiaries	*14*	**113,709**	113,709
Employee benefit assets	*25*	**-**	130
Deferred tax asset	*28*	**31,487**	44,267
Loans and receivables	*16*	**195**	100,195
Derivative financial instruments	*17*	**2,839**	16,095
Other non-current assets	*19*	**17,590**	13,233
Total non-current assets		**1,507,799**	1,502,969
Current assets			
Inventory	*18*	**15,038**	10,873
Trade receivables	*19*	**30,241**	22,835
Current tax assets	*19*	**165**	-
Loans and receivables	*19*	**100,000**	-
Other current assets	*19*	**94,676**	75,519
Derivative financial instruments	*17*	**3,404**	64,625
Other current interest-bearing deposits	*20*	**30,185**	32,605
Cash and cash equivalents	*20*	**310,872**	328,982
Total current assets		**584,581**	535,439
Total assets		**2,092,380**	2,038,408
Shareholder's deficit			
Called up share capital	*29*	**337,991**	337,991
Other reserves (deficit)	*30*	**(618,197)**	(751,159)
Total shareholder's deficit		**(280,206)**	(413,168)
Non-current liabilities			
Borrowings on right of use assets	*21*	**530,508**	552,326
Employee benefit obligations	*25*	**1,153**	933
Provisions for liabilities	*26*	**201,468**	177,136
Derivative financial instruments	*17*	**9,617**	16,239
Interest bearing long-term borrowings	*23*	**109,177**	171,410
Other long-term liabilities	*22*	**468,932**	469,051
Total non-current liabilities		**1,320,855**	1,387,095
Current liabilities			
Borrowings on right of use assets	*21*	**81,323**	81,232
Deferred revenue on ticket sales	*22*	**438,639**	457,336
Trade and other payables	*22*	**393,976**	378,292
Interest bearing long-term borrowings	*23*	**12,234**	11,875
Derivative financial instruments	*17*	**19,431**	35,451
Provisions for liabilities	*26*	**106,117**	98,208
Current tax payable	*10*	**11**	2,087
Total current liabilities		**1,051,731**	1,064,481
Total liabilities		**2,372,586**	2,451,576
Total equity and liabilities		**2,092,380**	2,038,408

The Notes on pages 22 to 61 form an integral part of these financial statements.

On behalf of the Board

LYNNE EMBLETON
DIRECTOR
15 March 2024

ELIZABETH HAUN
DIRECTOR
15 March 2024

Statement of changes in equity

Year ended 31 December 2023

	Called-up share capital	Capital conversion reserve fund	Cash flow hedging reserve	Capital contribution reserve	Share based payment reserve	Retained earnings/ (deficit)	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2022	337,991	1,705	6,486	13,207	-	(762,873)	(403,484)
Loss for the year	-	-	-	-	-	(23,010)	(23,010)
Other comprehensive income for the year:							
Cash flow hedges reclassified and reported in net (loss)	-	-	(65,427)	-	-	-	(65,427)
Net change in fair value of cash flow hedges	-	-	78,211	-	-	-	78,211
Re-measurement of post-employment benefit obligations	-	-	-	-	-	542	542
Total comprehensive loss for the year	-	-	12,784	-	-	(22,468)	(9,684)
Share based payment credit	-	-	-	-	4,457	-	4,457
Share based payment intercompany settlement	-	-	-	-	(4,457)	-	(4,457)
Dividends paid	-	-	-	-	-	-	-
Balance at 31 December 2022	337,991	1,705	19,270	13,207	-	(785,341)	(413,168)
Balance at 1 January 2023	**337,991**	**1,705**	**19,270**	**13,207**	**-**	**(785,341)**	**(413,168)**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**169,279**	**169,279**
Other comprehensive loss for the year:							
Cash flow hedges reclassified and reported in net profit:	**-**	**-**	**(11,203)**	**-**	**-**	**-**	**(11,203)**
Net change in fair value of cash flow hedges	**-**	**-**	**(15,485)**	**-**	**-**	**-**	**(15,485)**
Fair value movements on cost of hedging	**-**	**-**	**(25,509)**	**-**	**-**	**-**	**(25,509)**
Cost of hedging reclassified and reported in net profit	**-**	**-**	**16,261**	**-**	**-**	**-**	**16,261**
Re-measurement of post-employment benefit obligations	**-**	**-**		**-**	**-**	**(381)**	**(381)**
Total comprehensive profit for the year	**-**	**-**	**(35,936)**	**-**	**-**	**168,898**	**132,962**
Share based payment credit	**-**	**-**	**-**	**-**	**6,362**	**-**	**6,362**
Share based payment intercompany settlement	**-**	**-**	**-**	**-**	**(6,362)**	**-**	**(6,362)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2023	**337,991**	**1,705**	**(16,666)**	**13,207**	**-**	**(616,443)**	**(280,206)**

The Notes on pages 22 to 61 form an integral part of these financial statements.

Statement of cash flows
Year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Cash flows from operating activities			
Profit/(Loss) before tax		**185,353**	(19,070)
Adjustments for:			
Depreciation, amortisation and impairment	*11, 12, 13*	**149,619**	145,587
Net movement in provisions for other liabilities	*26*	**32,241**	52,141
Post employment benefit obligations		**435**	619
Finance costs	*7*	**52,544**	54,578
Finance income	*7*	**(16,258)**	(5,902)
Net currency retranslation		**(2,615)**	9,630
Loss/(gain) from derivatives		**8**	10,350
Net loss/(gain) related to sale of property, plant, equipment and investments	*2*	**480**	(11,533)
Net financing loss/(gain) relating to pensions		**36**	(4)
Changes in working capital			
Inventories		**(4,166)**	(3,448)
Trade and other receivables		**(26,789)**	(58,160)
Trade and other payables (including deferred revenue on ticket sales)		**(9,150)**	267,929
Cash generated from operations		**361,738**	442,717
Interest paid		**(44,399)**	(50,463)
Taxation (paid)/refunded		**(2,387)**	(140)
Net cash flows from/ (used in) operating activities		**314,952**	392,114
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		**(250,689)**	(133,398)
Proceeds from sales of property, plant and equipment and intangible assets		**45,663**	31,216
Decrease in interest bearing and other deposits		**2,418**	2,404
Interest received		**10,360**	506
Net cash flows used in investing activities		**(192,248)**	(99,272)
Cash flows from financing activities			
Repayments of borrowings	*33*	**(50,000)**	(250,000)
Proceeds from loans receivable	*16*	**-**	200,000
Repayments of borrowings on right of use assets	*33*	**(79,985)**	(78,949)
Repayments of long-term interest-bearing borrowings on asset financed liabilities	*33*	**(11,874)**	(11,778)
Net cash flows (used in)/from financing activities		**(141,859)**	(140,727)
Net (decrease)/increase in cash and cash equivalents		**(19,155)**	152,114
Net foreign exchange differences		**1,045**	(7,785)
Cash and cash equivalents at 1 January	*20*	**328,982**	184,653
Cash and cash equivalents at year end	*20*	**310,872**	328,982

The Notes on pages 22 to 61 form an integral part of these financial statements.

Notes to the financial statements

1. General information

Aer Lingus Limited ("the Company") operates as an Irish airline primarily providing passenger and cargo transportation services from Ireland to the UK and Europe ("short haul") and also to North America ("long haul"). The Company, registered number 9215, is a limited liability company incorporated and domiciled in Ireland. The address of its registered office is Dublin Airport, Co. Dublin, Ireland. The Company is a wholly owned subsidiary of Aer Lingus Group DAC, a company incorporated and domiciled in Ireland. The address of its registered office is Dublin Airport, Co. Dublin, Ireland. The ultimate parent of Aer Lingus Limited is International Consolidated Airlines Group, S.A. hereinafter "IAG". IAG is a Spanish company registered in Madrid and was incorporated on 8 April 2010. IAG shares are traded on the London Stock Exchange's main market for listed securities and also on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia (the 'Spanish Stock Exchanges'), through the Spanish Stock Exchanges Interconnection System (Mercado Continuo Español).

2. Basis of preparation

The financial statements of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the Companies Act 2014 applicable to companies reporting under IFRS.

The financial statements presented are separate financial statements. Details of the principal subsidiary undertakings during the reporting period are included in Note 15. The Company has availed of an exemption from preparing consolidated financial statements, as set out under section 299 of the Companies Act 2014 and IFRS 10, *Consolidated Financial Statements*, as it is a wholly owned subsidiary of Aer Lingus Group DAC, a company incorporated and domiciled in Ireland. The ultimate parent of the Company is International Consolidated Airlines Group, S.A. ('IAG') which presents consolidated financial statements, including the results of the Company, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU). The registered office of IAG is S.A El Caserío, Iberia Zona Industrial no 2 (La Munoza) Camino de La Munoza, s/n, 28042 Madrid, Spain and the consolidated financial statements are publicly available on IAG's website at http://www.iairgroup.com/.

The financial statements are presented in euro, rounded to the nearest thousand unless otherwise stated. These financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities, including derivative financial instruments that are measured at fair value.

IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS adopted by the EU.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Company's financial statements for the year to 31 December 2023 were authorised for issue and approved by the Board of Directors on **15 March 2024.**

Change in presentation of results includes:

Income statement – net gain on sale of property, plant and equipment

The prior year Income statement includes a reclassification to conform with the current year presentation for the Net gain on the sale of property, plant and equipment within Operating profit. Accordingly, for the year to 31 December 2022, the Company has reclassified €11.5 million of gains from Other non-operating (charges)/credits to Net loss/(gain) on sale of property, plant and equipment within Expenditure on operations. There is no impact on the profit after tax. The segmental operating profit/(loss) has been updated to reflect the reclassification.

3. Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in euro, which is the functional and presentation currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or at the reporting date where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement in either "Currency differences" or "Net currency retranslation charges" except when deferred in equity as qualifying cash flow hedges. Foreign exchange differences on long-term balances reported are included within net currency retranslation charges whilst foreign exchange differences on short-term and working capital balances are included within currency differences.

Notes (continued)
3. Summary of material accounting policies (continued)

3.2 Property, plant and equipment

Property, plant and equipment is held at cost. Depreciation is calculated to write off the cost less the estimated residual value on a straight-line basis, over the economic life of the asset. Residual values, where applicable, are reviewed annually against prevailing market values for equivalently aged assets and depreciation rates adjusted accordingly on a prospective basis.

(a) Capitalisation of interest on progress payments

Interest attributed to progress payments, and related exchange movements on foreign currency amounts, made on account of aircraft and other qualifying assets under construction are capitalised and added to the cost of the asset concerned, until such time as the asset is available for use. All other borrowing costs are recognised in the Income Statement in the year in which they are incurred.

(b) Fleet

All aircraft are stated at the fair value of the consideration given after taking account of manufacturers' credits. Fleet assets owned or right of use ('ROU') assets are disaggregated into separate components and depreciated at rates calculated to write down the cost of each component to the estimated residual value at the end of their planned operational lives (which is the shorter of their useful life or lease term) on a straight-line basis.

Cabin interior modifications, including those required for brand changes and relaunches, are depreciated over the lower of five years and the remaining economic life of the aircraft.

For owned aircraft, all cabin fitouts on acquisition of the aircraft shall be component accounted and held as a separate asset. Such assets shall be depreciated over the lower of 12 years and the remaining economic life of the aircraft.

Aircraft and engine spares acquired on the introduction or expansion of a fleet, as well as rotable spares purchased separately, are carried as property, plant and equipment and generally depreciated in line with the fleet to which they relate.

(c) Other property, plant and equipment

Provision is made for the depreciation of all property, plant and equipment. Property, with the exception of freehold land, is depreciated over its expected useful life over periods not exceeding 50 years, or in the case of leasehold properties, over the duration of the lease if shorter, on a straight-line basis. Equipment is depreciated over periods ranging from 3 to 20 years.

(d) Leases

The Company leases various aircraft, properties, equipment and other assets. The lease terms of these assets are consistent with the determined useful economic life of similar assets within property, plant and equipment.

At inception of a contract, Management assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified tangible asset for a period of time in exchange for consideration.

Leases are recognised as a right of use ROU asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company.

Right of use (ROU) assets
At the lease commencement date a ROU asset is measured at cost comprising the following: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs to return the asset to its original condition.

The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If ownership of the ROU asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities
Lease liabilities are initially measured at their present value, which includes the following lease payments: fixed payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payments that are based on an index or a rate; amounts expected to be payable by the company under residual value guarantees; the exercise price of a purchase option if the company is reasonably certain to exercise that option; payments of penalties for terminating the lease, if the lease term reflects the company exercising that option; and payments to be made under reasonably certain extension options. Lease liabilities are presented under "Borrowings on right of use assets" in the Statement of financial position.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used.

Each lease payment is allocated between the principal and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The carrying amount of lease liabilities is remeasured if there is a modification of the lease contract, a re-assessment of the lease term (specifically in regard to assumptions regarding extension and termination options) and changes in variable lease payments that are based on an index or a rate.

Notes (continued)
3. Summary of material accounting policies (continued)

3.2 Property, plant and equipment (continued)
(d) Leases (continued)

Amounts excluded from recognition as lease liabilities
Management has elected not to recognise ROU assets (“ROUA’s”) and lease liabilities for short-term leases that have a lease term of 12 months or less and those leases of low-value assets. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months, or less that do not contain a purchase option.
The Company may be exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the ROU asset. Extension options are included in a number of aircraft, property and equipment leases and are reflected in the minimum lease payments where Management is reasonably certain that it will exercise theoption.

Sale and leaseback transactions
The Company regularly uses sale and lease transactions to finance the acquisition of aircraft. Each transaction is assessed as to whether it meets the criteria within IFRS 15 ‘Revenue from contracts with customers’ for a sale to have occurred. The principal criterion for assessing whether a sale has occurred or not, is whether the contract contains the option, at the discretion of the Company, to repurchase the aircraft over the lease term; with the existence of such a repurchase option resulting in a sale having been deemed not to have occurred; and if no such repurchase option exists, then a sale is deemed to have occurred. The following defines the accounting for suchtransactions:

- if a sale is determined to have occurred, then the associated asset is de-recognised and a ROU asset and lease liability are recognised. The ROU asset recognised is based on the proportion of the previous carrying amount of the asset that is retained. Any gain or loss is restricted to the amount that relates to the rights that have been transferred to the counter-party to the transaction; and
- where a sale is determined to have not occurred, the asset is retained on the balance sheet within Property, plant and equipment and an Asset financed liability recognised equal to the financing proceeds.

Cash flow presentation
Lease payments are presented as follows in the Company’s cash flow statement: the repayments of the principal element of lease liabilities are presented within cash flows from financing activities; and the payments of the interest element of lease liabilities are included within cash flows from operating activities.

Lessor accounting
From time to time the Company will lease, to intra group entities, specific assets, including aircraft. On inception of the lease, the Company determines whether each lease is a finance lease or an operating lease.

In order to make this determination, the Company assesses whether the lease transfers substantially all of the risks and rewards of ownership to the lessee. Factors in making this assessment include, but are not limited to, whether the lease term is for the major part of the economic life of the underlying asset and whether the underlying asset transfers to the lessee or the lessee has the option to purchase the underlying asset at the end of the lease. Where substantially all of the risks and rewards of ownership have been transferred, then the lease is recorded as a finance lease, otherwise it is recorded as an operating lease.

Maintenance, repairs and overhaul

Owned aircraft
Major overhaul expenditure, including replacement spares and labour costs for airframes and engines, is capitalised and amortised over the expected life between major overhauls / to the end of the useful life of the asset.

All other replacement spares and other costs relating to maintenance of owned fleet assets (including maintenance provided under ‘pay-as-you-go’ contracts) are charged to the Income statement on consumption or as incurred respectively.

Leased aircraft
The Company records a provision for major maintenance and overhaul events, including for airframes and engines, that occur through usage or through the passage of time, with a corresponding expense recorded in the Income statement. Any subsequent changes in estimation are recognised in the Income statement.

Notes (continued)
3. Summary of material accounting policies (continued)

3.2 Property, plant and equipment (continued)

(e) Depreciation

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

	Useful lives	Residual values[1]
Fleet		
Aircraft fleet and major spares		
- short haul aircraft	24 years	5% of cost
- long haul aircraft	24 years	5% of cost
Rotable spares		
- short haul aircraft	24 years	5% of cost
- long haul aircraft	24 years	5% of cost
Engine overhauls	6 – 10 years	Nil
Aircraft maintenance	2 – 3 years	Nil
Modifications to aircraft	5 – 12 years	Nil
Property		
Freehold	Principally 50 years	Nil
Leasehold	Period of lease	Nil
Equipment		
Ground equipment	3 – 20 years	Nil
Other equipment	2 – 10 years	Nil

[1]The residual values and useful lives of assets are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount.

3.3 Intangible assets

The cost to purchase or develop computer software that is separable from an item of related hardware is capitalised separately and amortised on a straight-line basis generally over a period not exceeding four years, with certain specific software developments amortised over a longer useful economic life when appropriate.

Landing rights are capitalised at fair value at the date of purchase. Subsequently they are accounted for at cost less any accumulated impairment losses. Landing rights are considered to have an indefinite life as they will remain available for use for the foreseeable future provided minimum utilisation requirements are met, and therefore they are not amortised. The carrying value of these rights is subject to impairment testing annually or when events or changes in circumstances indicate that carrying values may not be recoverable.

Purchased emissions allowances are recognised at cost. Emissions allowances are considered to be indefinite lived assets and are not revalued or amortised but are tested for impairment annually.

3.4 Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indefinite lived assets are tested for impairment at least annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have been impaired are reviewed for possible reversal of the impairment at each reporting date. Refer to Note 11 and 13 for further detail.

3.5 Investment in subsidiaries

The investments in subsidiaries are stated in the Company's financial statements at cost less impairment. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in the Income Statement.

Notes (continued)
3. Summary of material accounting policies (continued)

3.6 Financial instruments

Financial assets and liabilities are classified in those categories as set out below. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition.

(a) *Loans and receivables*
After initial recognition, interest bearing loans and receivables are subsequently measured at amortised cost using the EIR (effective interest rate) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the Income Statement.

(b) *Trade and other receivables*
For trade receivables, the Company applies a simplified approach in calculating ECLs (expected credit losses). The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience. Loans to third parties are initially measured at the fair value of the consideration given plus any directly attributable transaction costs and measured thereafter at amortised cost using the effective interest method.

Loans to third parties are initially measured at the fair value of the consideration given plus any directly attributable transaction costs and measured thereafter at amortised cost using the effective interest method.

(c) *Trade and other payables*
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(d) *Other current and non-current interest bearing deposits*
Other current interest-bearing deposits, principally comprising funds held with banks and other financial institutions, are carried at amortised cost using the effective interest method.

(e) *Derivative financial instruments and hedging activities*
Derivative financial instruments, comprising interest rate swap agreements, foreign exchange derivatives fuel derivatives (including options, swaps and futures) and emission allowance derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. They are classified as financial instruments through the Income Statement. The method of recognising the resulting gain or loss arising from remeasurement depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged (as detailed below under cash flow hedges).

When a derivative is designated as a hedging instrument and that instrument expires, is sold, or is restructured, any cumulative gain or loss remains in the cash flow hedge reserve until such time as the hedging instrument was due to mature at inception of the relationship. Where a forecast transaction which was previously determined to be highly probable and hedge accounting applied, is no longer expected to occur, the cumulative gain or loss in the cash flow hedge reserve is immediately reclassified to the Income Statement.

Exchange gains and losses on monetary investments are taken to the Income Statement unless the item has been designated and is assessed as an effective hedging instrument. Exchange gains and losses on non-monetary investments are reflected in equity.

i. Fair value hedge
Changes in the fair value of derivative financial instruments designated in a fair value hedge relationship are recorded within the Income statement as Net change in the fair value associated with fair value hedges within Other non-operating charges. The change in the fair value of the hedged item attributable to the risk being hedged is recorded as part of the overall carrying amount of the hedged item and is recorded within the Income statement as Net change in the fair value associated with fair value hedges within Other non-operating charges.

For fair value hedges associated with financial liabilities measured at amortised cost, any adjustment to the carrying value is amortised to the Income statement from the date of the cessation of the hedge relationship through to the maturity of the hedged item using the effective interest rate method.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the Income statement.

Ineffectiveness included in fair value hedges of interest rate payments may arise if there are differences in the critical terms between the interest rate derivative instrument and the underlying hedged item, or if there are changes in the credit risk of the Group or the derivative counterparty.

ii. Cash flow hedges
Cash flow hedges are principally used to hedge the commodity price risk associated with forecasted fuel purchases as well as certain foreign exchange and interest rate exposures. Gains and losses on derivative financial instruments designated as cash flow hedges and assessed as effective for the year, are recorded in equity. Gains and losses recorded in equity are either (i) reclassified to the Income Statement when either the hedged cash flow impacts income or the hedged item is no longer expected to occur, or (ii) transferred and included in the carrying amount of the underlying non-financial asset or non-financial liability with the associated gains and losses recorded in the Income Statement as the non-financial asset or non-financial liability affects the Income Statement..

Notes (continued)
3. Summary of material accounting policies (continued)

3.7 Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it has been settled, sold, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts are recognised in the Income Statement within derecognition of financial assets and liabilities.

3.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts which is not contingent on a future event and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously, which is enforceable, as well as in the normal course of business, in the event of default or of insolvency or bankruptcy of any of the counterparties.

3.9 Impairment of financial assets

At each balance sheet date, provisions for expected credit losses on financial assets are recognised and measured at amortised cost, based on 12-month or lifetime losses depending on whether there has been a significant increase in credit risk since initial recognition. The simplified approach, based on the calculation and recognition of lifetime expected credit losses, is applied to contracts that have a maturity of one year or less, including trade receivables.

When determining whether there has been a significant increase in credit risk since initial recognition and when estimating the expected credit loss, management considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on historical experience and informed credit assessment, including forward-looking information. Such forward-looking information takes into consideration the forecast economic conditions expected to impact the outstanding balances at the balance sheet date. A financial asset is written off when there is no reasonable expectation of recovery, such as the customer having filed for liquidation.

3.10 Inventories

Inventories are valued at the lower of cost and net realisable value. Such cost is determined by the weighted average cost method.Net realisable value is the estimated selling price in the ordinary course of business, less applicable disposal costs.

Inventories include mainly aircraft spare parts, repairable aircraft engine parts and fuel in storage facilities.

3.11 Cash and cash equivalents and deposits

Cash and cash equivalents include cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

3.12 Share capital

Ordinary shares issued are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in the Statement of changes in equity, net of tax, from the proceeds received.

3.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the net proceeds and the redemption value is recognised in the Income Statement within finance costs over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.14 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax 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 this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax rates and laws enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and which are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Notes (continued)
3. Summary of material accounting policies (continued)

3.14 Current and deferred tax (continued)

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax effects of tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

3.15 Employee benefits

Post-employment benefit obligations
The Company operates various retirement benefit schemes. The schemes are generally funded through payments to trustee-administered funds. The Company contributes to defined contribution and defined benefit plans.

For defined contribution schemes, the Company pays contributions into the pension schemes in accordance with the trust deed. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses (re-measurements) are recognised in full in the period in which they occur. They are recognised in other comprehensive income.

The discount rate applied in determining the present value of the schemes' liabilities is determined by reference to market yields at the reporting date, on high quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligation. Where a deep market for high quality corporate bonds of a term consistent with the post retirement obligations of a particular scheme does not exist, a rate which is extrapolated (with assistance from actuarial experts) from available high-quality corporate bonds of shorter maturities is used.

Past service cost is recognised immediately as an expense at the earlier of the following dates (a) when a plan amendment or curtailment occurs; and (b) upon recognition of related restructuring costs or termination benefits.

The post-employment benefit obligation recognised in the Statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised at the earlier of the following dates; (a) when the Company can no longer withdraw the offer of these benefits following communication to employees; and (b) when the Company recognises costs for a restructuring which is within the scope of IAS 37 and involves the payment of termination benefits. They represent Managements' best estimate of the cost of these measures.

IAG Performance Share Plan

The IAG Performance Share Plan (PSP) is granted to senior executives and managers of the Group who are most directly involved in shaping and delivering business success over the medium to long term. Since 2015, awards have been made as nil-cost options, with a two-year holding period following the three-year performance period, before options can be exercised. All awards since 2015 have three independent performance measures with equal weighting: Total Shareholder Return (TSR) relative to the STOXX Europe 600 Travel and Leisure Index (for 2020 awards) or MSCI European Transportation Index (for prior to 2020 awards), earnings per share, and Return on Invested Capital.

IAG Restricted Share Plan

During 2021, the Group revised its approach to long-term incentives, replacing the existing PSP with a Restricted Share Plan proposal under the new Executive Share Plan (RSP) approved by shareholders in June 2021. The RSP was introduced to increase the alignment of both interests and outcomes between the Group's senior management and shareholders through the build-up and maintenance of senior management shareholdings and an increased focus on the long-term, sustainable performance of the Group. Awards have been made as nil-cost options, with a two-year holding period following the three-year performance period, before options can be exercised. There are no performance measures associated with the awards, although approval at the end of the vesting period will be at the discretion of the Remuneration Committee, considering the Group's overall performance, including financial and non-financial performance measures over the course of the vesting period, as well as any material risk or regulatory failures identified.

As at 31 December 2023 Aer Lingus did not operate any equity-settled, share-based compensation plans.

Notes (continued)
3. Summary of material accounting policies (continued)

3.16 Provisions

Provisions are made when an obligation exists for a present liability in respect of a past event and where the amount of the obligation can be reliably estimated and where it is considered probable that an outflow of economic resources will be required to settle the obligation. Where it is not considered probable that there will be an outflow of economic resources required to settle the obligation, a provision is not recognised but the matter is disclosed as a contingent liability. Management assesses whether each matter is probable of there being an outflow of economic resources to settle the obligation at each reporting date.

Other employee related provisions are recognised for direct expenditures of business reorganisation such as severance payments (restructuring provisions) where plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken at the balance sheet date.

Provisions are recognised for aircraft maintenance costs for engine overhauls and end-of-lease airframe checks on direct leases, where the terms of the lease impose obligations on the lessee to have this maintenance work carried out. Provisions reflect the cost rates expected to apply at the time the work is carried out and to meet the contractual end of lease return conditions. The actual cash outflow of the overhauls is charged against the provision when incurred. Any residual balance is transferred to the Income Statement. Routine maintenance is expensed as incurred.

The provisions are determined by discounting the future cash flows using pre-tax rate risk free rates specific to the tenor of the provision and the currency in which it arises. The unwinding of the discounting of the provisions is recorded as a finance cost in the Income Statement (refer to note 7).

The method for determining legal claims provisions is determined on a claim by claim basis. Where a claim includes a significant population of items, the weighted average provision is estimated by determining all potential outcomes and the probability of their occurrence. Where a claim relates to a single item, management determines the associated provision by applying the most likely outcome giving consideration as to whether alternative outcomes exist. Where an individual claim is significant, the disclosure of quantitative information is restricted to the extent that it does not prejudice the outcome of the claim. If the effect is material, expected future cash flows are discounted using a rate that reflects, where appropriate, the risks specific to the provision. Where discounting is used, the effect of unwinding the discount rate is recognised as a finance cost in the Income Statement.

3.17 Frequent Flyer Programme ("FFP")

AerClub, with Avios, is the loyalty platform for Aer Lingus. The programme awards guests with Avios credits which can be redeemed for various rewards, primarily for redemption against travel, including flights, hotels and car hire. The programme is administered by Avios Group (AGL) Limited, who recharge the Company for the Avios issued to AerClub members. The revenue recognised when the transportation service is provided is reduced by the value of the Avios credits issued.

3.18 Revenue recognition

Revenue is recognised when the amount can be reliably measured, it is probable that the future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

Revenue comprises the fair value of consideration received or receivable for the sale of services in the ordinary course of activities, and can be divided into passenger, cargo, ancillary and other revenue. Passenger revenue is shown inclusive of passenger charges and other fees to the extent that these are recovered directly from customers at the point of sale, but exclusive of applicable government taxes including taxes levied by governments for travel to and from their respective countries and sales taxes such as value added taxes (VAT). The point of recognition differs by revenue stream as set out below:

(a) *Revenues*

Revenue primarily derives from transportation services for both passengers and cargo. Revenue is recognised when the service has been provided. Passenger tickets are generally paid for in advance and recognised, net of discounts, as deferred revenue on ticket sales and presented within current liabilities until either: (i) the customer has flown; or (ii) where the customer has purchased a non-flexible fare and does not travel on the intended date. Unused tickets are recognised as revenue after the contracted date of departure using estimates regarding the timing of recognition based on the terms and conditions of the ticket and statistical analysis of historical trends.

If a flight is cancelled, the customer has a number of options they can elect to apply to their used tickets: (i) compensation, (ii)a refund, (iii) rescheduling of the original flight or (iv) the receipt of a voucher. The customer has up to six years under EU261 legislation to apply for a refund.

The presentation in the financial statements of these customer options, to the extent they differ to the recognition criteria stated above, are as follows:

- Compensation for flight cancellation - such payments are presented net within Passenger revenue against the original ticket purchased.
- Refund – Deferred revenue is reduced and no amount is recorded within revenue.
- Changing to an alternative flight – amounts are retained within Deferred revenue until such time as the flight is flown, at which time it is recorded within Passenger revenue.
- Voucher retained within Deferred revenue until such time as it is redeemed for a flight or it expires, at which time it is recorded within Passenger revenue.

Fees charged for bags, seat selection, charges for any changes to flight tickets and other administration fees are recognised when the passenger has flown.

Notes (continued)
3. Summary of material accounting policies (continued)

3.18 Revenue recognition (continued)

(a) Revenues (continued)

Other revenues, including commissions, are recognised in the Income Statement in the period in which the associated services are provided.

(b) Lessor revenues
The Company acts as a lessor of aircraft, including crew and other services. Amounts in respect of these leases are billed in advance and recorded as deferred revenue. Revenue and associated costs are recognised as the services are provided and within the relevant Income Statement categories (staff costs, maintenance, depreciation and overheads). Revenue is recorded within other revenues.

(c) Interest income
Interest income is accrued by reference to the principal outstanding using the effective interest rate applicable.

3.19 Exceptional items

Exceptional items are those that in management's view need to be separately disclosed by virtue of their size or nature and where such presentation is relevant to an understanding of the Company's financial performance.

There were no Exceptional items during 2023 (2022: €nil)

3.20 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Loans provided and/or guaranteed by governments that represent market rates of interest are recorded at the amount of the proceeds received and recognised within Borrowings. Those loans provided and/or guaranteed by governments that represent below market rates of interest are measured at inception at their fair value and recognised within borrowings, with the differential to the proceeds received recorded within Deferred income and released to employee costs in the Income Statement on a systematic basis. Grants that compensate the Company for expenses incurred are recognised in the Income Statement within employee costs, on a systematic basis in the periods in which the expenses are recognised.

3.21 New and amended standards adopted by the Company

The following amendments and interpretations apply for the first time in 2023, but do not have a material impact on the consolidated financial statements of the Company:

- IFRS 17 Insurance contracts - effective for periods beginning on or after 1 January 2023;
- definition of accounting estimate – amendments to IAS 8 effective for periods beginning on or after 1 January 2023;
- disclosure of accounting policies – amendments to IAS 1 and IFRS Practice statement 2 effective for periods beginning on or after 1 January 2023;
- deferred tax related to assets and liabilities arising from a single transaction – amendments to IAS 12 effective for periods beginning on or after 1 January 2023; and
- international tax reform: Pillar Two model reforms – amendments to IAS 12 effective for periods beginning on or after 1 January 2023.

3.22 New and amended standards not yet adopted by the Company

The IASB and IFRIC have issued the following standards, amendments and interpretations with an effective date after the year end of these financial statements which management believe could impact the Company in future periods. The Company has assessed the impact of these standards, amendments and interpretations and it is not expected that these will have a material effect on the reported income or net assets of the Group unless otherwise stated. The Company plans to adopt the following standards, interpretations and amendments on the date they become mandatory:

- disclosures: Supplier Finance Arrangements - amendments to IAS 7 and IFRS 7 effective for periods beginning on or after 1 January 2024;
- lease liability in a sale and leaseback – amendments to IFRS 16 effective for periods beginning on or after 1 January 2024; and

3.23 Non-current assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on re-measurement are recognised in the Income Statement. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

3.24 Finance costs

Finance costs consisting of interest payable on company borrowings, borrowings on right of use assets, asset financed liabilities and unwinding of discount on provisions are recognised in the Income Statement.

3.25 Finance income

Finance income consisting of interest receivable and interest on interest bearing deposits is recognised in the Income Statement.

Notes (continued)

4. Critical accounting estimates, assumptions and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results in the future may differ from estimates upon which financial information has been prepared. These underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the period in which the estimate is revised if the amendment affects only that period, or in the period of the amendment and future periods if these are also affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows.

(a) Provisions
The Company makes provisions for legal and constructive obligations which are outstanding at the reporting date. These provisions are made based on historical or other relevant information, adjusted for recent trends where appropriate. However, provisions represent estimates of the financial costs of events that may not occur for some years. The basis for these estimates is reviewed at least annually and updated where information becomes available that may give rise to a material change. Measurement uncertainty associated with end of lease aircraft maintenance provisions also arises from the timing and nature of overhaul activity required, lease return dates and conditions, and likely utilisation of the aircraft. As a result of this and the level of uncertainty attaching to the final outcomes, the actual results may differ significantly from those estimates. Refer to Note 26 for further details.

(b) Impairment of non-financial assets
Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In addition, indefinite lived assets are also reviewed for impairment annually at each reporting date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As this assessment involves long term projections which may not be realised, this is an area of judgement for management.

(c) Fair value of derivatives and other financial instruments
The fair value of financial instruments that are not traded in active markets (for example, "over the counter" derivatives) is determined using valuation techniques. The Company exercises judgement in selecting valuation methods and makes assumptions that are mainly based on observable market data and conditions existing at each reporting date. The specific valuation techniques used to value financial instruments are set out in Note 17. Further judgement is exercised by management in considering the probability of occurrence of underlying hedge transactions, in particular the likelihood and timing of future fuel, US dollar and aircraft purchases.

(d) Estimation of residual values of aircraft
The Company has determined the residual values of its aircraft as being 5% of original cost. The Company periodically examines its estimate of residual values based on of results of actual aircraft disposals and changing market conditions.

(e) Post-employment benefits – Irish Airlines (Pilots') Superannuation Scheme
As the provisions of the trust deed governing this scheme is such that no changes to the contribution rates are possible without the prior consent of the Company, the Directors have concluded that it has no obligation, legal or constructive, to increase its contributions beyond those levels. As such, this scheme has been accounted for as a defined contribution scheme under the provisions of IAS 19 *Employee Benefits (Revised) ("*IAS 19R"), and, as a result, any surplus or deficit in the scheme is not recognised in the Statement of financial position of Aer Lingus Limited.

If any legal or constructive obligation to vary the Company's contributions based on the funding status of the schemes were to arise, IAS 19R would require the Company to include any pension fund surplus or deficit on its Statement of financial position and reflect any period on period movements in their Income Statement or the Statement of other comprehensive income. Referto Note 24 for further detail.

The following critical accounting estimates, assumptions and judgements utilise these cash flow forecasts consistently, which are in some instances materially different from judgements applied in previous years:

(a) *Long-term fleet plans and associated impairment*
The Company derives long-term fleet plans from the cash flow forecasts deriving from the approved business plans. In deriving the long-term fleet plans, the Company applied judgement with respect to consideration of the period of temporary and permanent grounding of fleet assets, the deferral of the delivery of certain aircraft and the assumptions around specific provisions relating to leased fleet assets. During the year to 31 December 2023, the Company recognised no impairment charge (2022:€nil).

(b) *Recoverability of deferred tax assets*
In determining the recoverable amounts of the Company's deferred tax assets, the Company applied the cash flow forecasts from the approved business plans on an undiscounted basis.

Further information is given in note 28.

(c) *Revenue recognition*

Historically, where a voucher was issued to a customer in the event of a flight cancellation, the Company estimated, based on historical evidence, the level of vouchers that would not be used prior to expiry and recognised a portion of revenue on issuance of the voucher. Due to the significant level of flight cancellations arising from the pandemic there was insufficient historical data to reliably estimate the number of vouchers that will not be used prior to expiry. In 2023 and 2022, revenue has only been recognised from vouchers issued due to COVID-19 pandemic, when the voucher is redeemed. Management reviews the historical data on a periodic basis and estimates will be updated accordingly.

Notes (continued)

4. Critical accounting estimates, assumptions and judgements (continued)

Significant transactions as a result of the COVID-19 pandemic

The Company has recorded the following significant transactions as a result of management actions in response to COVID-19 pandemic:

(d) *Loans and borrowings*

On 23 December 2021, Aer Lingus entered into a financing arrangement with the Ireland Strategic Investment Fund ('ISIF') for €75 million. On March 4, 2022, Aer Lingus entered into a further financing arrangement to extend the total amount to €150 million. The facility is now repayable in 2025. The facility is secured on specific landing rights. Further information is given in note 23.

(e) *Government assistance*

Given the significant reduction in operations during the COVID-19 pandemic, the Company has availed itself of the various employee support mechanisms in the jurisdictions in which it operates – most notably the Employee Wage Subsidy Scheme ("EWSS"). This resulted in savings of €6 million (classified as government assistance) where employees have been paid directly by their respective governments. Those amounts received from the government have been recorded net within Employee costs. Further information is given in note 34.

Critical accounting estimates, assumptions and judgements in the determination of the impact of the COVID-19 pandemic

As a result of the COVID-19 pandemic the Company had experienced a significant decline in the level of flight activity and accordingly had applied judgement in the evaluation of the impact of the pandemic on the estimation of the cash flow forecasts as part of the approved business plans. Further details are given in the going concern basis of preparation in Note 5.

5. Going concern

In preparing its assessment of going concern for the next 12 months, the Directors considered the forecasts included in the Company's 2024 financial plan and longer-term business plan which was prepared for and approved by the Board in December 2023. This forecast considers the Board's and management's views on the anticipated continued recovery from the COVID-19 pandemic and the wider economic and geopolitical environments on the Company's businesses across 2024 and into 2025. Furthermore, and as part of an annual exercise performed by IAG, several downside stress test scenarios are performed to validate the Company's liquidity position, all of which indicated that Aer Lingus Limited remains viable.

Having reviewed the business plan, the Directors are satisfied that the Company has sufficient liquidity to continue to pay its debts/creditors as they fall due over the next 12 months. This is due to the continued recovery following the pandemic. The Directors are satisfied in adopting the going concern basis in preparation of the financial statements for the year to 31 December 2023.

6. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2023	2022
	€'000	€'000
Depreciation on property, plant and equipment (Note 11,12)		
- owned assets	**57,239**	47,676
- right of use assets & modifications	**74,529**	80,889
Amortisation of intangible assets (Note 13)	**17,851**	17,022
Impairment of intangible assets	**-**	-
Foreign exchange (gains)/losses	**(1,046)**	7,785
Aircraft hire costs		
- aircraft	**19,693**	4,232
Auditor's remuneration		
- audit fee of the entity financial statements	**530**	505
- auditor's fee for other assurance services	**-**	-
- auditor's fee for non-assurance services	**-**	-

Notes (continued)

7. Finance income and expense

	2023	2022
	€'000	€'000
(a) Finance costs		
Borrowings on ROUA	**(30,891)**	(44,444)
Interest on bank borrowings and other interest costs	**(21,645)**	(9,978)
Unwinding of discount	**-**	-
Interest on pensions escrow	**(8)**	(156)
	(52,544)	(54,578)
(b) Finance income		
Interest receivable	**15,819**	5,723
Other finance income	**439**	179
	16,258	5,902
(c) Net financing (charge)/credit relating to pensions		
Net financing (charge)/credit relating to pensions	**(36)**	4

8. Employee costs and numbers

The average number of persons (Full Time Equivalents) employed by the Company in the year was 2,279 (2022: 2,283).

	2023	2022
	€'000	€'000
Wages and salaries	**247,190**	218,037
Social insurance costs	**19,317**	18,515
Retirement Benefit costs	**36,008**	29,874
Share based payments	**6,362**	4,457
Other costs	**19,904**	15,433
Intercompany recharge from a fellow subsidiary	**136,786**	99,786
	465,567	386,102

The Company has an agreement with a fellow subsidiary of Aer Lingus Group (Aer Lingus Ireland Limited) for the provision of human resource support services, on which Aer Lingus (Ireland) Limited recharges the Company for services rendered. The charge for these payroll services amounted to €137 million for the year ended 31 December 2023 (2022: €100 million). The staff cost total for the year, including this charge, was €466 million (2022: €386 million). The average number of persons (full time equivalents) employed by Aer Lingus (Ireland) Limited in the year was 2,833 (2022: 2,185).

9. Directors' remuneration

Amounts disclosed under this category include payments made to Directors who served during the year by IAG which were subsequently recharged to the Company. During the year, five individuals (2022: five) served as Directors of the Company.

	2023	2022
	€'000	€'000
Emoluments & benefits under long term incentive schemes (i)	**4,018**	4,173
Contributions to Defined Contribution Retirement Benefit Schemes	**24**	23
	4,042	4,196

(i) This amount relates to a non-cash technical accounting charge from the Parent Company representing a theoretical maximum value of share awards made to executive Directors in the financial period. The vesting of these shares is contingent on the achievement of performance conditions in future periods. The amounts paid to the Directors in the period excluding the share based charge is €2.8 million (2022: €2.8 million).

Notes (continued)

10. Taxation

The tax charge recognised in the Income Statement comprises:

	2023	2022
	€'000	€'000
Current taxation		
Current tax charge	**23,169**	1,949
Utilisation of Deferred Tax Assets	**(23,169)**	-
Foreign taxes paid	**-**	-
Adjustments in respect of prior years	**11**	138
	11	2,087
Deferred tax		
Utilisation of Deferred Tax Assets	**23,169**	-
Origination and reversal of temporary differences	**931**	752
Adjustments in respect of prior years	**(6,793)**	1,101
Other adjusting items	**(1,244)**	-
Tax Charge	**16,074**	3,940

	2023	2022
	€'000	€'000
Loss on ordinary activities before tax multiplied by standard Irish corporation ta x rate of 12.5% (2022:12.5%)	**23,169**	(2,384)
Effects of:		
Expenses not deductible for tax purposes	**281**	146
Differences in tax rates	**651**	13
Other adjusting items	**(8,027)**	6,165
Tax charge	**16,074**	3,940

In December 2023, the Irish Government enacted legislation regarding the introduction of the global minimum tax rate of 15%, effective January 2024. As per the provisions of the relevant accounting standard, no impact relating to the 15% rate has been included in the 2023 financial statements.

11. Property, plant and equipment

	Fleet	Property	Equipment	Right of use assets	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
1 January 2022	1,065,219	40,281	83,963	988,523	2,177,986
Additions	94,512	36	160	68,859	163,567
Modifications	-	-	-	28,475	28,475
Disposals	(1,127)	(371)	(1,017)	-	(2,515)
Reclassifications	109,341	-	-	(109,341)	-
31 December 2022	1,267,945	39,946	83,106	976,516	2,367,513
Accumulated depreciation and impairment					
1 January 2022	625,627	37,911	73,845	371,850	1,109,233
Depreciation charge for the year	44,506	1,101	2,069	80,889	128,565
Disposals	(463)	(293)	(1,017)	-	(1,773)
Modifications	-	-	-	1	1
Reclassifications	78,169	-	-	(78,169)	-
31 December 2022	747,839	38,719	74,897	374,571	1,236,026
Net book value					
31 December 2022	**520,106**	**1,227**	**8,209**	**601,945**	**1,131,487**
31 December 2021	439,592	2,370	10,118	616,673	1,068,753

Notes (continued)

11. Property, plant and equipment (continued)

	Fleet €'000	Property €'000	Equipment €'000	Right of use assets €'000	Total €'000
1 January 2023	**1,267,945**	**39,946**	**83,106**	**976,516**	**2,367,513**
Additions	**183,394**	**2,116**	**1,794**	**59,695**	**246,999**
Modifications	**-**	**-**	**-**	**12,879**	**12,879**
Disposals	**(49,053)**	**(4,406)**	**(13,973)**	**-**	**(67,432)**
Reclassifications	**112,741**	**-**	**-**	**(112,741)**	**-**
31 December 2023	**1,515,027**	**37,656**	**70,927**	**936,349**	**2,559,959**
Accumulated depreciation and impairment					
1 January 2023	**747,839**	**38,719**	**74,897**	**374,571**	**1,236,026**
Depreciation charge for the year	**54,279**	**943**	**2,017**	**74,529**	**131,768**
Disposals	**(883)**	**(4,390)**	**(13,973)**	**-**	**(19,246)**
Modifications	**-**	**-**	**-**	**(1)**	**(1)**
Reclassifications	**74,693**	**-**	**-**	**(74,693)**	**-**
31 December 2023	**875,928**	**35,272**	**62,941**	**374,406**	**1,348,547**
Net book value					
31 December 2023	**639,099**	**2,384**	**7,986**	**561,943**	**1,211,412**
31 December 2022	520,106	1,227	8,209	601,945	1,131,487

At 31 December 2023, fleet assets included €90 million of progress payments on future aircraft deliveries (2022: €77 million).

12. Right of use assets

Property, plant and equipment include the following amounts relating to right of use assets:

	Fleet €'000	Property €'000	Total €'000
Cost			
1 January 2022	947,199	41,324	988,523
Additions	66,923	1,936	68,859
Modifications	28,475	-	28,475
Disposals	-	-	-
Reclassifications	(109,341)	-	(109,341)
31 December 2022	**933,256**	**43,260**	**976,516**
Depreciation			
1 January 2022	356,023	15,827	371,850
Charge for the year	75,160	5,729	80,889
Disposals	-	-	-
Modifications	-	1	1
Impairment	-	-	-
Reclassifications	(78,169)	-	(78,169)
31 December 2022	**353,014**	**21,557**	**374,571**
Net book value			
31 December 2022	**580,242**	**21,703**	**601,945**

Notes (continued)

12. Right of use assets (continued)

	Fleet €'000	Property €'000	Total €'000
Cost			
1 January 2023	**933,256**	**43,260**	**976,516**
Additions	**59,695**	**-**	**59,695**
Modifications	**10,945**	**1,934**	**12,879**
Disposals	**-**	**-**	**-**
Reclassifications	**(112,741)**	**-**	**(112,741)**
31 December 2023	**891,155**	**45,194**	**936,349**
Depreciation			
1 January 2023	**353,014**	**21,557**	**374,571**
Charge for the year	**68,803**	**5,726**	**74,529**
Disposals	**-**	**-**	**-**
Modifications	**-**	**(1)**	**(1)**
Impairment	**-**	**-**	**-**
Reclassifications	**(74,693)**	**-**	**(74,693)**
31 December 2023	**347,124**	**27,282**	**374,406**
Net book value			
31 December 2023	**544,031**	**17,912**	**561,943**
31 December 2022	**580,242**	**21,704**	**601,945**

The Company is exposed to future cash outflows (on an undiscounted basis) as at 31 December 2023, for which no amount has been recognised in relation to leases not yet commenced to which the Company is committed of €473 million (2022: €418 million).

13. Intangible assets

	Computer software	**Licence[1]**	**Landing Rights**	**Emissions allowances**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Cost					
At 1 January 2022	191,841	3,001	4,423	-	199,265
Additions	34,236	-	-	4,455	38,691
Disposal	(55)	-	-	-	(55)
At 31 December 2022	226,022	3,001	4,423	4,455	237,901
Aggregate amortisation					
At 1 January 2022	132,602	2,997	1,475	-	137,074
Charge for the year	17,022	-	-	-	17,022
Disposal	(48)	-	-	-	(48)
Impairment	-	-	-	-	-
At 31 December 2022	149,576	2,997	1,475	-	154,048
Net book value					
31 December 2022	**76,446**	**4**	**2,948**	**4,455**	**83,853**
31 December 2021	59,239	4	2,948	-	62,191

Notes (continued)

13. Intangible assets (continued)

	Computer software	Licence[1]	Landing Rights	Emissions allowances	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2023	**226,022**	**3,001**	**4,423**	**4,455**	**237,901**
Additions	**52,520**	**-**	**-**	**12,216**	**64,736**
Disposal	**(2,207)**	**-**	**-**	**-**	**(2,207)**
At 31 December 2023	**276,335**	**3,001**	**4,423**	**16,671**	**300,430**
Aggregate amortisation					
At 1 January 2023	**149,576**	**2,997**	**1,475**	**-**	**154,048**
Charge for the year	**17,851**	**-**	**-**	**-**	**17,851**
Disposal	**(2,036)**	**-**	**-**	**-**	**(2,036)**
Impairment	**-**	**-**	**-**	**-**	**-**
At 31 December 2023	**165,391**	**2,997**	**1,475**	**-**	**169,863**
Net book value					
31 December 2023	**110,944**	**4**	**2,948**	**16,671**	**130,567**
31 December 2022	76,446	4	2,948	4,455	83,853

[1]Licence to occupy certain DAA owned property

Computer software is amortised on a straight-line basis generally over a period not exceeding four years, with certain specific software developments amortised over a longer useful economic life when appropriate.

14. Investments in subsidary undertakings

	2023	2022
	€'000	€'000
Investments in Subsidiaries	**113,709**	113,709

Details of the principal subsidiary undertakings are included in Note 15. The fair value of the investments in subsidiary undertakings is considered not to be less than their carrying value.

Notes (continued)

15. Principal subsidiary undertakings

Details of the Company's subsidiary undertakings are as follows:

Name of entity	Country of incorporation and place of business	Registered office	Nature of business	Proportion of ordinary share capital held %
Dirnan Insurance Company Limited	Bermuda	Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda	Insurance Captive	100
Aer Lingus Beachey Limited	Isle of Man	Penthouse Suite, Analyst House, Peel Road, Douglas, Isle of Man, IM1 4LZ	Dormant	100
Aer Lingus (U.K.) Limited	UK	Aer Lingus Base Offices, Belfast City Airport, Sydenham Bypass, Belfast, Co. Antrim, BT3 9JH	Operation of an international airline	100
Santain Developments Limited	Republic of Ireland	Dublin Airport, Ireland	Dormant	100

16. Loans and receivables

	2023	2022
	€'000	€'000
At 31 December	**195**	100,195

The Company provided unsecured, fixed interest bearing loans totalling €300 million, at prevailing market rates at the date of transaction to its parent company with interest rates between 1.09% and 2.41%. Two tranches of the loan, to the sum of €200 million, were repaid by IAG in November and December 2022. The maturity date on the final tranche is in March 2024.

There were no other loans to fellow group companies at 31 December 2023.

Notes (continued)

17. Financial risk management

Financial risk management objectives and policies

17.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, commodity price and interest rate risk), credit risk and liquidity risk. The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury function (Treasury Function) under policies approved by the Board of Directors. The Treasury Function identifies, evaluates and hedges financial risks in close co-operation with business areas and the Group treasury function. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, commodity price risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The main currency exposures normally result from structural trading surplus/deficit in US Dollar and in GBP Sterling. A large proportion of the Treasury Function's work in relation to foreign exchange rate risk relates to the management of the Company's cashflow exposures. Significant currency exposures are managed for the current and future financial years on a systematic, amortising basis within pre-set bands.

A US Dollar surplus typically arises because the US Dollar sales exceed US Dollar costs (and vice versa where there is a deficit). The GBP Sterling surplus also usually arises because GBP Sterling sales exceed GBP Sterling costs (and vice versa where there is a deficit).

Additionally, significant currency exposure results from the capital commitments relating to the purchase of aircraft which are priced in US Dollars. Acquisition costs are increased by a stronger US Dollar relative to EUR.

The Treasury Function manages both cashflow exposures and financial position exposures arising from currency risk. The products used by the Treasury Function in managing currency risk are predominantly forward foreign exchange contracts.

Based on the trading surplus in US Dollar for the year ended 31 December 2023, a 20% weakening of the EUR to US Dollar exchange rate over the year-end rate would result in an increase in profit of €9 million for the year (2022: a 20% weakening of the EUR to US Dollar exchange rate would have resulted in an increase in profit of €98 million for the year). At 31 December 2023, the fair value of foreign currency net asset derivatives instruments was €4 million, representing a loss of €3 million, since 1 January 2023, which was recognised in other comprehensive income.

(ii) Interest rate risk

The Company is exposed to interest rate risk associated with its long-term funding requirements and its programme of cash investments. Higher interest rates increase the costs of gross debt and lower interest rates reduce the returns from cash investments.

Overall, the Company is in a net debt position, predominantly in euro, and therefore the major interest rate exposure is to movements in the euro interest rate. This exposure is actively reviewed and managed. A 1% fall in interest rates based on net cash/debt throughout 2023 would have decreased losses by €1 million (2022: decreased losses by €1 million).

Interest rate risk on borrowings is also managed through determining the right balance of fixed and floating debt within the financing structure. To manage this, the Company uses interest rate swaps, to exchange floating rate debt on finance lease obligations for fixed rate debt or other derivative financial instruments.

(iii) Commodity price risk

Aviation jet fuel requirements expose the Company to the market volatility of jet fuel prices. The volatility of jet fuel prices has been significant in recent years and can have a significant effect on profitability. The primary policy objective for the management of fuel price exposure in the Company is to reduce the volatility and increase the predictability of future fuel costs in a risk managed and cost-effective manner.

The Treasury Function manages fuel price risk within a controlled framework. The Company operates a systematic fuel hedging policy covering a rolling two-year period. This hedging policy targets specific cover levels for each period on a rolling basis ranging from 45% to 75% cover for the following month to between zero and 20% cover 24 months out. This generates average cover levels of 55-60% for the next 12-month period (rolling year 1) and 15-20% for the following 12 months (rolling year 2).

The products used in managing commodity price risk are jet fuel swaps, jet fuel collars and jet fuel options. A US $10 increase in the price per tonne of jet fuel in 2023 would have increased fuel costs by approximately $7 million, based on usage of 708,774 metric tonnes, absent hedging (2022: increase of USD$6 million based on usage of 585,000 metric tonnes). In light of hedging strategy, the impact of a US$10 increase in jet fuel per tonne would have been immaterial in both 2023 and 2022.

During the year to 31 December 2023, following a rise in the global price of crude oil and associated products, the fair value of such net derivative instruments was (€15 million) (2022: €42 million), representing a loss of €57 million since 1 January 2023, which was recognised in Other comprehensive income.

Notes (continued)
17. Financial risk management (continued)
17.1 Financial risk factors (continued)

(b) Credit risk

Credit risk arises from trade receivables due from customers, and from loans and receivables, derivative financial instruments, deposits and cash and cash equivalents with banks and financial institutions ("financial counterparties"). The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Loan provided to IAG are to be fully repaid in 2024. The closing balance on the loan receivable as at 31 December 2023 is €100m (2022: €100 million).

Company policy requires financial counterparties to hold minimum credit ratings from independent rating agencies. The appropriateness of Board approved credit limits is regularly monitored and reviewed.

At 31 December 2023 the Company had a total gross credit exposure of €362 million relating to bonds, deposits, cash and derivatives which was spread over 21 (2022:37) counterparties. Of this €362 million, €358 million was due to mature within 12 months. The Company does not have any material credit risk arising from the ageing of trade and other receivables (2022: €nil, see Note 19).

94.01% (2022: 96.1%) of the total credit exposure was held with financial institutions holding long term-ratings equivalent to A1 to A2 (Moody's). 0.12% (2022: 0.2%) of the total credit exposure was held with financial institutions holding long-term credit ratings equivalent to AA2 to AA3. The remaining 5.87% (2022: 3.7%) was held with financial institutions with long-term credit ratings A2 or below.

(c) Liquidity risk

The principal policy objectives in relation to liquidity are to ensure that the Company has access at minimum cost, to sufficient liquidity to enable it to meet its obligations as they fall due and to provide adequately for contingencies. In implementing this policy, the Company is required to maintain, at all times, access to Board approved minimum liquidity requirements. In addition, this liquidity requirement, once drawn, must continue to be accessible for an agreed further period. Cash balances in excess of these levels are normally maintained in order to enable the Company to take advantage of commercial opportunities and withstand business shocks.

The Company has long-term debt associated with aircraft acquisitions and additional debt facilities obtained to ensure sufficient liquidity. All borrowing is undertaken by the Treasury Function. Company policy is to maintain, at all times, cash and/or committed facilities for substantially all of the net forecasted debt repayments for the following 12 months.

At 31 December 2023 the company had undrawn facilities of €482 million (2022: €741 million).

At 31 December 2023 the Company had capital commitments of €473 million (2022: €420 million) of which €473 million (2022: €418 million) relates to aircraft and equipment. In 2022 there were also commitments of €2m for ETS Credits.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest. Trade and other payables exclude deferred revenue on ticket sales (excluding taxes and charges).

Notes (continued)
17. Financial risk management (continued)
17.1 Financial risk factors (continued)

	Less than 1 year	1-2 years	2-5 years	Over 5 years	Total
	€'000	€'000	€'000	€'000	€'000
At 31 December 2022					
Borrowings on ROU assets	81,232	74,260	273,572	204,494	633,558
Asset financed liabilities	11,875	11,980	36,582	72,848	133,285
Loans from fellow group companies	66,135	469,051	-	-	535,186
Loans from third parties	-	50,000	-	-	50,000
Trade and other payables	377,451	-	841	-	378,292

	Less than 1 year	1-2 years	2-5 years	Over 5 years	Total
	€'000	€'000	€'000	€'000	€'000
At 31 December 2023					
Borrowings on ROU assets	**81,323**	**82,316**	**262,224**	**185,968**	**611,831**
Asset financed liabilities	**12,235**	**12,345**	**37,694**	**59,137**	**121,411**
Loans from fellow group companies	**61,584**	**468,932**	**-**	**-**	**530,516**
Loans from third parties	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**393,256**	**-**	**720**	**-**	**393,976**

The table below analyses the Company's derivative financial instruments, which will be settled on a gross basis with regard to forward foreign currency contracts and on a net basis with regard to forward fuel contracts and interest rate swap contracts, into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows

	Less than 1 year	1-2 years	2-5 years	Total
	€'000	€'000	€'000	€'000
At 31 December 2022				
Forward foreign currency contracts				
Outflow	(4,179)	(1,695)	-	(5,874)
Inflow	25,870	2,536	-	28,406
Forward fuel price contracts				
Net outflow	(44,083)	(1,080)	-	(45,163)
Interest rate swap contracts				
Net outflow	(1,763)	(1,472)	(2,839)	(6,074)

	Less than 1 year	1-2 years	2-5 years	Total
	€'000	€'000	€'000	€'000
At 31 December 2023				
Forward foreign currency contracts				
Outflow	**(4,011)**	**(1,474)**	**-**	**(5,485)**
Inflow	**2,502**	**1,356**	**-**	**3,858**
Forward fuel price contracts				
Net outflow	**(14,000)**	**(3,254)**	**(3,662)**	**(20,916)**
Interest rate swap contracts				
Net outflow	**(1,867)**	**(975)**	**(1,173)**	**(4,015)**

Derivatives
The Company holds interest rate swaps for risk management purposes which are designated in cash flow hedge relationships. The interest rate swaps have floating rates that are indexed to EURIBOR.

Notes (continued)
17. Financial risk management (continued)

17.2 Capital risk management

The Company's objectives when managing capital (comprising total equity, borrowings on right of use assets, interest bearing long-term borrowings and other long term borrowings) are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure which reduces the cost of capital as far as practical. As a result of the COVID-19 pandemic, significant losses have been incurred, resulting in negative equity in applicable periods. Our Capital Risk Strategy involves the identification, assessment and mitigation of Risk associated with our capital resources, to allow for greater liquidity, ensuring continuation as a going concern.

17.3 Fair value estimation

The following table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's net assets and liabilities that are measured at fair value at 31 December 2022.

	Level 1	Level 2	Level 3	Total
Assets	**€'000**	**€'000**	**€'000**	**€'000**
Derivative financial instruments	-	80,720	-	80,720
Liabilities				
Derivative financial instruments	-	51,690	-	51,690

The following table presents the Company's net assets and liabilities that are measured at fair value at 31 December 2023.

	Level 1	Level 2	Level 3	Total
Assets	**€'000**	**€'000**	**€'000**	**€'000**
Derivative financial instruments	-	6,243	-	6,243
Liabilities				
Derivative financial instruments	-	29,048	-	29,048

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

17.4 Master netting arrangements

Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the Statement of financial position date, with the resulting value discounted back to present value.
- The fair value of fuel price swaps is determined using forward fuel prices at the reporting date, with the resulting value discounted back to present value.

All other financial assets and liabilities hold a carrying value that is assumed to be a reasonable approximation of fair value.

There are no financial assets and financial liabilities netted and offset against each other on the Statement of financial position at the reporting dates. However, certain financial assets and financial liabilities are subject to enforceable master netting arrangements which could create a potential right of offset within the scope of IFRS 7. These arrangements are contained within International Swaps and Derivatives Association Master Agreements ("ISDAs") and relate to derivative financial instruments only.

Each party to the master netting arrangements has a right of offset between financial assets and financial liabilities where there is an early termination event such as a default or change of ownership of the counterparty. Such events of default include failure to perform obligations or to make prompt payment when due. The right of offset is only enforceable in those situations and as such does not meet the criteria for offset in the Statement of financial position, nor is there any intention by the Company or its counterparties to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Notes (continued)
17. Financial risk management (continued)
17.4 Master netting arrangements (continued)

The carrying value of derivative financial instruments in the Statement of financial position would potentially be reduced by approximately €52 million (2022: €29 million) if all master netting arrangements were enforced (as reflected in the following tables):

Derivative Financial Assets

As at 31 December 2022	Gross amounts of recognised Financial Assets	Gross amounts of recognised financial liabilities set off in the Statement of Financial Position	Net amounts of financial assets presented in Statement of Financial Position	Related Amounts Not Offset: Financial Instruments	Cash Collateral Received	Net Amount
	€'000's	€'000's	€'000's	€'000's	€'000's	€'000's
Derivative Financial Assets	80,720	-	80,720	-	-	80,720

Derivative Financial Assets

As at 31 December 2023	**Gross amounts of recognised Financial Assets**	**Gross amounts of recognised financial liabilities set off in the balance sheet**	**Net amounts of financial assets presented in Statement of Financial Position**	**Related Amounts Not Offset: Financial Instruments**	**Cash Collateral Received**	**Net Amount**
	€'000's	**€'000's**	**€'000's**	**€'000's**	**€'000's**	**€'000's**
Derivative Financial Assets	**6,243**	**-**	**6,243**	**-**	**-**	**6,243**

Derivative Financial Liabilities

As at 31 December 2022	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the Statement of Financial Position	Related Amounts Not Offset: Financial instruments	Cash Collateral Pledged	Net Amount
	€'000's	€'000's	€'000's	€'000's	€'000's	€'000's
Derivative Financial Liabilities	51,690	-	51,690	-	-	51,690

Derivative Financial Liabilities

As at 31 December 2023	**Gross amounts of recognised financial liabilities**	**Gross amounts of recognised financial assets set off in the balance sheet**	**Net amounts of financial liabilities presented in the Statement of Financial Position**	**Related Amounts Not Offset: Financial instruments**	**Cash Collateral Pledged**	**Net Amount**
	€'000's	**€'000's**	**€'000's**	**€'000's**	**€'000's**	**€'000's**
Derivative Financial Liabilities	**29,048**	**-**	**29,048**	**-**	**-**	**29,048**

Notes (continued)
17. Financial risk management (continued)

17.5 Summary of derivatives by instrument

	2023	**2023**	2022	2022
	€'000	**€'000**	€'000	€'000
	Assets	**Liabilities**	Assets	Liabilities
Foreign exchange contracts	**3,761**	**(7,524)**	12,506	(18,645)
Fuel price contracts	**2,354**	**(17,704)**	68,214	(26,971)
Interest rate swaps	**128**	**(3,820)**	-	(6,074)
Total	**6,243**	**(29,048)**	80,720	(51,690)
Non-current portion:				
Foreign exchange contracts	**1,212**	**(1,701)**	4,141	(2,502)
Fuel price contracts	**1,627**	**(5,920)**	11,954	(7,663)
Interest rate swaps	**-**	**(1,996)**	-	(6,074)
Total non-current portion	**2,839**	**(9,617)**	16,095	(16,239)
Current portion:				
Foreign exchange contracts	**2,549**	**(5,823)**	8,365	(16,143)
Fuel price contracts	**727**	**(11,784)**	56,260	(19,308)
Interest rate swaps	**128**	**(1,824)**	-	-
Total current portion:	**3,404**	**(19,431)**	64,625	(35,451)

Derivative financial instruments represent the fair value of open foreign exchange forward contracts and fuel price swaps and options to which the Company is a party at the reporting date and are within Level 2 of the fair value hierarchy. The fair value of these open positions is calculated by reference to the forward foreign exchange rates and forward fuel prices at the reporting date.

Foreign exchange contracts
The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2023 were €654 million (2022: €571 million).

Fuel price contracts
The Company enters into derivative contracts to fix the price of a proportion of its forecast aircraft fuel purchases. The notional principal amounts of the outstanding contracts at 31 December 2023 were €573 million (2022: €426 million).

The maximum exposure to credit risk at the reporting date is the value of the derivative assets in the Statement of financial position.

Cash flows in respect of derivative financial instruments are expected to occur as they mature at various points over the next 2 years for foreign exchange positions, and over the next 24 months for fuel positions. The fair value of the instruments at settlement will impact the Income Statement as the hedged transaction occurs.

18. Inventory

Inventory primarily comprises maintenance consumables and aircraft spare parts.

	2023	2022
	€'000	€'000
Inventory	**15,038**	10,873

There were no material write-downs of inventory during the current or prior year. €1.4 million (2022: €1.2 million) of inventories were expensed to the Income Statement in the year.

Notes (continued)

19. Trade receivables and other assets

	2023	2022
	€'000	€'000
Amounts falling due within one year		
Trade receivables	**30,713**	24,169
Provision for doubtful debts	**(472)**	(1,334)
Net trade receivables	**30,241**	22,835
Prepayments	**23,295**	15,651
Accrued income	**27,750**	14,139
Current tax assets	**165**	-
IAG loan receivable[1]	**100,000**	-
Other current assets	**43,631**	45,729
	225,082	98,354
Amounts falling due after one year		
Prepayments and accrued income	**17,590**	13,233
	17,590	13,233

Movements in the provision for doubtful debts were as follows:

	2023	2022
	€'000	€'000
At beginning of year	**1,334**	634
Increase during the year	**-**	700
Decrease during the year	**(862)**	-
Write-off during the year	**-**	-
	472	1,334

[1] The Company provided unsecured, fixed interest bearing loans totalling €300 million, at prevailing market rates at the date of transaction to its parent company with interest rates between 1.09% and 2.41%. Two tranches of the loan, to the sum of €200 million, were repaid by IAG in November and December 2022. The maturity date on the final tranche is in March 2024.

20. Cash and cash equivalents

Cash and cash equivalents and other current interest bearing deposits comprise the following:

	2023	2022
	€'000	€'000
Current interest bearing deposits	**30,185**	32,605
Cash and cash equivalents	**310,872**	328,982
	341,057	361,587

The interest bearing deposits comprise a restricted deposit of €30 million (2022: €33 million) held in escrow and relating to an IASS contribution (Note 24). The aforementioned interest bearing deposits held at year end have maturity terms of more than three months

The carrying amount of the Company's cash, cash equivalents and other deposits are denominated in the following currencies:

	2023	2022
	€'000	€'000
Euro	**317,650**	348,867
Sterling	**19,509**	12,720
US dollar	**3,898**	-
Other	**-**	-
	341,057	361,587

Current interest bearing deposits held at year end have maturity terms of less than three months. The majority of our deposits are held in MoneyMarket Funds (MMF), which are call accounts (same day available) as opposed to Fixed Deposit accounts in 2022.

Notes (continued)

21. Leases

Borrowings on Right of Use Assets

Details of borrowings on right of use assets are set out below:

	2023	2022
	€'000	€'000
Current	**81,323**	81,232
Non-current	**530,508**	552,326
	611,831	633,558

In 2023, the rates implicit in these leases ranged from 3.0% to 11.3% (2022: 1.6% to 11.3%).

Borrowings on right of use assets	2023	2022
	€'000	€'000
US dollar	**482,534**	488,674
GBP	**-**	252
Euro	**129,297**	144,632
Total	**611,831**	633,558

Lessor Accounting

The Company leases out two aircraft, specifically two Airbus A330 aircraft, to its subsidiary Aer Lingus UK Limited. The Company retains the risks and rewards incidental to the ownership of the assets and are therefore classified as owned aircraft.

Rental income recognised by the Company during 2023 was €4 million (2022: nil).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2023	2022
	€'000	€'000
Less than one year	**3,000**	-
One to two years	**3,000**	-
Two to three years	**3,000**	-
Total	**9,000**	-

22. Trade and other payables

Trade and other payables is made up of the following balances:

	2023	2022
	€'000	€'000
Trade creditors	**111,892**	110,731
Amounts owed to IAG and subsidiaries of IAG	**47,947**	47,258
Other creditors	**91,218**	57,433
Other taxation and social insurance[1]	**4,500**	5,356
Accruals	**76,835**	91,379
Loans from fellow Group companies (current)	**61,584**	66,135
	393,976	378,292

Notes (continued)

22. Trade and other payables (continued)

Deferred income is made up of the following balances:

	2023	2022
	€'000	€'000
Deferred income	821	1,081
Deferred revenue on ticket sales (including vouchers issued) [2]	437,818	456,255
	438,639	457,336

[1]Other taxation and social insurance includes €4.4 million PAYE (2022: €17.7 million), €3.8 million PRSI (2022: €15.8 million), €1 million USC (2022: €4.8 million), less amounts which related to Aer Lingus Ireland Limited of €4.1 million (2022: €3.7 million).

[2]Deferred revenue on ticket sales at 31 December 2022 included €373 million which has been recognised as revenue in the Income Statement for year ended 31 December 2023 (2022: €222 million).

Shown as:	2023	2022
	€'000	€'000
Non-current liability	468,932	469,051
Current liability	832,615	835,628
	1,301,547	1,304,679

Loans from fellow group companies are split between non-current and current as follows:

	2023	2022
	€'000	€'000
Loans from fellow Group companies (non-current)	468,932	469,051
Loans from fellow Group companies (current)	61,584	66,135
	530,516	535,186

The carrying amounts and fair value of borrowings are as follows:

	Carrying amounts	Carrying amounts	Fair value	Fair value
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
Loans from fellow Group companies	530,516	535,186	530,516	535,186

23. Interest bearing long-term borrowings

Current

	2023	2022
	€’000	€’000
Asset financed liabilities	12,234	11,875
	12,234	11,875

Non-current	2023	2022
	€’000	€’000
Bank and other loans	-	50,000
Asset financed liabilities	109,177	121,410
	109,177	171,410

Notes (continued)
23. Interest bearing long-term borrowings (continued)

Total interest bearing long-term borrowings

	2023	2022
	€'000	€'000
Current portion of interest bearing long-term borrowings	**12,234**	11,875
Interest bearing long-term borrowings	**109,177**	171,410
	121,411	183,285

At 31 December 2023, the amount drawn under the secured debt facility with ISIF was nil. The ISIF facility amounts to €350 million and remains available to be drawn down until March 2025. The loan bears a margin of 3%.

24. Defined contribution retirement benefit schemes

In 2023, Aer Lingus participated in a number of retirement benefit schemes including the Aer Lingus Defined Contribution Pension Scheme (the "DC scheme"), for general employees, and the Irish Airlines (Pilots) Superannuation Scheme (the "Pilots Scheme"), for its pilots. The Company has also historically been involved in the Irish Airlines (General Employees) Superannuation Scheme (the "IASS"), a multi-employer scheme.

Aer Lingus Limited is the sponsoring company for Aer Lingus Group's participation in these pension schemes. The Company's contributions, including those in respect of Aer Lingus (Ireland) Limited, to defined contribution schemes are set out in the table below.

	2023	2022
	€'000	€'000
Irish Airlines (Pilots) Superannuation Scheme	**20,764**	17,244
Other defined contribution schemes	**15,244**	12,596
Total	**36,008**	29,840

Aer Lingus DC Scheme and IASS

In 2015, Aer Lingus Limited began contributing to the Aer Lingus DC Scheme on behalf of current general employees, including those who were previously members of the IASS. This arrangement was established as part of a restructuring exercise in relation to the IASS. This restructuring comprised a number of elements including a once-off payment by Aer Lingus. It specifically provided that this once-off payment would be transferred to an escrow account and would only be released into individual accounts in the DC Scheme and the deferred defined contribution pension scheme on receipt of correctly executed waivers, which waive any and all rights to legal action against Aer Lingus Limited and the IASS Trustee in relation to the IASS.

At the end of December 2023, 72.2% of these waivers had been executed (active members 82.2%, deferred members 61%) and €161 million had been paid from the pension escrow account. Therefore, at that date, €30 million, as noted in note 20, of the €191 million remained in escrow to be administered; €16 million of which relates to active members with the remaining €14 million relating to deferred members.

Proceedings have been issued by a number of deferred IASS members against a number of parties involved in the IASS restructuring exercise, including Aer Lingus Limited. These proceedings are being strenuously defended. If, contrary to the firm legal advice that Aer Lingus Limited has received (that such proceedings were unlikely to succeed), a Court were to find against Aer Lingus Limited in such litigation, loss could arise. It is not practicable to estimate the financial exposure, if any, of Aer Lingus Limited, should any such proceedings succeed.

Irish Airlines (Pilots) Superannuation Scheme

At 31 December 2023 (the most recent date for which Pilots Scheme membership data is available), the Pilots Scheme had 1,282 members, comprising 764 active members, 118 deferred members and 400 pensioners (2022: 712 active members, 115 deferred members and 400 pensioners).

Following discussions in 2014 between Aer Lingus Limited, the Trustee of the Pilots Scheme and IALPA (the pilots representative association) a funding proposal for the Pilots Scheme was submitted to and approved by the Pensions Authority. This funding proposal, which is subject to annual review, does not involve any capital contribution by Aer Lingus Limited either within the Pilots Scheme or outside of the Pilots Scheme.

As at 1 April 2021 the Scheme Actuary had reported to the Trustee that the funding proposal in place was no longer on track, with a longer-term expectation that the Pilots Scheme would not reach solvency by 2024. The Trustee was required to submit a revised funding proposal to the Pensions Authority setting out how the deficit will be addressed. Following engagement with Aer Lingus a revised funding proposal at 31 December 2021 was approved and submitted by the Scheme Actuary to the Pensions Authority in November 2022. At the time this report is being finalised the Trustee still awaits confirmation from the Pensions Authority of its acceptance of the revised funding proposal.

Aer Lingus' consistent position is that its liability to contribute to the Pilots Scheme is fixed at its current contribution rate and, accordingly that it has neither a constructive nor a legal obligation to increase its rate of contribution to the Pilots Scheme, even if the scheme is found to have insufficient funds to pay all employees expected benefits relating to their current and past employment service.

Notes (continued)

25. Employment benefit obligations

The Company operated two defined benefit schemes, one of which is funded and one of which is unfunded, during 2023. The following is a summary of the Company's net defined benefit obligations/(assets) for each of the schemes, split between funded and unfunded. Background to each scheme is given below.

Summary of net defined benefit obligations/(assets):	**2023**	2022
	€'000	€'000
Funded		
Other obligation/(asset)	**242**	(130)
Net defined benefit obligation/(asset) for funded schemes	**242**	(130)
Unfunded		
North America Post-Retirement Medical Benefits	**911**	933
Net defined benefit obligation for unfunded schemes	**911**	933
Net defined benefit obligation in total	**1,153**	803

	2023	2022
Shown as:	**€'000**	€'000
Employee benefit (liability)/assets	**(242)**	130
Employee benefit (obligations)	**(911)**	(933)
Net defined benefit (obligation) in total	**(1,153)**	(803)

The following is a summary of the Company's total net employee benefit obligation, and the related funding status, analysed on a total basis:

	2023	2022
	€'000	€'000
Present value of funded obligations	**(1,558)**	(1,446)
Fair value of plan assets	**1,316**	1,576
(Deficit)/asset in funded plans	**(242)**	130
Present value of wholly unfunded obligations	**(911)**	(933)
Net defined benefit obligation in total	**(1,153)**	(803)

The net (credits)/charges to the Income Statement in respect of these obligations are as follows:

	2023	2022
	€'000	€'000
Funded (a)	**(5)**	(5)
Unfunded (b)	**(6)**	240
	(11)	235

Actuarial (losses)/gains (gross of deferred tax) recognised in the Statement of other comprehensive income during the year:

	2023	2022
	€'000	€'000
Funded (a)	**(377)**	(302)
Unfunded (b)	**(58)**	921
	(435)	619

The dates of the most recent actuarial valuation in respect of the various schemes are as follows:

	Valuation date
Funded	
Other	31-Dec-23
Unfunded	
North American post-retirement medical benefits	31-Dec-23

Valuations are not available for public inspection; however, they are available to the members of the above schemes.

The North American Post-Retirement Medical Benefits scheme applies the regulations of The Employee Retirement Income Security Act of 1974 and The Internal Revenue Code. The Employee Retirement Income Security Act of 1974 is a federal law that sets minimum standards

Notes (continued)
25. Employment benefit obligations (continued)

for most voluntarily established pension and health plans in private industry to provide protection for individuals in these plans. The Internal Revenue Code, as set forth by the Internal Revenue Service, also provides regulations and guidance for the administration of pension and medical schemes.

(a) Funded

The Company operates a defined benefit scheme in respect of two retired Irish former executives of the Company and their spouses.

The risks of the scheme relate primarily to demographic assumptions around mortality and to future asset performance. Future financial statement liabilities and expense will also be affected by future changes in the rate used to discount the liabilities. The Company seeks to match the assets it holds in respect of funded schemes to the liabilities of the plans, in terms of currency and maturity, and also seeks to balance risk and return in making asset investment decisions which match investment yield to expected cash outflows. The Company has not changed the process used to manage its risks from previous periods.

As at 31 December 2023 there was an employee benefit liability of €242,000 (2022: employee benefit asset: €130,000). Employer contributions of €nil (2022: €nil) were paid into the remaining funded scheme which meant there was a net liability for the year ended 31 December 2022 and 31 December 2023.

The rules of the scheme allow for any surplus to be returned to the employer on the death of the last pensioner. Therefore, the asset is not expected to be returned to the Company until the last of the current pensioners has died.

The movement in the defined benefit obligation in respect of funded arrangements during the year is as follows:

	2023	2022
	€'000	€'000
At 1 January	**1,446**	1,592
Adjustment	**-**	-
Interest cost	**55**	13
Remeasurement - effects of changes in demographic assumptions	**-**	-
Remeasurement - effects of changes in financial assumptions	**4**	(263)
Remeasurement - effects of experience adjustments	**341**	208
Benefits paid	**(288)**	(104)
Retranslation	**-**	-
At 31 December	**1,558**	1,446

The movement in the fair value of related plan assets during the year is as follows:	**2022**	2022
	€'000	€'000
At 1 January	**1,576**	2,020
Interest income	**61**	17
Remeasurements - effect of experience adjustments	**(32)**	(357)
Benefits paid	**(289)**	(104)
At 31 December	**1,316**	1,576

The movement in the net defined pension obligation/ (asset) is as follows:

	2023	2022
	€'000	€'000
At 1 January	**(131)**	(429)
Adjustment	**-**	1
Net Interest Income	**(5)**	(5)
Remeasurements	**378**	302
Retranslation	**-**	-
At 31 December	**242**	(131)

The amounts recognised in the Income Statement are as follows:

	2023	2022
	€'000	€'000
Interest cost - recognised in finance expense	**56**	13
Interest income	**(61)**	(17)
Retranslation - recognised in other gains/losses	**-**	-
Total recognised in the Income Statement	**(5)**	(4)

Notes (continued)

25. Employment benefit obligations (continued)

(a) Funded (continued)

Key Assumptions	2023	2022
Discount rate	**3.40%**	4.00%
Inflation rate	**2.10%**	2.50%
Future pension increases	**2.10%**	2.50%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience . These assumptions translate into the following average life expectancy in years for a pensioner retiring at age 65:

	2023	2022
Retiring at the end of the reporting period:		
-Male (Other)	**22.7**	22.5
-Female (Other)	**24.2**	24.2

Sensitivities

The sensitivity of the post-employment benefit liabilities to changes in the weighted principal assumptions for 2023 is:

	Change in assumption	Impact on overall liability
Discount rate	Increase/decrease by 0.25%	Decrease by 9.78%/increase by 10.04%
Inflation rate	Increase/decrease by 0.25%	Increase by 13.96%/decrease by 13.68%

Plan assets are comprised as follows:

	2023 €'000	2023 % of plan assets	2022 €'000	2022 % of plan assets
Quoted				
Debt instruments	**888**	**67%**	1,048	66%
Other	**428**	**33%**	528	34%
Total	**1,316**	**100%**	1,576	100%

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of scheme assets. The largest proportion of assets is invested in bonds, although the schemes also invest in cash.

(b) Unfunded

The Company operates a post-employment medical benefit scheme for certain former employees of the operation in North America. The scheme has 37 members (2022: 46). The accrual of benefits associated with the plan is frozen.

The risks of this scheme relate primarily to future medical cost inflation and to financial assumptions including changes to discount rates. The Company has not changed the process used to manage its risks from previous periods.

The amounts recognised in the Statement of financial position are as follows:

	2023 €'000	2022 €'000
Present value of unfunded obligations, being scheme deficits and liability in the statement of financial position	**911**	933

Notes (continued)

25. Employment benefit obligations (continued)

(b) Unfunded (continued)

The movement in the defined benefit obligation in respect of unfunded arrangements during the year is as follows:

	2023	2022
	€'000	€'000
At 1 January	**933**	1,668
Current service cost	**14**	37
Interest cost	**40**	41
Remeasurements - effect of changes in demographic assumptions	**-**	-
Remeasurements - effect of changes in financial assumptions	**36**	(142)
Remeasurements - effect of experience adjustments	**22**	(780)
Benefits paid	**(74)**	(53)
Retranslation	**(60)**	162
At 31 December	**911**	933

The amounts recognised in the Income Statement are as follows:

	2023	2022
	€'000	€'000
Current service costs - recognised in staff costs	**14**	37
Interest cost - recognised in finance expense	**40**	41
Retranslation - recognised in net currency retranslation charges	**(60)**	162
Total recognised in the Income Statement	**(6)**	240

Key Assumptions

The principal actuarial assumptions relating to unfunded schemes are as follows:

	2023	2022
Discount rate - North America Post-Retirement Medical Benefits	**4.66%**	4.84%
Immediate medical cost rate	**6.62%**	6.33%

Sensitivities

The sensitivity of the post-employment benefit liabilities at the reporting date to changes in the weighted principal assumptions is:

		Change in assumption	**Impact on overall liability**
Medical cost trend rate	North American Medical	Increase/decrease by 0.50%	Increase by 3.48%/decrease by 3.30%
Discount rate	Scheme	Increase/decrease by 0.25%	Decrease by 1.57%/increase by 1.62%

The above sensitivity analyses are based on a change in the assumption noted while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the post-employment liabilities the same method has been applied as when calculating the liability recognised within the Statement of financial position. Changes in assumptions could lead to an increase in actuarial deficits which would affect future cash flows of the business due to increased contributions.

Due to the unfunded nature of these arrangements, no employer contributions were paid during the year ended 31 December 2023 (31 December 2022: €nil).

Notes (continued)
25. Employment benefit obligations (continued)
(b) Unfunded (continued)

Maturity analysis

The expected maturities, at the reporting date, of the undiscounted funded and unfunded schemes over the next 10 years are as follows:

At 31 December 2023	Less than a year €'000	Between 1-2 years €'000	Between 2-5 years €'000	Between 5-10 years €'000	Total €'000
Funded	148	151	462	675	1,436
Unfunded	129	75	170	52	426
Total	277	226	632	727	1,862

Weighted average duration of the obligation (years)

The weighted average duration of the funded and unfunded schemes, at the reporting date, is as follows:

At 31 December 2023	Years
Funded	
Other	6
Unfunded	
North America Post-Retirement Medical Benefits	6

26. Provisions for other liabilities

	IASS restructuring - once off pension contribution[1] €'000	Business Restructuring[2] €'000	Aircraft Maintenance[3] €'000	Other[4] €'000	Total €'000
At 1 January 2022	34,670	10,568	160,171	17,794	223,203
Provided during the year	-	1,893	78,368	6,393	86,654
Adj to opening balance		-	-	-	-
Other movements	-	(1,698)	-	(2,589)	(4,287)
Written back during the year	-	-	(2,673)	-	(2,673)
Utilised during the year	(2,047)	(4,389)	(25,735)	(3,253)	(35,424)
Unwind of discounting	-	-	-	-	-
Retranslation	-	-	7,871	-	7,871
At 31 December 2022	32,623	6,374	218,002	18,345	275,344
At 1 January 2023	**32,623**	**6,374**	**218,002**	**18,345**	**275,344**
Provided during the year	**-**	**42**	**67,784**	**1,120**	**68,946**
Adj to opening balance	**-**	**-**	**-**	**-**	**-**
Other movements	**-**	**-**	**(8,030)**	**(6,359)**	**(14,389)**
Written back during the year	**-**	**-**	**-**	**-**	**-**
Utilised during the year	**(1,861)**	**(4,111)**	**(22,023)**	**(1,119)**	**(29,114)**
Unwind of discounting	**-**	**-**	**6,798**	**-**	**6,798**
Retranslation	**-**	**-**	**-**	**-**	**-**
At 31 December 2023	**30,762**	**2,305**	**262,531**	**11,987**	**307,585**

Notes (continued)

26. Provisions for other liabilities (continued)

Analysed as current liabilities	IASS restructuring - once off pension contribution[1] €'000	Business Restructuring[2] €'000	Aircraft Maintenance[3] €'000	Other[4] €'000	Total €'000
At 31 December 2023	**30,762**	**64,580**	**106,117**	6,374	8,508
At 31 December 2022	**2,305**	**8,470**	32,623	50,703	98,208

Analysed as non-current liabilities	IASS restructuring - once off pension contribution[1] €'000	Business Restructuring[2] €'000	Aircraft Maintenance[3] €'000	Other[4] €'000	Total €'000
At 31 December 2023	**-**	**-**	**197,951**	**3,517**	**201,468**
At 31 December 2022	-	-	167,299	9,837	177,136

[1] ***Provision for IASS restructuring - once off pension contribution***

In December 2014, Aer Lingus Group plc shareholders voted in favour of the IASS restructuring which sought to address issues arising from the funding deficit in the IASS. The approval of the IASS solution involved a once-off exceptional contribution of €191 million.

This once off contribution was placed in an escrow structure at this time and held as a restricted deposit balance in the Statement of financial position as at 31 December 2014. The liability reduced by €3 million in 2023 (2022: €2 million) and reduces further and potentially to nil as the executed waivers referred to in Note 24 are received. At 31 December 2023 the restricted deposit cash balance remaining was €30 million (2022: €33 million) which is included within cash and cash equivalents as set out in Note 20.

[2] ***Business repositioning***

Business repositioning costs include provisions for restructuring costs recognised in accordance with IAS 37 when a constructive obligation exists and a provision for termination benefits that are not part of a restructuring plan and are therefore recognised when the entity can no longer withdraw the offer of benefits.

The amount of the restructuring provision is based on the terms of the restructuring measures, including certain employee benefits and employee severance, which have been communicated to employees. It represents the Directors' best estimate of the cost of these measures.

Measurement uncertainty associated with restructuring provisions arises from the achievement of certain operating and financial targets and changes in human resources requirements. Uncertainty associated with the provision in respect of the voluntary severance programme relates to the timing of employee exit dates. The voluntary severance provision is expected to be materially utilised in the next financial year, with the remaining provision balance expected to be largely utilised in the next 5 years.

[3] ***Aircraft maintenance***

Provisions are made for aircraft maintenance costs which the Company incurs in connection with engine overhauls and end of lease airframe checks on leased aircraft, where the terms of the lease impose obligations on the lessee to have this maintenance work carried out. Provisions reflect the cost rates expected to apply at the time the work is carried out and to meet the contractual end of lease return conditions. Other airframe check costs on leased aircraft are expensed as incurred to the Income Statement. Measurement uncertainty associated with aircraft maintenance provisions arises from the timing and nature of overhaul activity required, lease return dates and conditions, and likely utilisation of the aircraft. As a result of this, and the level of uncertainty attaching to the final outcomes, the actual results may differ significantly from those estimated. The provisions are determined by discounting the future cash flows using pre-tax rate risk free rates specific to the tenor of the provision and the currency in which it arises. The unwinding of the discounting of the provisions is recorded as a finance cost in the Income statement (refer to note 7).

[4] ***Other***

Other provisions relate mainly to free flight entitlements in respect of former employees, dilapidations and other potential legal cases.

27. Contingent liabilities

The Company is party to various uninsured legal proceedings. The Company makes provision for any amounts for which it expects to become liable. On 31 December 2023 these provisions were less than the total amounts claimed by plaintiffs because the Company does not believe that it has any liability for the balance and the proceedings are being defended.

Notes (continued)

28. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

	2023	2022
	€'000	€'000
Deferred tax asset	**71,146**	86,887
Deferred tax liability	**(39,659)**	(42,620)
Net deferred tax asset	**31,487**	44,267

	2023	2022
	€'000	€'000
Deferred tax asset / (liability) at 1 January	**44,267**	47,261
Tax credited to the Income Statement	**(17,602)**	(1,853)
Tax charged directly to equity	**4,822**	(1,141)
Deferred tax asset/(liability) at 31 December	**31,487**	44,267

The movement in deferred tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Provisions	Tax losses	Share based payments	IASS pension adjustment	Derivative financial instruments	Other	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2022	140	84,362	226	4,213	(946)	1,919	89,914
(Charged)/credited to the Income Statement	84	(727)	266	(172)	-	(236)	(785)
(Charged)/credited directly to equity	-	-	-	-	(1,064)	(77)	(1,141)
Prior year adjustment	-	(1,101)	-	-	-	-	(1,101)
At 31 December 2022	224	82,534	492	4,041	(2,010)	1,606	86,887
(Charged)/credited to the Income Statement	**(110)**	**(23,169)**	**561**	**(368)**	**-**	**(4,270)**	**(27,356)**
(Charged)/credited directly to equity	**-**	**-**	**-**	**-**	**4,768**	**54**	**4,822**
Prior year adjustment	**-**	**7,435**	**-**	**-**	**(642)**	**-**	**6,793**
At 31 December 2023	**114**	**66,800**	**1,053**	**3,673**	**2,116**	**(2,610)**	**71,146**

Deferred tax liabilities	Accelerated tax depreciation	Derivative financial instruments	Other	Total
	€'000	€'000	€'000	€'000
At 1 January 2022	42,651	-	-	42,651
Charged/(credited) to the Income Statement	(31)	-	-	(31)
Credited directly to equity	-	-	-	-
At 31 December 2022	42,620	-	-	42,620
Charged/(credited) to the Income Statement	**(2,961)**	**-**	**-**	**(2,961)**
Credited directly to equity	**-**	**-**	**-**	**-**
At 31 December 2023	**39,659**	**-**	**-**	**39,659**

Notes (continued)

28. Deferred tax (continued)

Deferred tax charged directly to equity is as follows:

	2023	2022
	€'000	€'000
Cash flow hedging reserve	**4,768**	(1,064)
Remeasurement of post-employment benefit obligations per OCI	**54**	(77)
	4,822	(1,141)

Management is satisfied, based on expected future performance, as indicated by the Company's five-year projections, that the recognition of the deferred tax assets is appropriate on the basis that their recoverability is probable.

The Company holds unutilised capital losses of €17 million (2022: €17 million) in respect of which no deferred tax asset is recognised.

29. Called-up share capital

	2023	2022
	€'000	€'000
Authorised		
260,000,000 ordinary shares of €1.25 each	**325,000**	325,000
15,000,000 preferred ordinary shares of €1.25 each	**18,750**	18,750
At 31 December	**343,750**	343,750
Allotted, called up and fully paid - presented as equity		
255,393,003 ordinary shares of €1.25 each	**319,241**	319,241
15,000,000 preferred ordinary shares of €1.25 each	**18,750**	18,750
At 31 December	**337,991**	337,991

30. Other reserves

	2023	2022
	€'000	€'000
Capital conversion reserve fund		
At 1 January and 31 December	**1,705**	1,705
Cash flow hedging reserve		
At 1 January	**19,270**	6,486
Reclassified and reported in net profit/loss	**(12,603)**	87,651
Deferred tax on amounts reclassified and reported in net profit/loss in the period	**1,400**	(9,440)
Fair value movements in equity in the year	**(17,421)**	(73,801)
Deferred tax on fair value movements in equity in the year	**1,936**	8,374
Gains at 31 December	**(7,418)**	19,270
Cost of Hedging Reserve		
At 1 January	**-**	-
Fair value movements on cost of hedging	**(28,698)**	-
Deferred tax impact	**3,189**	-
Cost of hedging reclassified and reported in net profit/loss	**18,294**	-
Deferred tax impact	**(2,033)**	-
Gains at 31 December	**(9,248)**	**-**
Capital contribution reserve		
At 1 January and 31 December	**13,207**	13,207
Retained earnings		
At 1 January	**(785,341)**	(762,873)
Profit/(loss) for the year	**169,279**	(23,010)
Re-measurement of post-employment benefit obligations	**(381)**	542
Merger by Absorption	**-**	-
Deficit at 31 December	**(616,443)**	(785,341)
Total other reserves	**(618,197)**	(751,159)

Capital conversion reserve fund
The capital conversion reserve fund was attributable to the re-denomination of the nominal value of the Company's shares from Irish Pound to Euro in 2000.

Cash flow hedging reserve
The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (net of tax), principally relating to fuel and forward currency contracts.

Capital contribution reserve

The reserve comprises the cumulative expense recognised in the Income Statement in respect of awards made by the Company's parent (Aer Lingus Group DAC) to employees of Aer Lingus Limited under the terms of the Aer Lingus Long Term Incentive Plan and share option arrangements.

31. Share based payments

IAG operates share based payment schemes as part of the total remuneration package provided to employees. The cost of these awards is recharged from IAG based on their determination of award fair values. The net cost in the year was €6.4 million (2022: €4.5 million rebate).

Notes (continued)
31. Share based payments (continued)

(a) IAG Performance Share Plan

The IAG Performance Share Plan (PSP) is granted to senior executives and managers of the Company who are most directly involved in shaping and delivering business success over the medium to long term. Since 2015, awards have been made as nil-cost options, with a two-year holding period following the three-year performance period, before options can be exercised. All awards since 2015 have three independent performance measures with equal weighting: Total Shareholder Return (TSR) relative to the STOXX Europe 600 Travel and Leisure Index (for 2020 awards) or MSCI European Transportation Index (for prior to 2020 awards), earnings per share, and Return on Invested Capital.

(b) IAG Restricted Share Plan

During 2021, the Group revised its approach to long-term incentives, replacing the existing PSP with a Restricted Share Plan proposal under the new Executive Share Plan (RSP) approved by shareholders in June 2021. The RSP was introduced to increase the alignment of both interests and outcomes between the Group's senior management and shareholders through the build-up and maintenance of senior management shareholdings and an increased focus on the long-term, sustainable performance of the Group. Awards have been made as nil-cost options, with a two-year holding period following the three-year performance period, before options can be exercised. There are no performance measures associated with the awards, although approval at the end of the vesting period will be at the discretion of the Remuneration Committee, considering the Group's overall performance, including financial and non-financial performance measures over the course of the vesting period, as well as any material risk or regulatory failures identified.

32. Financial commitments

(a) Capital commitments

The Company had capital commitments as follows:

	2023 €'000	2022 €'000
Contracted for but not provided		
- Aircraft and equipment	**472,526**	418,313
- Other	**-**	1,270
	472,526	419,583

Included within capital commitments in respect of aircraft and equipment are unhedged amounts denominated in USD of US$304 million (2022: US$380 million). These have been translated at $1.10 (31 December 2022: $1.07).

Notes (continued)

33. Changes in liabilities arising from financing activities

	1 January 2022 €'000	Additions in the year €'000	Repayments €'000	Interest Charges €'000	Foreign Exchange Movements €'000	31 December 2022 €'000
Obligations under interest bearing long-term borrowings	(300,000)	-	250,000	-	-	(50,000)
Obligations under asset financed liabilities	(145,024)	-	13,150	(1,372)	(39)	(133,285)
Obligations under right of use assets	(598,442)	(97,583)	123,394	(44,444)	(16,481)	(633,556)
Total liabilities from financing activities	(1,043,46)	(97,583)	386,544	(45,816)	(16,520)	(816,843)

	1 January 2023 €'000	Additions in the year €'000	Repayments €'000	Interest Charges €'000	Foreign Exchange Movements €'000	31 December 2023 €'000
Obligations under interest bearing long-term borrowings	**(50,000)**	**-**	**50,000**	**-**	**-**	**-**
Obligations under asset financed liabilities	**(133,285)**	**-**	**17,968**	**(6,094)**	**-**	**(121,411)**
Obligations under right of use assets	**(633,558)**	**(72,909)**	**110,875**	**(30,891)**	**14,652**	**(611,831)**
Total liabilities from financing activities	**(816,843)**	**(72,909)**	**178,843**	**(36,985)**	**14,652**	**(733,242)**

34. Government grants and assistance

The Temporary Wage Subsidy Scheme ("TWSS") was implemented by the government of Ireland from 1 March 2020 to 31 August 2020, where those employees designated as being furloughed workers were eligible to have 85 per cent of their wage costs paid up to a maximum of €410 per week. This scheme was replaced with the EWSS from 1 September 2020 and ran through to 30 April 2022. For those qualifying employees (earning less than €1,462 per week), the government reimbursed wage costs up to a maximum of €203 per week. Such costs were paid by the government to the Company in arrears.

The total amount of the relief received under the EWSS by the Company during 2023: nil, due to the cessation of the scheme in 2022 (2022: €6 million).

Notes (continued)

35. Related party transactions

During the ordinary course of business, the Company has transactions with IAG and fellow subsidiary companies, which are considered to be related parties. A summary of these transactions is given below:

	2023	2022
	€'000	€'000
Interline settlement of ticket sales[1]		
Outward billings to subsidiaries and significant shareholders of IAG	**84,722**	72,700
Inward billings from subsidiaries and significant shareholders of IAG	**21,921**	23,533
Transactions and balances with subsidiary undertakings of IAG		
Purchases and recharges from IAG[2]	**4,292**	4,059
Sales to subsidiaries of IAG[3]	**15,014**	14,483
Purchases from subsidiaries of IAG[3]	**32,456**	29,577
Amounts owed to IAG[3]	**6,832**	4,549
Amounts owed to subsidiaries of IAG[3]	**41,115**	42,709
Amounts owed from subsidiaries of IAG[3]	**41,985**	21,419
Amounts owed from IAG	**100,068**	100,068

[1]When a passenger purchases a ticket for a flight from Aer Lingus but is flown by another airline, the other airline will subsequently invoice Aer Lingus and the transaction will be recorded as an Inward billing. If a passenger purchases a ticket for a flight from another Airline but flies with Aer Lingus, the Company will subsequently raise an invoice to the other Airline and the transaction will be recorded as an Outward billing. This practice is common across the airline industry with settlement of these interline transactions processed through IATA Systematic Interline Settlement ("SIS").

[2]The transactions between the Company and IAG comprise management fees in respect of services provided by IAG, recharges between the entities in respect of invoices settled on behalf of the other party and amounts drawn down from group loan facilities.

[3]The transactions between the Company and subsidiaries of IAG include services provided to the Company in respect of engineering, handling and fuel, as well as transactions with Avios Group Limited in respect of the AerClub loyalty program. AerClub members can earn and redeem Avios when flying with Aer Lingus and partner airlines. The Company purchases Avios accrued by members from Avios Group Limited and transactions are included above, within 'Purchases from subsidiaries of IAG'.

The Company has not benefitted from any guarantees for any related party receivables or payables. In addition, the Company has not made any provision for expected credit losses relating to amounts owed by related parties (2022: €nil).

Other related party transactions

The Company's investment in its subsidiary companies is set out in note 14. Amounts due to the Company from subsidiary undertakings and fellow group companies are disclosed in note 16. Amounts due by the Company to fellow group companies are disclosed in note 24.

The Company's contributions to its post-employment benefit obligations are disclosed in Note 22.

In addition, the Company has an agreement with a fellow subsidiary company, Aer Lingus (Ireland) Limited, for the provision of human resource support services and jet fuel and related services.

Aer Lingus (Ireland) Limited earns a mark-up on the provision of human resources support services and on some operating costs equivalent to industry standards. During the year, the Company incurred expenditure of €136.8 million (2022: €99.8 million) on services provided by Aer Lingus (Ireland) Limited.

At the reporting date, there was a balance of €24.9 million outstanding to Aer Lingus (Ireland) Limited from the Company (2022: €14.3 million).

Notes (continued)

35. Related party transactions (continued)

Key management compensation

	2023	2022
	€'000	€'000
Short-term employee benefits	**6,751**	6,229
Post-employment benefits	**307**	263
Share based payments	**325**	1,077
Termination benefits	**1,089**	-
	8,472	7,569

The total amount of remuneration paid to key management (defined as the Executive team reporting to the Board of Directors, together with the Board of Directors) amounted to €8.5 million (2022: €7.6 million) in the year ended 31 December 2023. The senior Executive team totaled 10 individuals in the period (2022: 10).

36. Events after the reporting period

There have been no other significant events occurring after the reporting period, up to and including the date of approval of the financial information within these financial statements by the Board of Directors.

37. Approval of financial statements

The Directors approved the financial statements and authorised them for issue on **15 March 2024.**