Malta International Airport p.l.c.

2022

MALTA INTERNATIONAL AIRPORT

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2022

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INTRODUCTION

Key Data

Industry Indicators	2022	+/-	2021	+/-	2020
Passengers (in million)	5.9	130.3%	2.5	45.3%	1.7
thereof Transfer Passengers	45	(54.1%)	98	(72.5%)	357
Flight movements	40,355	64.6%	24,516	29.2%	18,982
Seat occupancy (in %)	82.5%	21.1 pp	61.4%	4.5 pp	56.9%
MTOW (in million tonnes)	1.6	69.4%	0.9	29.9%	0.7
Cargo (in tonnes)	17,552	9.7%	15,997	(6.4%)	17,086

(EUR mn)	2022	+/-	2021	+/-	2020
Total Revenue	88.0	85.6%	47.4	47.4%	32.2
thereof Aviation Revenue	58.3	109.8%	27.8	55.7%	17.9
thereof Non-Aviation Revenue	29.7	51.3%	19.6	36.9%	14.3
EBITDA	54.9	128.0%	24.1	329.4%	5.6
EBITDA Margin (in %)	62.4%	11.6 pp	50.8%	33.3 pp	17.4%
EBIT	43.5	239.4%	12.8	(421.4%)	(4.0)
EBIT Margin (in %)	49.4%	22.4 pp	27.0%	39.4 pp	(12.4%)
Net Profit / (Loss)	38.9	457.3%	7.0	(264.1%)	(4.3)
ROCE (in %)	17.0%	12.0 pp	5.0%	6.8 pp	(1.8%)
Cash (incl. term deposits & treasury bills)	68.7	110.0%	32.7	5.4%	31.0
Equity	170.9	29.7%	131.8	5.6%	124.8
Balance Sheet Total	285.1	17.5%	242.7	3.3%	235.0
Capital Expenditure	12.4	35.2%	9.2	(43.6%)	16.3
Taxes on Income	2.9	(30.3%)	4.1	(371.6%)	(1.5)
Average Employees (No.)	355	7.9%	329	(12.7%)	377

Stock Market Indicators	2022	+/-	2021	+/-	2020
Shares outstanding (in million)	135.3	0.0%	135.3	0.0%	135.3
P/E ratio	20.2	(82.5%)	115.4	n.a.	(200.0)
Earnings per share (in EUR)	0.287	451.9%	0.052	n.a.	(0.031)
Net Dividend (in EUR per share)*	0.120		n.a.		n.a.
Net Dividend Yield (in %)	2.1%		n.a.		n.a.
Pay-out Ratio (in % of Net Profit)**	60.4%		n.a.		n.a.
Market capitalisation (in EUR million)	784.7	(3.3%)	811.8	(3.2%)	838.9
Stock price as at Year End (in EUR)	5.80	(3.3%)	6.00	(3.2%)	6.20
Stock Price - Low (in EUR)	5.55	(0.9%)	5.60	60.0%	3.50
Stock Price - High (in EUR)	6.05	(6.9%)	6.50	(7.1%)	7.00
Market weighting (in %)	11.4%	0.2 pp	11.2%	(0.9 pp)	12.1%

* Recommendation to the Annual General Meeting for the reporting period

**€12mn tax credit removed from calculation

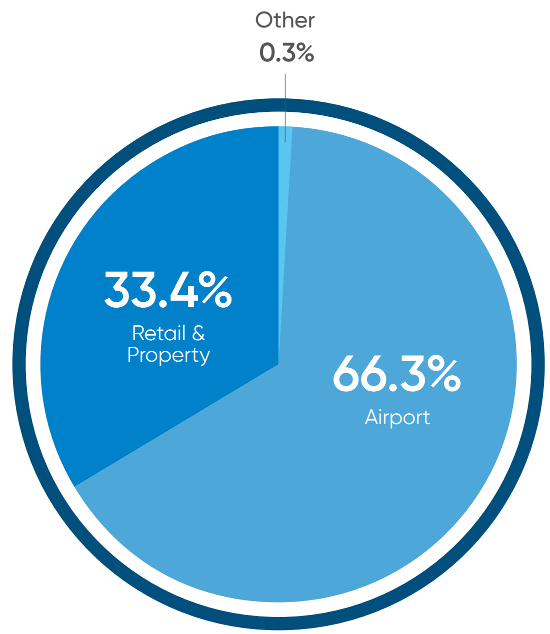
ROE (Net Profit / Average Equity)	25.7%		5.4%		-3.3%
ROE (Net Profit / Equity at YE)	22.7%		5.3%		-3.4%

EBITDA & EBIT

IN € MILLION

Revenue

BY SEGMENT



Introduction

01

Chairman's Message

Although 2022 has unquestionably been another challenging year for the aviation industry, the long-term vision of the Company, supported by our shareholders, stakeholders and the airport team, is enabling Malta International Airport to not just navigate the post-pandemic world but to thrive in it.

The disciplined financial management exercised by the Company to retain talent and resources throughout the pandemic yielded the desired results once travel restrictions were lifted entirely in 2022, spurring public demand for air travel. From a traffic development perspective, the airport team has been successful in collaborating with airline partners to recover routes and start restoring flight frequency to pre-pandemic levels. In fact, despite Malta International Airport's low operating levels in the first quarter of the year, over 5.8 million passenger movements were registered during the year under review, which translates to an 80% recovery of the airport's record pre-pandemic passenger volumes.

As risks to the Company's financial stability prevailed during the year under review, the Board of Directors focused on alleviating the financial strain on the Company and strengthening resilience. A significant achievement in this regard was the posting of a net profit of €38.9 million in 2022. This included state aid amounting to €12 million, which was granted in tax credit to compensate for the financial losses sustained as a direct consequence of the COVID-19 pandemic.

The Company is now looking towards creating a firm basis for future growth through a €175 million investment in a customer-centric expansion of the existing terminal facilities, which will support the Malta International Airport team in anticipating the needs and surpassing the expectations of airport guests while simultaneously improving service quality. The five-year infrastructural development programme will see Malta International Airport construct a new apron with the two-fold aim of increasing aircraft parking capacity and ensuring smoother air traffic operations. Despite the fact that this development is aligned with long-term demand, the team will be executing this project in stages to cater for air traffic growth in the short term, with the first parking slots set to become available next year.

In parallel with apron capacity expansion, Malta International Airport will also be investing in the improvement of the passenger experience within the main terminal and the VIP Terminal. Apart from helping us overcome capacity constraints, such improvements will facilitate the airport journey for travelling guests and improve our service offering as we continue to work towards attracting guests and rebuilding passenger confidence in air travel.

Steering our way out of this pandemic-induced period of turbulence has been no easy feat, but the guidance and strong leadership of our Management team have continued to inspire confidence and maintain continuity within the business throughout these difficult years. I would like to thank Chief Executive Officer Alan Borg for accepting to lead the airport team for another term. I am confident that with Mr Borg at the helm, the Company can realise its ambitious investment programme while continuing to regain lost ground.

I would also like to take this opportunity to sincerely thank all our shareholders for the confidence they have placed in the future of Malta International Airport as well as the airport team and stakeholders for their efforts and invaluable contributions, particularly during these past few years. The road ahead is long and will not be without obstacles, but with a clear strategic direction, improved infrastructure and a resilient team behind us, I am certain that the Company will rise to the challenge and continue to prosper.

NIKOLAUS GRETZMACHER
CHAIRMAN

Messaġġ taċ-Chairman

Għalkemm l-2022 kienet bla dubju sena oħra mimlija sfidi għas-settur tal-avjazzjoni, il-viżjoni fit-tul tal-Kumpanija, bl-appoġġ tal-azzjonisti tagħna, l-istakeholders u l-ħaddiema tal-ajruport, qed tassigura li l-Ajruport Internazzjonali ta' Malta mhux biss jegħleb l-isfidi ta' wara l-pandemija imma jeċċella f'dinja mibdula.

Id-dixxiplina fl-amministrazzjoni finanzjarja li l-Kumpanija eżerċitat biex iżżomm it-talent u r-riżorsi tagħha fi żmien il-pandemija, wasslet biex jinkisbu r-riżultati mixtieqa malli r-restrizzjonijiet tal-ivvjaġġar tneħħew kompletament fl-2022 u reġgħet xprunat id-domanda għall-ivvjaġġar. F'dak li għandu x'jaqsam mal-iżvilupp tat-traffiku, it-tim tal-ajruport kiseb riżultati importanti fil-kollaborazzjoni tiegħu ma' linji tal-ajru biex jiġu rkuprati rotot u anke l-frekwenza tat-titjiriet miksuba qabel faqqgħet il-pandemija. Fil-fatt, minkejja li fl-ewwel kwart tas-sena li għaddiet, l-operat fl-Ajruport Internazzjonali ta' Malta kien għadu baxx ħafna, sal-aħħar tas-sena għaddew mill-ajruport 5.8 miljun passiġġier li jfisser irkupru ta' 80% fil-moviment rekord tal-passiġġieri miksub qabel il-pandemija.

Hekk kif is-sena li għaddiet kien għad hemm riskji għall-istabbiltà finanzjarja tal-Kumpanija, il-Bord tad-Diretturi ħadem biex iżomm taħt kontroll il-piż finanzjarju u anke jsaħħaħ ir-reżiljenza tal-Kumpanija. Riżultat importanti kien il-fatt li s-sena li għaddiet, il-Kumpanija għamlet profitt nett ta' €38.9 miljun. Dan kien jinkludi għajnuna mill-istat li kienet tammonta għal €12-il miljun fi kreditu tat-taxxa biex tikkumpensa għat-telf finanzjarju li l-Kumpanija ġarrbet minħabba l-pandemija tal-COVID-19.

Il-Kumpanija issa qed tħares 'il quddiem biex tibni bażi b'saħħitha għat-tkabbir fil-futur permezz ta' investiment ta' €175 miljun li se jara l-espansjoni tat-terminal tal-ajruport u anke se jassigura titjib infrastrutturali fil-faċilitajiet kollha għall-passiġġieri. Dan l-investiment se jkun qed jgħin lit-tim tal-Ajruport Internazzjonali ta' Malta huwa u jantiċipa l-bżonnijiet tal-passiġġieri u dak li jistennew mill-ajruport, filwaqt li jkompli jsaħħaħ il-kwalità tas-servizz li joffri. Dan il-pjan ta' żvilupp infrastrutturali, mifrux fuq ħames snin, se jinkludi l-bini ta' parkeġġ ġdid għall-ajruplani bil-għan li jżid il-kapaċità u anke jassigura mmaniġġjar aħjar tat-traffiku fl-ajruport. Filwaqt li dan l-iżvilupp jindirizza l-viżjoni fit-tul, it-tim se jkun qed jimplimenta dan il-proġett fi stadji biex anke jindirizza t-tkabbir fit-traffiku fl-immedjat. Fil-fatt, dan il-parkeġġ mistenni jilqa' l-ewwel ajruplani s-sena d-dieħla.

Apparti din l-espansjoni, l-Ajruport Internazzjonali ta' Malta se jinvesti biex itejjeb l-esperjenza tal-passiġġieri kemm fit-terminal prinċipali u anke f'dak tal-VIP. Apparti li dawn ix-xogħlijiet se jindirizzaw diffikultajiet marbuta mal-ispazju, fl-istess ħin se jiffaċilitaw ukoll il-vjaġġ tal-passiġġieri fl-ajruport, filwaqt li se jtejbu s-servizzi offruti. Dan kollu se jiġri fl-istess ħin li t-tim ikompli jaħdem biex jiġbed aktar passiġġieri u jkompli jsaħħaħ il-fiduċja fl-ivvjaġġar.

Il-ħidma biex negħlbu l-isfidi li ġabet magħha l-pandemija ma kinitx waħda faċli imma bis-saħħa tat-tmexxija b'saħħitha tat-tim tagħna komplejna nispiraw il-kunfidenza u nżommu kontinwità fl-operat matul dan iż-żmien diffiċli. Nixtieq nirringrazzja wkoll lill-Kap Eżekuttiv Alan Borg li aċċetta li jmexxi t-tim tal-ajruport għal terminu ieħor. Jiena kunfidenti li bis-Sur Borg fit-tmun, il-Kumpanija se tirkupra dak li tilfet u anke timplimenta l-programm ambizzjuż ta' investiment.

Irrid nieħu wkoll din l-okkażjoni biex minn qalbi nirringrazzja lill-azzjonisti kollha tagħna għall-fiduċja li poġġew fil-futur tal-Ajruport Internazzjonali ta' Malta. It-triq quddiemna hija twila u mhux se tkun bla ostakli, imma b'direzzjoni strateġika ċara, infrastruttura aħjar u tim reżiljenti warajna, ninsab ċert li l-Kumpanija se tqum għall-okkażjoni, tegħleb l-isfidi u tkompli tikber.

NIKOLAUS GRETZMACHER
CHAIRMAN

Introduction

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CEO's Review

After three years of operating under the shadow of COVID-19, a light is breaking out at the end of the tunnel. With a renewed focus on capacity planning and improving the passenger experience, Malta International Airport is now looking beyond the pandemic to move forward as a stronger and more resilient organisation.

In 2022, Malta International Airport's passenger traffic volume diminished by 20% in comparison to 2019, with 5,851,079 passenger movements being registered by the end of the year. The dip in passenger traffic during the first quarter was primarily attributable to the stringent travel restrictions that were reinstated by the Maltese government in January, leading Malta to continue recovering at a slower pace than its direct competitors. The lifting of all travel restrictions in July gave cause for optimism as we began to see a steady build in the number of passengers travelling through Malta International Airport, which led us to achieve record seat occupancy levels over the summer months. The demand for air travel remained strong throughout the winter months, with December registering the strongest passenger traffic recovery rate since the onset of the pandemic.

The grounding of all non-essential flights pushed us to focus on strengthening relationships with our airline partners and Malta's tourism stakeholders in order to enhance our route development strategies and consider new opportunities. Apart from seeking out opportunities to rebuild year-round connectivity to the Maltese Islands, this was an important time for our Company to identify potential areas for long-term growth and improvement, not only to make Malta a more attractive destination to our airline partners but also to restore confidence in our guests.

I am immensely proud of the airport team for never losing sight of the needs of travelling and visiting guests, despite the obstacles faced over the past years. It was this focus on delivering an excellent service at each touchpoint that enabled us to maintain our rank amongst the best airports in Europe in our size category for the fifth consecutive year. Apart from attaining a high passenger satisfaction score of 4.41 in Airports Council International's Airport Service Quality Survey for 2022, we were also pleased to see that passengers commended our airport's ambience and facilities, as well as the efficient processing at security checkpoints and border control.

Operationally, the Company is flexing up to overcome capacity constraints and exploit opportunities for future growth through an investment programme targeting various areas within the airport campus over the next five years. With a stronger revenue diversification strategy to guide us and a solid financial basis to build upon, we are continuing to position our airport for long-term success while also maximising shareholder value by balancing capital investment with shareholder returns.

An equally important factor that we considered was how to integrate socially responsible practices throughout our business in order to ensure that our processes remain efficient and sustainable as we continue to grow. Indeed, to reaffirm its commitment towards achieving net zero status by 2050, during the year under review, Malta International Airport endorsed the Toulouse Declaration on the decarbonisation of aviation. Through the Malta Airport Foundation, the Company has also restarted its philanthropic work within neighbouring communities, organising numerous clean-ups and investing in initiatives aimed at safeguarding the heritage of the Maltese Islands.

We welcomed the 2023 financial year with cautious optimism. Despite last year's trend of positive passenger traffic growth continuing well into the first quarter of the year, Malta International Airport remains susceptible to certain external risk factors impacting the aviation industry as a whole. With that said, I am confident that the outstanding commitment and dedication of our team, together with the trust that our shareholders and business partners have placed in our Company, will help Malta International Airport master these challenges and thrive within a transformed global landscape.

ALAN BORG
CEO

Introduzzjoni

Rendikont tal-Kap Eżekuttiv

Wara tliet snin noperaw taħt id-dell tal-COVID-19, fl-aħħar qed naraw xaqq ta' dawl. Aħna u niffukaw fuq pjan ta' kapaċità u anke titjib fl-esperjenza tal-passiġġieri, l-Ajruport Internazzjonali ta' Malta issa jista' jħares lil hinn mill-pandemija biex jimxi 'l quddiem bħala organizzazzjoni aktar b'saħħitha u reżiljenti.

Fl-2022, il-volum tat-traffiku tal-passiġġieri fl-Ajruport Internazzjonali ta' Malta naqas b'20% meta mqabbel mal-2019. Fil-fatt, sal-aħħar tas-sena li għaddiet, għaddew mill-ajruport 5,851,079 passiġġier. Primarjament, it-tnaqqis fit-traffiku tal-passiġġieri fl-ewwel kwart tas-sena kien riżultat dirett tar-restrizzjonijiet stretti fuq l-ivvjaġġar li l-Gvern Malti kien reġa' daħħal fis-seħħ f'Jannar u li wasslu biex Malta tirkupra b'pass aktar kajman mill-kompetituri diretti tagħha. It-tneħħija tar-restrizzjonijiet kollha f'Lulju saħħet l-ottimiżmu tagħna hekk kif bdejna naraw żieda kostanti fl-għadd ta' passiġġieri li bdew jgħaddu mill-Ajruport Internazzjonali ta' Malta. Dan wassal biex fl-istaġun tas-sajf ksibna livelli rekord fis-seat load factor. Id-domanda għall-ivvjaġġar baqgħet soda matul ix-xhur tax-xitwa, b'Diċembru jirreġistra l-aktar rata b'saħħitha ta' rkupru fit-traffiku tal-passiġġieri minn meta faqqgħet il-pandemija.

Hekk kif twaqqfu diversi titjiriet mhux essenzjali, l-ajruport ħadem biex isaħħaħ ir-relazzjoni tiegħu mal-linji tal-ajru u anke mal-istakeholders fis-settur tat-turiżmu f'Malta bil-għan li nsaħħu l-istrateġija tagħna għal żvilupp ta' rotot filwaqt li nikkunsidraw opportunitajiet ġodda. Apparti l-ħidma biex nibnu mill-ġdid konnettività matul is-sena kollha għall-gżejjer Maltin, dan kien żmien importanti għall-Kumpanija biex tidentifika oqsma potenzjali għal tkabbir fit-tul, mhux biss biex linji tal-ajru jaraw f'Malta destinazzjoni aktar attraenti, imma anke biex nerġgħu nsaħħu l-kunfidenza fit-turisti.

Jiena kburi immens bit-tim tal-ajruport li baqa' attent għall-bżonnijiet tal-passiġġieri u l-viżitaturi tagħna, minkejja d-diversi ostakli li ħabbat wiċċu magħhom fl-aħħar snin. Dan l-impenn biex jibqa' jingħata servizz eċċellenti f'kull tappa tal-ajruport wassal biex żammejna postna fost l-aqwa ajruporti fl-Ewropa, tad-daqs tagħna, għall-ħames sena konsekuttiva. Apparti li ksibna riżultat b'saħħtu ta' 4.41 f'dak li għandu x'jaqsam mas-sodisfazzjon tal-passiġġieri li għaddew mill-ajruport, is-Sondaġġ dwar il-Kwalità tas-Servizz tal-Kunsill Internazzjonali tal-Ajruporti għall-2022 wera wkoll li l-passiġġieri tagħna kienu kuntenti bl-ambjent u l-faċilitajiet offruti u anke s-servizz mogħti mill-uffiċjali tas-sigurtà u dawk tal-kontroll tal-fruntieri.

Il-Kumpanija qed taħdem ukoll biex tegħleb ir-restrizzjonijiet ta' kapaċità u spazju u anke tisfrutta opportunitajiet ta' tkabbir fil-futur permezz ta' programm ta' investiment li fil-ħames snin li ġejjin se jittrasforma diversi żoni madwar l-ajruport. Bis-saħħa ta' strateġija b'saħħitha għad-diversifikazzjoni tad-dħul tagħna u anke bażi finanzjarja soda, nistgħu nkomplu nassiguraw storja ta' suċċess għall-ajruport u nkomplu nimmassimizzaw il-valur tal-ishma tagħna billi noħolqu bilanċ bejn l-investiment kapitali u d-dħul tal-azzjonisti.

Fattur daqstant ieħor importanti li żammejna quddiemna, huwa kif se nintegraw prattiki responsabbli fl-operat kollu tagħna biex nassiguraw li l-ħidma tagħna tibqa' effiċjenti u sostenibbli filwaqt li nkomplu nikbru. Fil-fatt, bħala parti mill-impenn biex sal-2050 ma jkunx qed jipproduċi emissjonijiet, l-Ajruport Internazzjonali ta' Malta qed jappoġġja d-Dikjarazzjoni ta' Toulouse għad-dekarbonizzazzjoni tal-avjazzjoni. Permezz tal-Malta Airport Foundation, il-Kumpanija qed tkompli taħdem ukoll ma' diversi komunitajiet madwar l-ajruport, torganizza inizjattivi ta' tindif madwar il-pajjiż u tinvesti fi proġetti li jissalvagwardjaw il-patrimonju tal-gżejjer Maltin.

Ilqajna s-sena finanzjarja 2023 b'ottimiżmu kawt. Minkejja li t-traffiku tal-passiġġieri kompla jiżdied anke fl-ewwel kwart ta' din is-sena, l-Ajruport Internazzjonali ta' Malta jibqa' suxxettibbli għal ċerti riskji esterni li qed iħallu impatt fuq is-settur tal-avjazzjoni inġenerali. B'dan f'moħħna, jiena kunfidenti li l-impenn straordinarju u d-dedikazzjoni tat-tim tagħna, flimkien mal-fiduċja li l-azzjonisti u s-sħab kummerċjali tagħna poġġew fil-Kumpanija, se jkunu qed jgħinu lill-Ajruport Internazzjonali ta' Malta biex jegħleb dawn l-isfidi u anke jirnexxi f'dinja li nbidlet.

ALAN BORG
KAP EŻEKUTTIV

Corporate Governance

Malta International Airport p.l.c.'s corporate governance structures are designed to ensure that suitable and appropriate checks and balances are in place.

The Board is composed of a maximum of five non-executive directors and three executive directors. This balance is entrenched in the Company's Memorandum and Articles, which requires that the Chief Executive Officer is an ex officio director and allows for two other senior Company executives to sit on the Board.

The Board assigns specific responsibilities to a number of committees, notably the Executive Committee, which is headed by the Chief Executive Officer, and the Audit Committee, each of which operates under formal terms of reference. During the period under review, the Board of Directors met six times.

The Audit Committee is composed of three non-executive Company directors. Its role is to monitor internal systems and related costs. During the period under review, it met seven times. The Chief Executive Officer is accountable to the Company's Board of Directors for all business operations.

The members of the Board of Directors for the year under review were:

Mr Nikolaus Gretzmacher
Chairman

Mr Alan Borg
Chief Executive Officer

Mr Karl Dandler
Chief Financial Officer

Ms Rita Heiss
Non-Executive Director

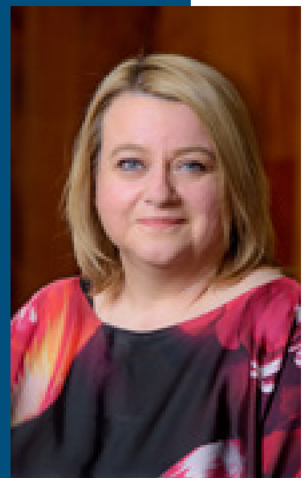
Dr Wolfgang Koeberl
Non-Executive Director

Mr Florian Nowotny
Non-Executive Director

Dr Cory Greenland
Non-Executive Director

Dr Louis de Gabriele
Company Secretary





Executive Committee

The Executive Committee's members are the Chief Executive Officer, who heads the Committee, the Chief Financial Officer and the heads of each department. On average, the Executive Committee meets thrice monthly.

The Heads of Department sitting on the Executive Committee are:

Ing. Martin Dalmas
Airport Operations

Mr George Mallia
Retail and Property

Mr Ian Maggi
Innovation and Technology

Mr Patrick Murgo
Safety, Security, Fire Services and Procurement

Ms Tina Lombardi
HR, Strategy and Marketing

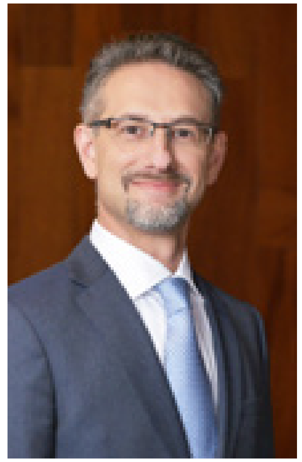
Ing. Kevin Alamango
Technical Services

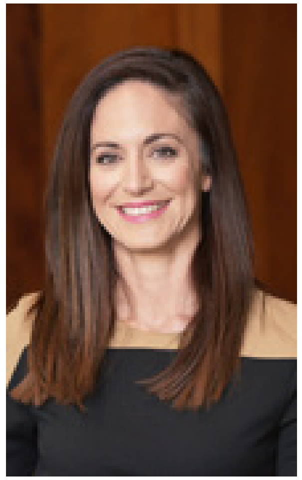
Mr Heinz Lachinger
Finance

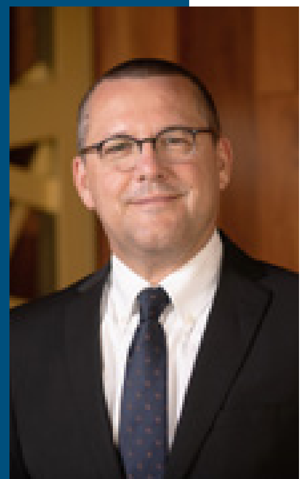
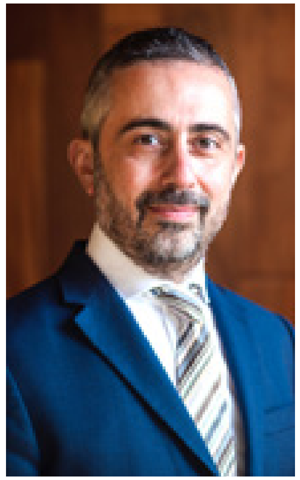
Mr Robert Mizzi
Aerodrome Safety and Compliance

Mr Alex Cardona
Customer Services, Traffic Development and Administration








Our Company Strategy

Our mission is to offer our guests an experience that is equal parts safe and delightful. One of our top priorities is to maintain a safe airport environment that inspires confidence in air travel in our guests. On the other hand, we also believe in making the airport experience a delightful and memorable one, allowing our guests to enjoy the best start or end to their travels.

Guided by our vision to offer the best airport experience in Europe, we continually invest in a well-designed, safe and efficient airport that meets and exceeds the needs and expectations of our guests.

In addition, and by way of diversifying our business model from our core aviation business, the Company is to continue investing in its retail and property segment, capitalising on the SkyParks Business Centre brand.

Therefore, our twin strategy of constantly enhancing the guest experience and diversifying our business model is how we, as a company, can achieve sustainable growth while delivering attractive shareholder returns.

Finally, supporting our people and their talents is fundamental to reaching our strategic objectives. The latter, together with our pursuit of constant innovation, from our internal modus operandi to our business model and strategy, is the ultimate way in which we can compete and remain market leaders.

Mission

Our mission is to operate Malta's airport in a sustainable manner, provide an enjoyable and safe visitor experience and deliver value to our stakeholders.

Vision

Our vision is to offer the best airport experience in Europe that consistently seeks to delight our guests.

Our Values

INTEGRITY

We embrace the highest standards of integrity in all our actions, particularly honesty and commitment.

SUSTAINABILITY

We cherish sustainable strategies that balance the interests of the community on which we have an impact, the environment and our economic performance over the long term.

TEAMWORK

We seek to build the success of this Company on the teamwork of our people and collaboration with our airport and tourism partners in order to satisfy the needs of our guests.

SERVICE EXCELLENCE

We want our people to provide excellent service to each and every guest. We aim to be caring and meticulous in everything we do and continually seek to exceed our visitors' expectations.

EMPOWERMENT

We want to provide our employees with all the support, trust, resources, autonomy and recognition that they need in order for them to become responsible and accountable for their actions and accomplish their goals and succeed.

02

EMPOWERING OUR PEOPLE

02 Empowering Our People

In the aftermath of the COVID-19 pandemic, the competition for talent has grown fiercer.

As company values, flexibility and professional development opportunities continue to move up the priority list of prospective employees, the Human Resources department has focused its efforts on moulding the employee experience around these changing priorities in a bid to solidify the Company's position among the country's top employers.

SEEKING OUT AND RETAINING TOP TALENT

Following the lifting of a hiring freeze, the Company sought to fill vacant positions across departments during the year under review. Considering the effect that soaring travel demand had on airport operations and passenger service requests post-pandemic, gaps within the Customer Services and Security departments needed to be filled urgently.

Meanwhile, tightening European Aviation Safety Agency (EASA) requirements also resulted in additional vacant positions within the Facilities department. Consequently, the employee headcount rose by 14% from 324 employees in December 2021 to 370 employees by the end of 2022.

12.1%

Turnover Rate

39 **years**

Average Age of Employees

9 **years**

Average Length of Service

355

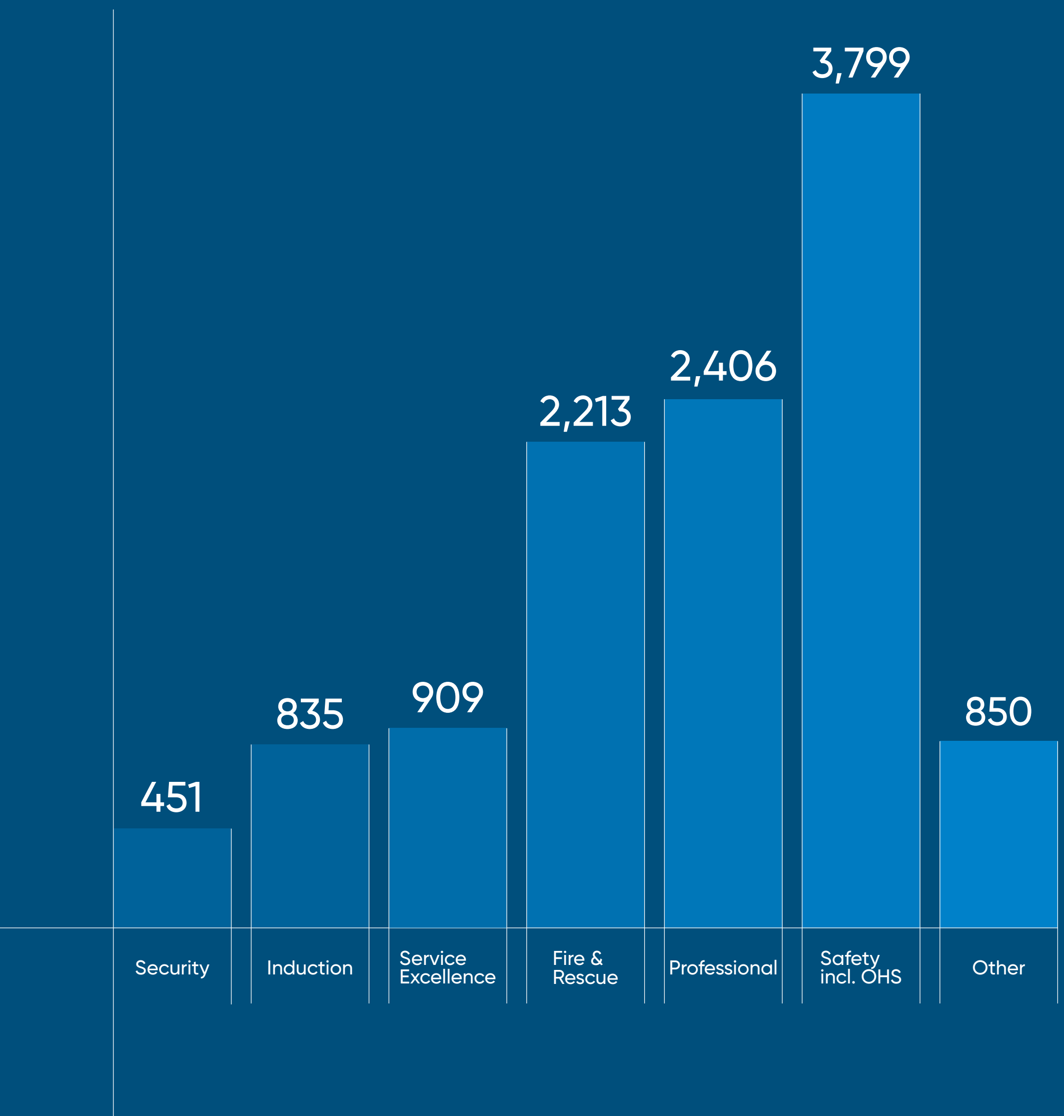
Average Number of Employees

Apart from onboarding new employees, the Company also invested in upskilling its team members through tailored training programmes aimed at helping them thrive in a post-pandemic work environment.

Training Hours

11,463
TOTAL HOURS

Average Number of Training Hours Per Employee
31 Hours



PROVIDING TRAINING AND PROFESSIONAL DEVELOPMENT OPPORTUNITIES

In a business landscape that is constantly evolving, adapting effectively by upskilling the workforce remains critical to the Company's success. Employees across all departments were offered training opportunities in various areas of expertise throughout the year, with the average number of training hours per employee standing at almost 31 hours.

At 3,799 hours, the largest share of training hours for 2022 was dedicated to safety training, including basic first aid training, which was offered to frontliners forming part of the Customer Services and Security departments, as well as members of the Technical Facilities, Networks, and Rescue and Firefighting Services teams. Radiation Safety Awareness courses were also provided to the Security department to educate the team about the risks of radiation while informing all exposed personnel of the latest safety standards and practices for using X-ray screening equipment.

Over 2,400 hours of professional training was given during the year, and a further 2,213 hours were dedicated to fire and rescue training. This last figure however, excludes an additional 1,600 hours of training for new recruits joining the Rescue and Firefighting department, as well as 6,560 hours of physical training.

The method of training which, wherever possible, was favoured by the Company was training for trainers. By investing in such professional development programmes, the Company empowered employees to become effective trainers who can then teach colleagues within the organisation. Consequently, the Company was able to standardise its internal training programmes and tailor them to the specific needs of its people, ensuring consistency across departments whilst also facilitating collaboration among the team.

PRIORITISING EMPLOYEE NEEDS

The Company's Annual Employee Survey, made available to employees in the last quarter, is a safe space where employees can anonymously share feedback about their employment. While the primary goals of this survey are to foster employee engagement and encourage two-way communication between management and employees, the feedback received also alerts the Company of potential areas of improvement.

In 2022, 76% of the workforce offered feedback through the Annual Employee Survey, and the Company was pleased to receive positive results for employee well-being, communication and job satisfaction. More importantly, a number of employee pain points were identified, with performance feedback, career progression and workload distribution receiving the lowest scores.

From an employer perspective, the Company's focus in the coming year will be to address these pain points and take the necessary action to improve the employee experience at Malta International Airport. After reviewing the feedback received, a fifth Company value – that of Empowerment – was introduced in the last quarter of 2022 to demonstrate Malta International Airport's commitment to providing employees with the support, trust, resources, autonomy and recognition they need to become responsible and accountable for their actions, accomplish their goals and succeed professionally.

In addition, the Human Resources department has begun to map out the learning and professional development journey of employees occupying professional and managerial roles within the Company, enabling them to better visualise their future at Malta International Airport. To better tackle workload distribution, the Company will continue to position itself as an attractive employer and collaborate with educational institutions to connect with qualified candidates who can further support its workforce.

Following a series of productive meetings with local trade unions, a new Collective Agreement came into force in January 2023 for the coming five-year term, with the most significant changes being the alignment of salaries with market rates, the introduction of a shift allowance for firefighters and the establishment of sustainability-related key performance indicators for all employees.

PROMOTING MENTAL AND PHYSICAL WELL-BEING

Through a successful partnership with the Richmond Foundation, the Company has continued to promote mental well-being at work by helping its workforce through free mental health and emotional support sessions. In 2022, the Company renewed its agreement with the Richmond Foundation and has now allocated a training budget for mental health courses offered by the non-governmental organisation.

The first training programme offered under this agreement was a Mental Health First Aid course aimed at equipping employees, particularly those in customer-facing roles, with the skills required to support colleagues and guests struggling with a mental health problem or crisis until they receive professional treatment.

Further efforts to foster a healthy work-life balance and encourage employees to take care of their physical health consisted of a well-being allowance of €300, which was once again made available to employees covered by the Collective Agreement, a free gym membership at SkySpirit Fitness Centre and a varied social event calendar that was rolled out once COVID-19 restrictions were lifted.

03

ELEVATING THE GUEST EXPERIENCE

03 Elevating the Guest Experience

Every aspect of the guest experience has been turned on its head over the past two years.

As passenger traffic continued to rise to pre-pandemic norms in 2022, the Company was once again pushed to reevaluate the airport experience and ensure that levels of health and safety, customer service and corporate responsibility were commensurate with the challenges of post-pandemic air travel.

To better align the airport journey with the needs of visitors and travellers, the Company continued to take a proactive approach to collecting feedback from guests. In this respect, among the more significant investments during the year under review was the replacement of physical comment card stations around the terminal with digital kiosks. This change had a two-fold objective; firstly, to provide guests with a more user-friendly and efficient means of communicating their feedback with the Company, and secondly, to relay the inputted feedback instantaneously to the ICT, Customer Services and Communications departments for them to take action accordingly.

Following the success of the Secret Passenger Programme, launched in 2021, the Airport Operations department spearheaded another initiative to gain further insight into the airport guest experience from the perspective of non-travelling visitors through an Airport Visitor Experience Survey. This survey is helping the Company identify and eliminate common pain points throughout the airport journey by inviting guests to rate various aspects of their experience, including airport access, terminal cleanliness, ease of wayfinding and friendliness of the staff. While the survey was initially completed on paper, a digital version of the Airport Visitor Experience Survey was made available in the first quarter of 2023.

In addition, three focus group sessions were organised by the Company in the last quarter of 2022 to gauge public sentiment about Malta International Airport's corporate responsibility efforts, retail, food and beverage offering, and capital investment strategy. An average of nine participants, who represented our varied customer personas, were included in each session. The in-depth insights gathered through these sessions, and the aforementioned Airport Visitor Experience Survey, continue to inform our Company strategy and ensure that it remains aligned with the needs and expectations of our guests.

OFFERING IN-HOUSE EMPLOYEE TRAINING

As the recovery of passenger traffic kept apace, the number of special services requested by travelling guests rose by 46% since 2019. A total of 36,588 requests required team members on the frontline to provide terminal assistance or a fast-track, porterage, meet-and-greet or chauffeur service throughout the year under review. Thus, on-the-job training was provided to new recruits to not only manage resources efficiently, but also to accelerate the onboarding of new employees without sacrificing any training outcomes.

Apart from building on the technical abilities of its frontliners, the Customer Services department's training programmes also focused on soft skills training, ranging from active listening and effective communication to time management and decision-making.

RECEIVING RECOGNITION FROM AIRPORTS COUNCIL INTERNATIONAL

In 2022, Airports Council International renewed Malta International Airport's Airport Customer Experience Accreditation at Level 3 in acknowledgement of the Company's commitment to service excellence and the exemplary efforts of its team to surpass the expectations of airport guests. This achievement was initially attained in 2021, as Malta International Airport became the first airport in Europe to reach Level 3 of the five-level programme.

For the fifth consecutive year, Malta International Airport was also named among the best airports within the 5-15 million passenger category in Airports Council International's Airport Service Quality awards for 2022. At 4.41, the Company's overall passenger satisfaction score was not only its best result to date but was also significantly higher than both the European average of 4.08 and the airport size category average, which stood at 4.29. The airport also achieved particularly high passenger scores on indicators like waiting time, courtesy of the airport security staff, terminal cleanliness, ease of making a connection and the availability of washrooms.

Airport Service Quality Survey 2022: Key Performance Indicators

Malta International Airport
Overall Satisfaction Score

4.41

European Airport Average
4.08

5-15M Passenger Airport Group
4.29

	Score	European Average	5-15M
Waiting Time at Check-In	4.31	4.10	4.33
Courtesy and Helpfulness of Security Staff	4.46	4.17	4.33
Terminal Cleanliness	4.33	4.05	4.25
Ease of Making a Connection	4.34	3.91	4.24
Availability of Washrooms	4.21	3.93	4.18

04

RECOVERING PASSENGER TRAFFIC

04 Recovering Passenger Traffic

Business Mix

Top Five Airlines

Rank	Airline	Passenger Movements 2022	% Change 22/21	% Change 22/19
1st	Ryanair	2,624,292	134.9%	-7.0%
2nd	Air Malta	1,508,340	152.7%	-28.0%
3rd	Lufthansa	293,956	69.7%	-7.3%
4th	easyJet	285,071	114.4%	-30.2%
5th	Wizz Air	280,629	141.0%	-27.6%

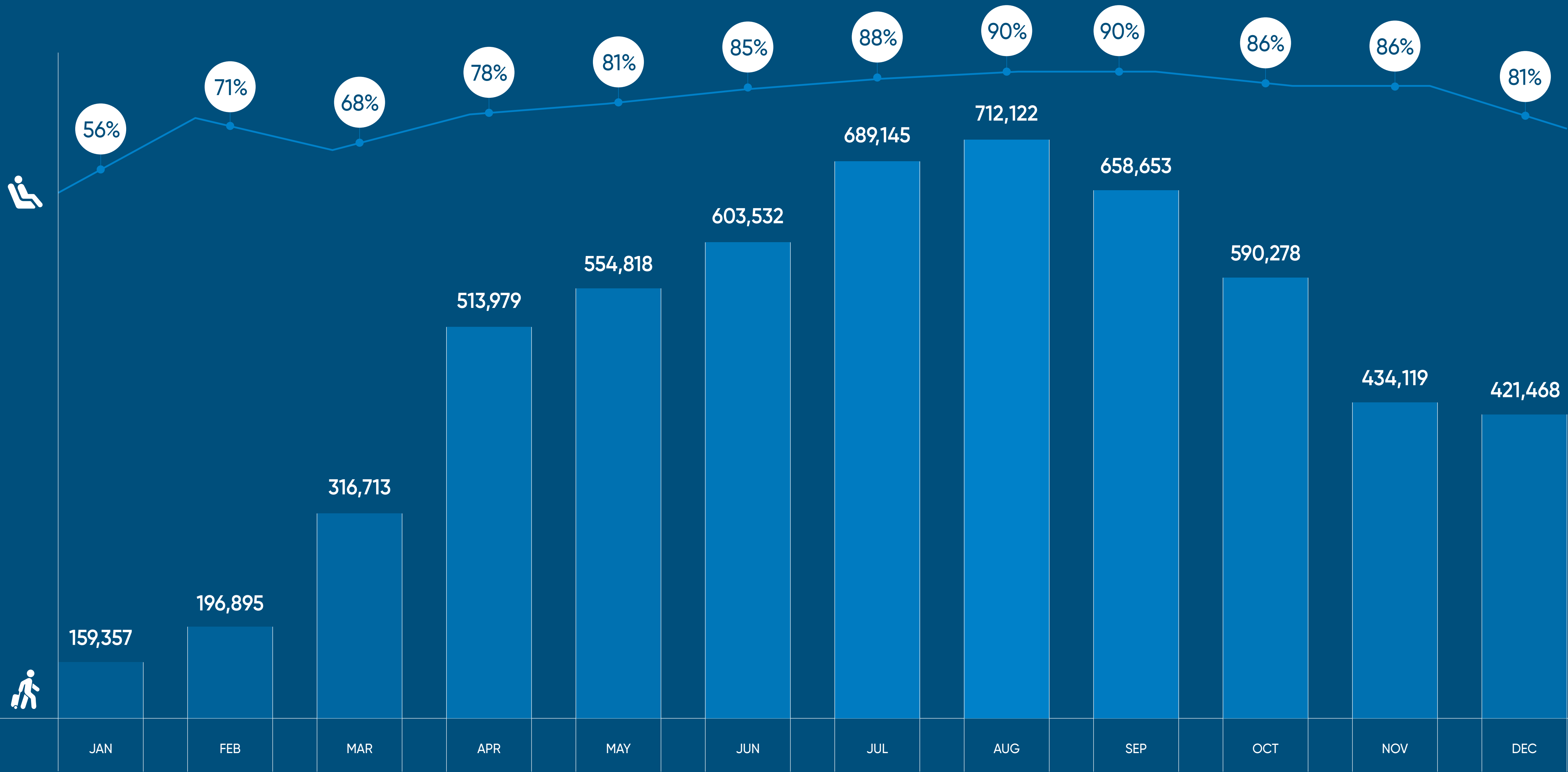
Top Five Flag Carriers

Rank	Airline	Passenger Movements 2022	% Change 22/21	% Change 22/19
1st	Air Malta	1,508,340	152.7%	-28.0%
2nd	Lufthansa	293,956	69.7%	-7.3%
3rd	Turkish Airlines	149,466	87.3%	-8.9%
4th	Emirates	74,100	438.3%	-31.8%
5th	British Airways	72,611	41.4%	-18.7%

Top Five Low-Cost Airlines

Rank	Airline	Passenger Movements 2022	% Change 22/21	% Change 22/19
1st	Ryanair	2,624,292	134.9%	-7.0%
2nd	easyJet	285,071	114.4%	-30.2%
3rd	Wizz Air	280,629	141.0%	-27.6%
4th	Jet2	121,746	91.8%	-13.6%
5th	Vueling	110,744	262.2%	60.7%

Passenger Movements and Seat Load Factors 2022



Total Number of Passengers	**5,851,079**
Annual Seat Load Factor	**82.5%**

TRAFFIC DEVELOPMENT TIMELINE

The onset of the COVID-19 pandemic in 2020, which led to the elimination of virtually all demand for air travel, was catastrophic for the global aviation industry. Almost three years on, as the industry works towards recovering and rebuilding, the demand for travel through Malta International Airport is stabilising, with passenger numbers exhibiting a promising upward trend.

By the end of 2022, Malta International Airport registered a total of 5,851,079 passenger movements, recovering 80% of the record passenger volumes received in 2019. Despite the promising signs of recovery in the last quarter of 2021, the sudden emergence of a new COVID-19 variant and the consequent imposition of more stringent travel restrictions stalled momentum in the first quarter of 2022, where Malta International Airport handled only 672,965 arriving and departing passengers. This quarterly total was around 44% below the traffic handled by the airport during the same period in 2019.

However, the launch of Malta International Airport's new flight schedule, which coincided with the Easter holidays in April, bore encouraging results. In fact, 133,267 passengers travelled through the airport during the month's busiest week, which is just 16% less than the total number of passengers handled throughout the entire month of January. While demand for travel continued to recover ground in the second quarter, with almost 84% of pre-pandemic traffic being recovered in June and full-year traffic surpassing the number of passenger movements registered in 2021, Malta International Airport lagged behind direct competitor destinations due to the disrupted relaxation of COVID-19 travel restrictions.

As the summer season neared its peak, the Maltese health authorities lifted all remaining travel restrictions on 25 July 2022, leading August's passenger movements to exceed the 700,000 mark for the first time since 2019 and seat load factor to stand at 90% (Malta International Airport's highest-ever seat occupancy rate). With a recovery rate of 86%, an equally impressive September brought the third quarter to a close, with Malta International Airport welcoming more than two million passengers in these three months alone.

The winter 22/23 flight schedule featured over 70 routes, offering around 80% of pre-pandemic connectivity. While Ryanair and Air Malta operated most of these routes, the new schedule also reestablished a connection with Sweden through a bi-weekly flight to Stockholm and saw the return of flag carrier Air Serbia with bi-weekly flights to Belgrade. The year ended on a good note as Malta International Airport registered its strongest recovery rates to date, recouping 88.0% and 88.3% of pre-pandemic traffic in November and December, respectively.

All markets continued to recover at different rates throughout the year, with the French and Polish markets registering significant growth and surpassing their respective 2019 result. The Italian market, which was Malta International Airport's top driver of passenger traffic, also performed well. Although the United Kingdom and Germany featured among the top five markets, the number of passengers travelling to and from these countries remained significantly below 2019 levels. This result arose from delayed and slower capacity recovery in Germany and the United Kingdom.

COMPETITIVENESS

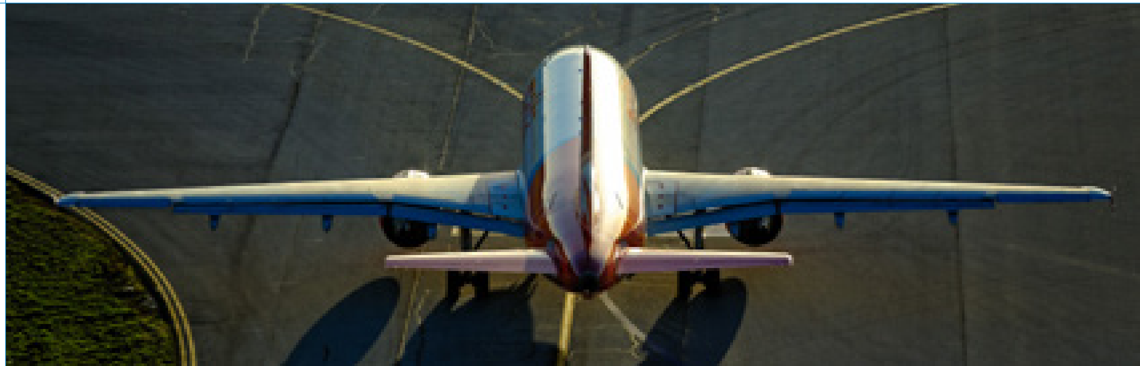
Airlines operating to and from Malta International Airport have benefitted from unchanged airport charges since 2006, with the airport's incentive programme being revised in 2021 to include additional incentive schemes aimed at rebuilding year-round connectivity to the Maltese Islands post-pandemic.

The industry faces another year of challenges in 2023 as the war in Ukraine rages on, staffing shortages continue to impact the aviation ecosystem, supply chain issues result in aircraft delivery delays globally, and a possible global recession looms. Locally, national airline Air Malta, which is currently going through a very challenging period, is waiting for the European Commission's critical state aid ruling. As these barriers to recovery persist, the Traffic Development team remains in regular close contact with the airport's various stakeholders and airline partners. In collaboration with the Malta Tourism Authority, regular situational updates are provided as well as discussions on route performance, possible improvements, and opportunities to retain or restart routes and gradually increase capacity.

ROUTE DEVELOPMENT STRATEGY AND OUTLOOK FOR 2023

Malta International Airport's outlook for 2023 is positive as the Company is expecting to handle 6.3 million passengers, thus recovering 86% of pre-pandemic traffic. Despite the uncertainties surrounding the potential impact of the aforementioned challenges on consumer confidence, airline partners are planning to continue recovering their Malta schedules and restoring the number of weekly flights to pre-pandemic levels.

Working in close collaboration with local tourism stakeholders and its partner airlines, Malta International Airport is looking towards securing more seat capacity and restoring air connectivity lost due to the pandemic. The Traffic Development team's focus will remain on addressing the gaps left in core markets, including the United Kingdom and Germany, and seeking opportunities to better tap into the potential presented by strategic markets, including Scandinavia, the Middle East and regional airports around continental Europe.



05

STABILISING AIRPORT OPERATIONS

05 Stabilising Airport Operations

ENSURING SAFE OPERATIONS WITHIN THE AERODROME

Over the years, Malta International Airport has carefully nurtured relationships with key stakeholders to facilitate the day-to-day operations on the airport campus. These reliable relationships ensured that, once all travel restrictions were lifted in the third quarter of 2022, ground handling service capacity for scheduled operations resumed in a safe yet rapid manner, delivering the expected levels of expediency and service quality during the third quarter of the year.

These efforts were challenged by Air Malta's decision to re-focus its business on airline operations and divest its ground handling operations to Aviation Services Handling (ASH) Ltd in November. The Company worked in close collaboration with the new ground handling company to mitigate the impact that this transition had on the passenger experience.

> The Company also intensified its efforts to engage airside stakeholders in attaining the highest possible levels of safety awareness on the aerodrome. By engaging in a non-punitive policy to encourage the development of a reporting culture, the number of generated safety reports increased substantially over the course of 2022, with appropriate corrective action being agreed upon with stakeholders to address established operating risks.

In November 2022, Malta International Airport carried out a full-scale emergency exercise to improve its emergency preparedness. Keeping with the EASA's regulatory obligations, such a simulation is organised every two years with the joint participation of Malta International Airport departments, airport stakeholders and regulatory authorities. The aim of these exercises, which simulate an aviation accident on the aerodrome by employing realistic aircraft props and scenarios, is to challenge participants to test the provisions of the Aerodrome (Airside) Emergency Response Plan and identify any improvements necessary. Over 200 participants from Malta International Airport and contributing organisations responded to the simulated aircraft accident, with priority being given to human rescue operations, including testing the adequacy and resilience of the airport's emergency facilitation centres.

Throughout the exercise, Malta International Airport was supported by several airport stakeholders, including the Civil Protection Department, the Armed Forces of Malta, the Malta Police Force, the Police Disaster Victim Identification Unit and the Rapid Intervention Unit, Malta Air Traffic Services, the Bureau of Aircraft Incident Investigation, the Richmond Foundation, Mater Dei Hospital, the Public Health Department, Aviation Security (AVSEC) and airline representatives.

INVESTING IN AIRFIELD INFRASTRUCTURE IMPROVEMENTS

The Company initiated major rehabilitation works on Apron 9 during the year under review. Aimed at preserving the long-term serviceability of one of the airport's main aprons by replacing asphalt with concrete blocks, this multi-year project is being executed in phases to retain a sufficient number of aircraft parking stands to maintain safe and sustainable operations at all times.

Preparatory works for the resurfacing of Runway 23-05 were also initiated in 2022. To limit operational disruptions, the resurfacing of Runway 31-13, the airport's primary runway, will be carried out once works on the secondary runway are completed, enabling flight operations to continue safely on the latter runway.

In parallel, Malta International Airport continued to convert all runway and taxiway lights to high-performance LED lighting, which is not only a more energy-efficient alternative to the current lighting system but, more importantly, enhances the safety of flight operations in low visibility conditions. The next phase of works will entail the replacement of floodlighting on Apron 8 and Apron 2, as well as the replacement of approach lights and edge lights on all runways. The Company has also undertaken a major investment project to replace Malta International Airport's critical Airfield Ground Lighting (AGL) system, which will allow for extensions to the existing aircraft movement area ground lighting services and provide opportunities for interfacing with Air Traffic Control systems over the coming years.

PROVIDING INCREASINGLY ACCURATE METEOROLOGICAL SERVICES

The Company commemorated the 100th anniversary of the Meteorological Office in 2022, recognising the essential contributions of Maltese meteorological observers, forecasters and archivists over the past century.

To mark the occasion, the Meteorological Office issued a set of commemorative stamps in collaboration with the national postal service, MaltaPost p.l.c., and reopened its doors to educational institutions wishing to organise visits for students with a keen interest in meteorology.

On an operational level, the Meteorological Office took on a more active role within the Central Mediterranean Storm Naming Group set up by the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) to coordinate storm naming efforts in the region.

Considering that the Meteorological Office is primarily responsible for providing accurate weather information to air traffic within the Malta Flight Information Region, the Company also continued to invest in EASA and International Civil Aviation Organisation (ICAO)-compliant technology and software systems. Such technology now permits runway surface condition assessments on wet runways, ensuring the highest levels of safety for aircraft approaching or taxiing on the aerodrome.

The transition of communication from the dated Aeronautical Fixed Telecommunications Network (AFTN) to the ICAO-defined Air Traffic Services Message Handling Services (AMHS) will be completed in 2023. The Meteorological Office also laid the groundwork for the installation of two new automated weather stations during the year under review. The first station will be installed in Mosta in the second quarter of 2023, while the second is due to be set up in San Lawrenz, Gozo, later in the year, with the locations being specifically selected to increase the granularity of the recorded meteorological conditions across the Maltese Islands.

06

IMPROVING AIRPORT SAFETY AND SECURITY

06 Improving Airport Safety and Security

BOLSTERING OUR SECURITY AND FIREFIGHTING CAPABILITIES

In 2022, the Company continued to prioritise in-house training and upskilling to ensure that the airport team is equipped with the skills required to keep the aerodrome operating safely. Apart from being a more cost-effective alternative to outsourcing trainers, this method has proved to be a better means of tailoring training content to the specific needs of airport employees.

To enhance security at landside, a new course focusing on behaviour detection was offered to all Malta International Airport security team members to raise awareness among security personnel of potential acts of interference that may threaten airport operations but may pass undetected to the untrained eye. These training sessions offered insight into how to observe people better, evaluate body language and facial expressions, and take the appropriate action to recognise suspicious behaviour.

The past year has also seen Malta International Airport's Security department gain access control of all airport gates since this duty no longer falls under the remit of the Armed Forces of Malta. As of 2022, the responsibility of handling airport gates has been split among three subcontractors who offer security services within other areas on the airport campus.

Within the Rescue and Firefighting team, Malta International Airport's first female recruit has not only become a qualified firefighter, specialising in rescue from heights within her first year, but has also contributed significantly to the updating of the Airport Emergency Response Plan and other critical firefighting manuals.

DRIVING INNOVATION THROUGH FORWARD-LOOKING TECHNOLOGIES

Consolidation efforts aimed at simplifying the Company's existing technology environment continued, with the ICT department successfully identifying opportunities to reduce running costs without compromising employee productivity whilst investing in the improvement of the Company's technological capabilities. Over the past year, priority was given to systems that helped our workforce improve service quality, optimise business processes and streamline operations.

On a tactical level, the Company continued to invest in the automation of manual processes to improve quality control and eliminate human error. In line with this, checklists used by the Customer Services and Security Services departments were digitised during the year under review. A tablet system was also installed inside all Company-owned vehicles used for chauffeur services to travelling VIP guests. Since chauffeurs are now automatically notified of flight changes impacting their booking requests, the system has enabled the La Valette Club team to manage resources better and vastly improve service quality.

In light of the increasing number of capital expenditure projects taking place on airport grounds over the coming years, the Company invested in a collaborative project management software that allows teams to better track progress, resource allocation and time management throughout the project life cycle. Steps were also taken to introduce an enterprise document management system internally as a means to archive and manage important Company documents in a more efficient and well-structured manner while also preventing data loss.

To further strengthen the Company's digital infrastructure in 2023, the ICT department will finalise several projects targeting the core network and servers with a €3 million investment. Such funds shall be used to modernise hardware for added reliability and heightened security and improve Wi-Fi coverage around the terminal.

MANAGING AND MITIGATING RISK

As the Company seeks to maintain stable operations in a volatile business environment, a Risk Management Framework enables the airport's departments to effectively assess, manage and mitigate risks on a systematic basis by providing the overall risk profile and the security required to respond to crises, thus safeguarding the assets and interests of the Company and its stakeholders.

Malta International Airport's central body for risk identification and control is the Risk Management Committee, which convenes several times a year to discuss recent developments and review the Company's risk management approach, directly involving all departments in the Company's risk management process. The Risk Management Committee is also entrusted with formulating and reviewing the airport's Risk Register and assessing risk occurrence in relation to the acceptable risk appetite, as defined by the Company's Board of Directors.

07

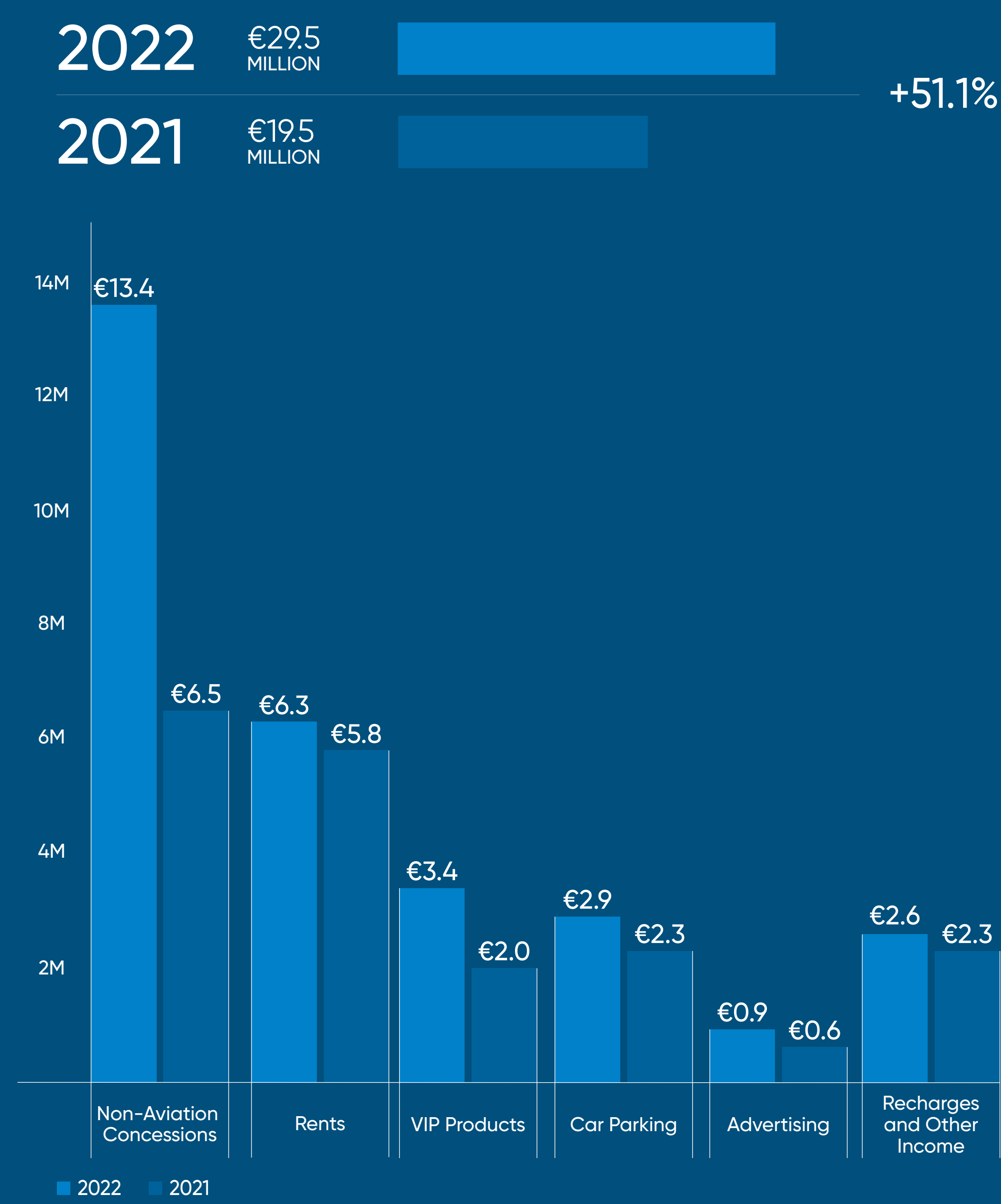
DIVERSIFYING OUR BUSINESS

07 Diversifying Our Business

The COVID-19 pandemic starkly illustrated the need for airports to diversify their revenue streams to build business resilience.

While certain sources of non-aviation revenues are still passenger-dependent, including VIP products and airport retail and dining outlets, the Company is investing in projects aimed at growing the Retail and Property segment and developing revenue streams that are less dependent on passenger traffic, namely through the cargo village, SkyParks developments, and the rental of commercial and office spaces.

Total Retail and Property Revenue



UPGRADING THE RETAIL AND DINING OFFERING

Retail and food and beverage concessions are among the most important sources of non-aviation revenue for Malta International Airport, accounting for almost half of the income generated from this segment in 2022.

The most significant upgrade in this regard was the €2 million Food Court project. The reopening of the Food Court took place in phases, with the lower seating level and four new food stalls opening in May, the entrance from Level 0 and the upper level of the Food Court being completed in July, and the refreshed lobby area being unveiled in November.

During the year under review, most concessionaire contracts were extended until 2025 and 2026. However, in a bid to optimise the outlet spaces inside the terminal, refurbishment was done to refresh the WHSmith airside outlet, the Costa Coffee outlet inside the Check-In Hall and, most recently, the Costa Coffee outlet inside the Non-Schengen Departures Hall, which was completed in the last quarter of 2022. These efforts have already begun to bear fruit, as attested by the results being achieved by the newly refurbished outlets.

Improving Malta International Airport's food and beverage offering will remain a priority for the Company in 2023. In line with this, three new outlets will be opening by the beginning of the second quarter following calls for tender for new food and beverage operators. Improvements at landside will include the complete rehaul of the juice bar inside the Check-In Hall, including an investment in service digitisation, and the introduction of a new cafeteria, Tat-Te, inside the Welcomers' Hall, boasting a more traditionally Maltese offering. Given that this particular dining space is located just opposite the exit from the Baggage Reclaim Hall, this change is envisioned to create a heightened sense of place upon arrival in Malta.

Inside the Departures Hall, a new grab-and-go food spot, Veràni, will open its doors in the second quarter of the year, replacing the current cafeteria while significantly upgrading the food offering in the area. During the first quarter of 2023, refurbishment works were also carried out inside the airport's Hard Rock Café and retail outlet, whose footprint will be reduced to create additional seating and circulation space for travelling passengers.

AWARDING A NEW ADVERTISING CONCESSION

A tender for a new advertising concession was issued in 2022, and, over 2023, a new advertising display plan, including a digital overhaul of both indoor and outdoor media, will be rolled out.

The programme has been dissected to ensure that the terminal is decluttered and that state-of-the-art displays are introduced in order to retain the airport's position as a leading out-of-home advertising provider.

UPGRADING THE AIRPORT'S VIP PRODUCT

As a direct result of the pandemic, the revenues generated from VIP Terminal bookings increased sharply over the span of two years, with 23% of VIP revenues being generated from the VIP Terminal, as opposed to the 13% share it held in 2019. To overcome capacity constraints and continue providing a standout experience, plans to overhaul the VIP Terminal, both from a design and experience perspective, are currently underway. The concept development process was reignited in 2022, with plans to break ground and complete the project in 2024. The new VIP Terminal will introduce an additional floor with numerous lounges and configurations to better cater for larger groups and different audiences while also increasing circulation and administrative areas for a more seamless experience.

Despite the increase in VIP Terminal bookings, stays at the La Valette Club lounge remained the main contributor to VIP product revenues, generating almost €1.8 million in 2022. While these results are positive, increasing lounge visits have begun to pose a challenge to lounge capacity. In light of this, the Company will improve the seating layout inside the Departures lounge to maximise space and will also be investing in an extension of the outdoor lounge terrace.

La Valette Club looked towards upgrading the food offering inside the lounge in 2022. Following the reintroduction of the buffet service the previous year, the Company subcontracted the lounge catering services and brought on board a team of chefs to ensure that food quality standards are met.

MODERNISING CAR PARKING FACILITIES AND THE AIRPORT SERVICE STATION

The year under review also saw the Company invest in the installation of license plate recognition cameras at the access points of all car parking areas at Malta International Airport. This technology has not only proven to be beneficial from a security perspective, given that it collects accurate data about vehicles passing a control point, but is also expected to optimise the experience of visitors using the airport's car park facilities.

Malta International Airport is developing a new fuel and service station on the airport campus through a €2.0 million investment to elevate this function while also making way for SkyParks 2. Works on this project have reached the final stages, and the service station is earmarked to become operational by the end of the second quarter of 2023. A tender for the operation of the fuel station was issued in the first quarter of the year, as the contract of the current fuel station operator is due to expire in July 2023.

FINALISING THE SHORT-TERM PLANS FOR THE CARGO VILLAGE

To develop a strong cargo ecosystem and consequently continue to grow both the strategic and economic value of cargo operations on the airport campus, Malta International Airport took on the Cargo Village expansion project in 2018. During the year under review, the Company saw through the short-term plans for the project, as the construction of a new warehouse for FedEx was finalised in the first quarter of 2023. Malta International Airport is now seeking opportunities to lease approximately 2,000 m² of warehousing space to logistics and shipping companies.

08

OPERATING MORE RESPONSIBLY

08 Operating More Responsibly

CORPORATE RESPONSIBILITY STRATEGY

Malta International Airport's Corporate Responsibility Strategy informs its operations on every level.

As one of the drivers of economic growth for the Maltese Islands, the Company is working towards attracting passenger traffic and driving revenue growth. With that said, the Company also recognises the challenges associated with growing in a sustainable way and remains mindful of its impact on the environment, the community and the greater good. For this reason, Malta International Airport's Corporate Responsibility Strategy goes beyond the financial bottom line, with the Company also acting across social and environmental dimensions.

The Corporate Responsibility Committee, which monitors and manages Malta International Airport's social, environmental and economic impact, sought out opportunities for the Company to expand the scope of its philanthropic efforts. In 2022, the Company supported different segments of the community as well as non-governmental organisations through financial donations, which totalled €87,000. These efforts will continue in earnest in 2023.

Since its inception in 2014, the Malta Airport Foundation has also built a strong track record in the fields of local heritage preservation and environmental protection. During the year under review, the Foundation supported various initiatives within the scope of its mandate to safeguard and promote the Maltese Islands' cultural, artistic and environmental heritage.

Pictured here is the Foundation's independent Board, which is chaired by Josef Formosa Gauci. Prof. Timothy Gambin, Ing. Andre Cauchi and Frank Salt are co-administrators, while the Secretary to the Board is Kevin-James Fenech.

Through its long-term Corporate Responsibility Strategy, the Company will continue to uphold its commitment to its employees, neighbouring communities and stakeholders to effect positive change through its operations without hampering its financial performance. For a detailed summary of the Company's social, environmental and economic results in 2022, please refer to pages 77 to 85.

THE MALTA AIRPORT FOUNDATION

The Foundation was set up in 2014 with the aim of investing in Malta's national heritage while also enhancing Malta's tourism product. The projects and initiatives that the Foundation has invested in thus far are indicated on the map.

ŻURRIEQ

- Restoration of a Mattia Preti painting at Saint Catherine of Alexandria Church

WIED IŻ-ŻURRIEQ

- Restoration of Ta' Xutu Watch Tower
- Underwater clean-up
- Um El Faroud documentary

MARSASKALA

- Sponsorship and installation of Seabin

SENGLEA

- Underwater clean-up

MARSAXLOKK

- Sponsorship and installation of Seabin
- Underwater clean-up

FILFLA

- Educational underwater documentary

COMINO

- Educational underwater documentary

XLENDI

- The Phoenician shipwreck excavation project
- Deep-water archaeological park

MARSALFORN

- Underwater clean-up

MDINA

- Restoration of a 14^{th}-century painting at the Mdina Cathedral Museum

VALLETTA

- Restoration of the wartime Combined Operations Room

SLIEMA

- Underwater clean-up

UNVEILING A NEWLY RESTORED 17TH-CENTURY PAINTING BY MATTIA PRETI

Safeguarding the Maltese Islands' heritage, particularly in the airport's neighbouring villages, remains a priority for the Foundation. In fact, the third quarter of 2022 saw the Foundation inaugurate a conservation and restoration project in the Church of Saint Catherine of Alexandria in Żurrieq, works on which had been initiated in 2021.

Saints Roque, Blaise, Dominic and Nicholas of Tolentino Interceding for the Plague Stricken, which was executed by Mattia Preti in 1676, is one of the seven works of art by the Baroque artist found inside the Żurrieq parish church.

Measuring approximately four metres high and two metres wide, the imposing painting underwent various interventions over the years that concealed Mattia Preti's original paint layer, most of which has been recovered through the restoration process. Additional work was carried out on the reverse side of the painting in order to provide the canvas with adequate stability and support.

The inauguration event of the newly restored painting was attended by several distinguished guests, including the Minister for National Heritage, the Arts and Local Government; representatives of the Archdiocese of Malta; and several airport employees hailing from Żurrieq.

PROMOTING MALTA'S UNDERWATER HERITAGE THROUGH A MINI-DOCUMENTARY SERIES

The natural harbours, cliffs and clear blue waters that characterise the Maltese Islands make it an ideal destination for divers. Amongst the more unique diving experiences are the tankers, submarines and aircraft sitting on the seabed, having the most interesting of stories to tell.

To promote Malta's underwater offering to local and foreign divers while also making these treasure troves accessible to non-divers, the Foundation launched a mini-documentary series, *Submerged World*, in the last quarter of 2022.

The first instalment of the six-part series focused on the tanker Um El Faroud, which was scuttled back in 1998, becoming one of the Maltese Islands' first artificial reefs and diving attractions. The six-minute episode takes viewers deep into the waters of Wied iż-Żurrieq to explore the wreck and discover more about the diversified marine life that has colonised the tanker's decks over the past 25 years.

Another five episodes, each focusing on a different diveable wreck from around the Maltese Islands, will be released throughout 2023.

TREADING THE UNCHARTED WATERS OF THE WORLD'S FIRST DEEP-WATER ARCHAEOLOGICAL PARK

In 2022, the Foundation also announced its support of Heritage Malta's pioneering work to declare an underwater site, found 105 metres below sea level just off Xlendi Bay in Gozo, the world's first deep-water archaeological park.

First discovered in 1993, the site is incredibly unique in its composition as an expanse of Punic archaeological material, including amphorae and urns, that dates back to the fourth and third centuries BC is spread across an area measuring around 67,000 m².

The Underwater Cultural Heritage Unit within Heritage Malta, together with the Superintendence of Cultural Heritage, are working to preserve the site and research what could have led to its formation, as the Underwater Cultural Heritage Unit gradually documents the area through high-resolution photos captured by divers and a geodatabase where information on each artefact discovered here is stored.

The marine park will be made accessible to the public through 360-degree videos, images and 3D models uploaded on the Underwater Malta website, while a permanent exhibition will be set up at the Xlendi coastal watch tower.

COMING TOGETHER TO PROTECT OUR SEAS THROUGH SEABED CLEAN-UPS

For the third consecutive year, the Foundation collaborated with Calypso Subaqua Club and Atlam Subaqua Club to organise two underwater clean-ups during the year under review.

The two clean-up locations chosen for 2022 were one of the most popular touristic areas in Malta, Tigné, and one of the Three Cities in the south-eastern region of Malta, Senglea. A total of 3.6 tonnes of waste, including car tyres, ceramic toilets and a marine engine, were elevated from the seabed in these two locations.

Taking these clean-ups into account, the Foundation has been successful in clearing the seabed of seven tonnes of marine waste since the start of this yearly initiative in 2020.

PERFORMANCE SUMMARY OF THE 2022 SUSTAINABILITY REPORT

Malta International Airport has been reporting its environmental, social and economic performance in an annual sustainability publication since 2016. The following pages of the Company's annual report present highlights of Malta International Airport's performance in relation to these three pillars, with the full sustainability report, prepared in line with the Global Reporting Initiative (GRI), being made available on maltairport.com later this year.

ENVIRONMENTAL PERFORMANCE

Throughout 2022, Malta International Airport continued to make headway towards its ultimate environmental goal of achieving net-zero status for emissions under its control. While the Company satisfied Airports Council International's requirements to retain its position at Level 2 of the Airport Carbon Accreditation Programme, the Sustainability department began to lay the groundwork for the eventual progression to the next level. An important exercise in this regard was the calculation of the emissions generated by Malta International Airport employees through their commute, with the required data being collected through the Work Commute Survey, which had a response rate of 82%. Apart from climate-management efforts, the Company made further strides in relation to the proper disposal of waste, introducing the landfill waste per passenger metric to measure its success in this regard.

GOAL 1
To mitigate the Company's climate impact, using the greenhouse gas (GHG) emissions intensity metric to track its performance

During the year under review, Malta International Airport generated circa 3.2 million kWh of clean energy, marking an increase of 53.2% compared to 2021. Just over 1 million kWh of this total were generated by the photovoltaic system at the multi-storey car park, Park East, which was in operation for the first full year in 2022. Additionally, the Company replaced over 300 taxiway and taxilane light fittings with more efficient LED alternatives, with the net consumption of the airfield decreasing by 6.5% as a result of this exercise.

These initiatives helped Malta International Airport partly offset the effect of the noteworthy increase in the number of passengers handled by the airport in 2022 as air travel rebounded. In fact, while passenger movements jumped by 130.3% compared to the previous year, the Company's net electricity consumption registered a more contained increase of 10.3%.

Given that fuel is the second main contributor to the airport's GHG emissions, the Company also continued to monitor consumption and replaced one of its operational vehicles with a cleaner model. While the Company's petrol consumption decreased marginally by 0.6%, diesel consumption increased by 19.8%, largely as a result of the airport's busier operation together with longer generator testing times.

The Company was ultimately successful in achieving the GHG emissions intensity target it had set at the beginning of the year under review of under 1.0 kilo of CO_2 per passenger. The actual emissions intensity stood at 0.86 kilos of CO_2 per passenger at the end of 2022.

130% increase in passenger movements

Only 10% increase in energy consumption

GOAL 2
To continue improving water stewardship, particularly through better rainwater harvesting and managed consumption

With just 369.4 mm of rainfall measured, 2022 became the second driest year of the past decade. This lower-than-average precipitation amount led Malta International Airport to harvest 31.7% less rainwater than it had harvested during a significantly wetter 2021. In turn, this resulted in an increase of 90.9% in the volume of non-potable water purchased by the Company, which amounted to a total of 73,732 m³. The volume of potable water used by the Company also registered a noteworthy increase of 118.8% as a result of the much busier operation reported by Malta International Airport during the year under review

GOAL 3
To better separate waste, aiming for 0.20 kilos of landfill waste per passenger

Following the introduction of organic waste bins in 2021, the Company began using the landfill waste per passenger metric to track the success of its waste-separation efforts. To motivate all employees to contribute to the achievement of the target of 0.20 kilos of landfill waste per passenger, this environmental key performance indicator has been attached to the payment of a company-wide bonus.

Stepped-up separation efforts, together with initiatives to replace single-use items with reusable, recyclable or biodegradable alternatives, allowed the Company to reach its target. Moreover, full-year waste data show that the airport's share of waste sent to landfill shrank by 11.7% compared to 2019.

12% decrease in landfill waste

What's next?

As the Company eyes net-zero status, further climate-management work will be undertaken throughout the coming year. At the beginning of 2023, the Company kicked off stakeholder engagement meetings as part of the huge effort required to start calculating Malta International Airport's Scope 3 emissions. Discussions are also underway regarding the installation of a new photovoltaic farm on the airfield, which is expected to raise Malta International Airport's clean energy generation capacity from 30% to 70% once it is commissioned. With regard to water management, the Company has embarked on the first phase of an ambitious project through which the water-guzzling aesthetic turf that currently grows in most open spaces around the airport campus is set to be replaced by low-consumption indigenous vegetation.

ECONOMIC PERFORMANCE

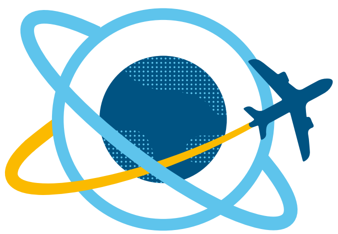
The year 2022 was yet again fraught with challenges as travel restrictions remained in place until July, putting Malta at a considerable disadvantage compared to other Mediterranean destinations whose restrictions had been removed earlier. However, Malta International Airport's efforts to recover lost connections and put Malta on the map bore the desired results, with the Company doubling 2021 traffic to close the year with 5.8 million passenger movements. This solid traffic performance, together with a €12 million tax credit awarded to the Company for the losses suffered during the pandemic, led Malta International Airport to report a net profit of €38.9 million for the year under review.

GOAL 1
To recover between 60% and 70% of the record traffic that Malta International Airport had handled in 2019

Following a sluggish start to the year, traffic through Malta International Airport started gaining momentum in April and eventually peaked in August with 712,122 passenger movements. As the pent-up demand for air travel was gradually released from the second quarter onwards, seat load factors that exceeded 2019 levels were registered each month between May and December 2022. In August, Malta International Airport hit its highest-ever seat load factor of 90.4%.

The Traffic Development team at Malta International Airport continued to work in tandem with the country's tourism authorities to ensure that the Maltese Islands were easily reachable through convenient connections. During the year under review, the Maltese Islands enjoyed 82% of their pre-pandemic connectivity, with some of the most noteworthy developments for 2022 including the return of Transavia France and Air Serbia.

A healthy demand for air travel, together with the aforementioned efforts, ultimately allowed Malta International Airport to surpass its traffic forecast of 5.7 million passengers. In fact, the airport handled 5.8 million passengers during the year under review, translating into a recovery of 80% of 2019 traffic. This recovery rate was the same as the average recovery rate registered by European airports, according to data published by Airports Council International.



82% **of Malta's pre-pandemic** connectivity

GOAL 2
To achieve an aviation and non-aviation revenue mix in the ratio of 70:30

Diversification has long been an important pillar of Malta International Airport's business strategy, strengthening the Company's resilience over the past few challenging years.

In 2022, the Company's aviation segment grew by 110% over the previous year on the back of a strong recovery of 80% of pre-pandemic traffic. The non-aviation segment, on the other hand, registered a more modest increase of 51.3%, with non-aviation concessions being the main drivers of the revenues stemming from this segment. Within this segment, revenues originating from rents and parking exceeded their respective 2019 levels.

The Company's total revenues amounted to €88 million, with the aviation segment contributing 66% of this amount and the non-aviation segment contributing the remaining share of 34%.

GOAL 3
To improve the airport's impact on the local economy, using the return on equity (ROE) metric to track the performance

Malta International Airport's improved financial performance during the year under review boosted the Company's ROE compared to 2021. Whereas in 2021, the Company's profit had amounted to €7 million, with the ROE reaching 5.4%, in 2022, the Company achieved a double-digit ROE of 25.7% on the back of a net profit of €38.9 million. As a listed company, Malta International Airport considers this metric to be an important indicator of its overall level of profitability when compared to the level of shareholders' funds.

GOAL 4
To increase Malta's direct connectivity through route development, aiming for the same number of connections as 2021 levels or more

Direct connectivity is a lifeline for island states like Malta as it boosts business opportunities and competitiveness, allows leisure travel and facilitates the spread of new ideas. For this reason, Malta International Airport always works closely with the Malta Tourism Authority and partner airlines to ensure that the Maltese Islands are served by a far-reaching direct route network through the services offered by a combination of flag and low-cost carriers.

During the year under review, the airport's Traffic Development team continued to build upon the progress made in 2021 by addressing the many gaps in the network created by the COVID-19 pandemic. In fact, Malta International Airport was successful in increasing its direct connections for 2022 by 6% compared to the previous year while recovering 82% of its pre-pandemic connectivity. During the year under review, Malta International Airport was connected to 107 airports in 36 countries through flights operated by 31 airlines, a few of which resumed their services in 2022 following a pandemic-induced suspension.

What's next?

Malta International Airport's recovery is set to continue apace in 2023, with the Company eyeing 6.3 million passenger movements or a recovery of 86% of pre-pandemic figures. While the year has been off to a strong start, with January and February passenger numbers and seat load factors exceeding 2019 levels, the Company expects the pent-up demand for air travel to start dwindling as the year progresses. The Company's solid traffic and financial performance for 2022 and expectations for the coming year spurred Malta International Airport to announce its €175 million five-year investment plan for the airport campus. This five-year investment plan will equip Malta International Airport with future-ready infrastructure, allowing the Company to aim for further traffic growth, maintain operational and service excellence, and reach its environmental targets.

SOCIAL PERFORMANCE

The people who work at Malta International Airport are the backbone of the Company's successes and achievements. For this reason, the Company continued to prioritise employee training and well-being as well as career progression throughout the year. However, the Company also looked beyond the perimeter of Malta International Airport and strove to be a force for good within the wider community.

GOAL 1
To provide a minimum of 20 hours of training to employees

Employees working within the Company's different departments were given the opportunity to undertake an average of 31 hours of training. To further empower the team, the Company retained its train the trainer initiative, whereby selected employees received training to be able to impart their expertise on specific subjects to their peers as effectively as possible. An encouraging 88.3% of the respondents to the Annual Employee Survey 2022 agreed that while their work was challenging, they were equipped with the right skills for it.

GOAL 2
To fill 60% of vacant leadership positions through internal promotions

In an effort to reward deserving employees and retain institutional knowledge, the Company sought to fill leadership positions through internal promotions for yet another year. The 60% target was narrowly missed since 58% of the Company's vacant leadership positions were actually filled as a result of internal mobility. On the other hand, 42% of vacant positions were filled by hiring external recruits due to the fact that new or specific skills were required. Overall, 80.6% of the respondents to the Annual Employee Survey 2022 stated that they had ample opportunities for career progression, while 87.5% felt that their professional development was supported by the Company.

58% **of vacant leadership positions** filled internally

GOAL 3
To promote employee well-being, particularly through training covering mental health topics

For yet another year, the Company entrusted the Richmond Foundation to provide airport employees with professional training in relation to mental health matters. By the end of the year, the mental health professionals at the Richmond Foundation had delivered almost 700 hours of training. A portion of this training was targeted towards equipping employees, particularly frontliners who are faced with several delicate or distressing day-to-day situations, with the necessary skills to be mental health first aiders. The Company presently has 74 mental health first aiders who are able to support fellow colleagues or passengers experiencing a mental health crisis or exhibiting signs of substance abuse.

700 hours of mental health training

GOAL 4
To give back to the wider community through volunteering and fund-raising activities

The Sports and Social Committee took the lead in putting together a calendar of events that had the two-fold aim of allowing employees to socialise in informal settings while raising funds for non-governmental organisations and noble causes. By the end of the year, Malta International Airport employees had collected just over €7,300, which sum was donated to the Company's charity of the year, Puttinu Cares.

Other calls for support during the year saw employees donate generously in aid of the victims of the war in Ukraine and towards the research conducted by the Breast Cancer Awareness Foundation. Additionally, in December, the Company organised its annual food drive through which a significant amount of food boxes were collected and donated to the Saint Jeanne Antide Foundation, which supports families and individuals facing hardships.

Employees also had the opportunity to help out with rescued horses at a local sanctuary and participate in a clean-up that coincided with the European Week for Waste Reduction.

GOAL 5
To provide educational opportunities to students of different ages through different initiatives

The year 2022 saw the resumption of the School Visit Programme in October following a pandemic-induced hiatus, with Malta International Airport facilitating five educational visits for younger school children in the last two months of the year. While plans to also relaunch the Graduate Management Programme for fresh graduates did not materialise, the Company offered apprenticeship opportunities within the Company's Technical department to six students following courses in light vehicle maintenance, electrical systems and mechanical engineering at the Malta College of Arts, Science and Technology (MCAST).

What's next?

Having signed a new collective agreement for unionised employees at the beginning of 2023, the Company is affording around 76% of its 400-strong workforce visibility and stability for the next five years. To provide further flexibility that allows for a better work-life balance, particularly in distressing situations, the agreement has introduced new special leave categories, including carers' leave and pet bereavement leave. Training and employee well-being will continue to take centre stage throughout the coming months as Malta International Airport cements its position as one of the Maltese Islands' top employers.

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LOOKING AHEAD

09 Looking Ahead

OUTLOOK

Considering the airport's traffic results for 2022, together with the route developments that have been confirmed thus far, Malta International Airport is forecasting a growth of approximately 11% in passenger traffic for the coming year, as it expects to host 6.3 million passengers in 2023 and consequently recover 86% of pre-pandemic passenger volumes.

Restoring connectivity for the Maltese Islands remains a priority for the Company as it continues to work in close collaboration with the Malta Tourism Authority and partner airlines to explore new opportunities and address gaps in strategic markets. However, despite registering a strong average seat load factor of 82.5% in 2022, the Company is expecting pent-up demand to taper off in 2023 as increasing geopolitical uncertainty and surging inflation continue to affect consumer confidence.

> The Company has projected that in 2023, it will generate a total revenue of over €97 million, recovering 97% of 2019 airport revenues. This will enable Malta International Airport to continue to invest in key projects aimed at ensuring that the airport is infrastructurally equipped to cater for passenger traffic growth while simultaneously diversifying revenue streams to reduce future risk.

FUTURE PROJECTS

Over the coming five years, Malta International Airport will be investing €175 million in capital expenditure projects aimed at developing the infrastructure of the airport campus further to ensure that it is equipped for future growth. Of these, €39 million have been earmarked for infrastructural works that are set to be carried out in 2023.

Terminal Expansion Project

In terms of developing the terminal infrastructure and improving passenger service quality, 2023 will be a significant year for Malta International Airport as it resumes its Terminal Expansion Project, which was temporarily put on hold in 2020 due to the COVID-19 pandemic.

The first phase of the project will entail the westward extension of the terminal building, with the two-fold aim of catering for passenger traffic growth and accommodating the European Union's new biometric Schengen Area Border Control system, which is expected to result in longer processing and queuing times inside the Non-Schengen Arrivals Hall.

The coming months will see Malta International Airport provide passengers arriving from Schengen countries with a more convenient route leading directly from Apron 9 to the Baggage Reclaim Hall, double the footprint of the Non-Schengen Arrivals Hall and increase the number of baggage reclaim belts from six to eight. Works on this phase of the project are expected to be completed by the end of 2024.

Customs Area Project

In 2022, the Company finalised plans for the extension of the Customs Screening Area at Arrivals, with the project set to double the current capacity threshold.

The redeveloped area will streamline customs operations and allow for the introduction of two screening machines while also dispersing passengers on exit more effectively. The design also features the reintroduction of the viewing window from the Arrivals concourse, overlooking the Welcomers' Hall, improving orientation for arriving passengers while also incorporating textures of Malta across the space.

The development works on the Customs Screening Area were initiated in the first quarter of 2023.

Apron X

Over the coming three years, the Company will be investing €40 million in the construction of a new apron to provide capacity for increased aircraft operations. Works on the new apron, which will offer approximately 100,000 m^2 of aircraft parking space and ground handling facilities, commenced in the last quarter of 2022 and are expected to be completed by 2025.

Apron X will provide stand parking for up to seven narrow-body aircraft or three wide-body aircraft. In addition to this, a centralised area will be provided for ground handling equipment, and new building infrastructure will provide a modern base for ground handling staff and handling management activities at Malta International Airport.

In line with the Company's sustainability efforts to reduce its carbon footprint, LED floodlighting and vehicle charging stations will be installed in the area, while fixed electrical ground power (FEGP) services will be made available for aircraft to eliminate the use of engine-driven ground power units. The Company is planning to extend FEGP to all apron stands supporting scheduled operations by 2027.

SkyParks 2

As Malta International Airport continues to seek out non-aviation sources of revenue, the Company will be investing in a second business centre on the airport campus, SkyParks 2.

By the third quarter of 2022, the chosen architect had completed the detailed building designs, while tender documents were also finalised. An expression of interest for the development of offices, commercial spaces and a hotel building was issued during the year under review, with three contractors being shortlisted. A bill of quantities from each of the contractors was received in the first quarter of 2023 and is currently being evaluated. In parallel to this, the Company has applied for an outline development permit for the project, which application is currently being reviewed by the Planning Authority. Once the Board of Directors approves the SkyParks 2 development, the Company will submit an application for the Planning Authority's full development permit.

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FINANCIAL REPORT

Contents

General Information

Directors	Mr Nikolaus Gretzmacher (Chairman) Mr Alan Borg (Chief Executive Officer) Mr Karl Dandler (Chief Financial Officer) Dr Cory Greenland Ms Rita Heiss Dr Wolfgang Koeberl Mr Florian Nowotny
Company Secretary	Dr Louis de Gabriele LL.D.
Registered Office	Malta International Airport, Luqa, Malta. Tel. (+356) 2124 9600
Country of Incorporation	Malta
Country Registration Number	C 12663
Auditor	PricewaterhouseCoopers, 78 Mill Street, Zone 5, Central Business District, Qormi, Malta.
Legal Advisors	Camilleri Preziosi Advocates, Level 2 - Valletta Buildings, South Street, Valletta, Malta.

Directors' Report

YEAR ENDED 31 DECEMBER 2022

The directors present their report together with the audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

Malta International Airport p.l.c.'s ("the Company") principal activities are the development, operation and management of Malta International Airport, for which the Company has a 65-year concession that came into effect in July 2002.

The Company has three 100% owned operating subsidiaries: Airport Parking Limited, SkyParks Development Limited and SkyParks Business Centre Limited. Airport Parking Limited operates all car parks situated on the land leased to Malta International Airport p.l.c., whilst SkyParks Development Limited and SkyParks Business Centre Limited manage the SkyParks Business Centre building. The Company and these subsidiaries are together referred to as "the Group".

Malta International Airport p.l.c. also has another 100% owned subsidiary: Kirkop PV Farm Limited, set up with the intention to explore opportunities in the generation of electricity using photovoltaic technologies. Kirkop PV Farm Limited, however, did not trade in 2022.

REVIEW OF THE BUSINESS

Traffic Development

In 2022, Malta International Airport (MIA) registered 5,851,079 passenger movements, handling more than double the traffic registered during the previous year, which translated to a recovery rate of 80% of 2019 figures. During the same year, a total of 40,355 aircraft movements were registered, marking an increase of 64.6% over 2021 and a recovery rate of 77.7% compared to 2019. Similarly, with a recovery of 79.4% over 2019, seat capacity stood at 7,093,600.

Following a slow start to the year resulting mainly from travel restrictions, traffic improved gradually with the launch of the summer 2022 flight schedule. While passenger traffic peaked in August with 712,122 passenger movements, Malta International Airport registered its strongest recovery rates in November and December. The overall seat load factor for 2022 stood at 82.5%. This was marginally higher than the seat load factor for 2019, which stood at 81.8%.

Traffic Highlights

	2022	2021	+/-	% Change
Passenger Movements	**5,851,079**	2,540,335	3,310,744	130.3%
Aircraft Movements	**40,355**	24,516	15,839	64.6%
Seat Capacity	**7,093,600**	4,135,138	2,958,462	71.5%
Seat Load Factor	**82.5%**	61.4%		21.1 pp
MTOW (in tonnes)	**1,564,392**	923,341	641,051	69.4%
Cargo and Mail (in tonnes)	**17,552**	15,997	1,555	9.7%

	Q1 2022	Q1 2021	% Change	Q2 2022	Q2 2021	% Change
Passenger Movements	**672,965**	98,493	583.3%	**1,672,329**	305,317	447.7%
Aircraft Movements	**5,990**	1,563	283.2%	**11,639**	3,499	232.6%
Seat Capacity	**1,028,045**	196,154	424.1%	**2,048,569**	539,587	279.7%
Seat Load Factor	**65.5%**	50.2%	15.3 pp	**81.6%**	56.6%	25.0 pp
MTOW (in tonnes)	**230,583**	55,777	313.4%	**446,678**	125,673	255.4%
Cargo and Mail (in tonnes)	**3,716**	3,981	(6.7%)	**4,145**	3,888	6.6%

Traffic Highlights (Continued)

	Q3 2022	Q3 2021	% Change	Q4 2022	Q4 2021	% Change
Passenger Movements	**2,059,920**	1,137,600	81.1%	**1,445,865**	998,925	44.7%
Aircraft Movements	**12,939**	10,612	21.9%	**9,787**	8,842	10.7%
Seat Capacity	**2,304,195**	1,850,634	24.5%	**1,712,791**	1,548,763	10.6%
Seat Load Factor	**89.4%**	61.5%	27.9 pp	**84.4%**	64.5%	19.9 pp
MTOW (in tonnes)	**501,517**	403,030	24.4%	**385,614**	338,861	13.8%
Cargo and Mail (in tonnes)	**4,968**	4,020	23.6%	**4,722**	4,108	14.9%

Operational Performance Indicators

Airports Council International's (ACI) Airport Service Quality (ASQ) survey is a benchmarking programme measuring passengers' satisfaction while they are at the airport with the objective to provide participating airports with the research tools and management information to better understand passengers' views on an airport's products and services. MIA has been participating in this programme since 2005 and has consistently ranked in the top 5 airports in Europe, being awarded the 'Best Airport in Europe' title in the 5 to 15 million passenger category in 2018, 2019, 2020 and 2021.

In 2022, the ASQ Departures Questionnaire was revamped to reflect airport guests' satisfaction in relation to service quality and the customer experience, which are both crucial to the creation of memorable airport experiences.

The survey gathers information from passengers just before they board their flight, providing airport operators with valuable feedback on the surveyed passengers' experience at the airport. The analysis of the feedback collected enables Malta International Airport to continue improving the terminal facilities and the services it provides to guests, with the aim to continue increasing passengers' overall satisfaction with their experience at the airport.

Participation in the ASQ survey also allows MIA to benchmark its results against the results achieved by other airports of different sizes and in different regions. There are currently around 270 worldwide airports participating in this survey with 98 of them being in Europe.

Malta International Airport's scores for the four quarters of 2022 are tabulated below. Key performance indicators (KPIs), including terminal cleanliness, waiting times and staff courtesy, are measured using a five-point range, with five being the highest score. The overall average satisfaction score for 2022 was 4.41, which is slightly lower (-0.02) than the score achieved in 2021. However, this score is still very positive considering the fast-paced increase in passenger traffic together with other challenges faced throughout the past year.

Led by a vision of service excellence, the Company will continue working towards maintaining high overall satisfaction scores, which again would place Malta International Airport among the top five European performers on the ASQ surveys in the coming years.

	2022	2021	+/-
1st Quarter	**4.38**	4.45	(0.07)
2nd Quarter	**4.40**	4.46	(0.06)
3rd Quarter	**4.43**	4.40	0.03
4th Quarter	**4.41**	4.42	(0.01)
Average for the year	**4.41**	**4.43**	**(0.02)**

In December 2022, Malta International Airport was re-accredited at Level 3 of ACI's Customer Experience Accreditation Programme and received extensive praise for the Company's initiatives and commitment to consistently improve the customer experience. The ACI Airport Customer Experience Accreditation Programme is the only worldwide customer experience management accreditation designed specifically to recognise the efforts and enhancements airports make to create a better customer experience.

During the coming twelve months, the Company plans to continue improving the customer experience in order to be able to apply for the next level - Level 4 – of this accreditation programme. Reaching the next level of accreditation would constitute a significant accomplishment for Malta International Airport as it testifies to the commitment of the Company to improve the customer experience, whilst also collaborating further with its stakeholders and supporting the community it serves.

INFRASTRUCTURAL INVESTMENTS

The overall capital expenditure during the year under review amounted to EUR 12.4 million.

Within the non-aviation segment, the upgrade of the Food Court (2022: EUR 1.6 million) was an important project with a phased re-opening during 2022. The relocation of the fuel station (2022: EUR 1.2 million) is also progressing, being an important phase in creation of space for the SkyParks 2 development. Works on the construction of the business centre are expected to start by the end of 2023.

Phase 3 of the cargo village project, providing a 900 m² warehouse for TNT, neared completion at year end (2022: EUR 1.3 million) and is planned to become operational in Q1 2023.

During the year under review, works on the Apron X project commenced. Apron X will increase the Company's aircraft parking capacity by seven stands (2022: EUR 2.3 million). The expansion will allow the handling of additional narrow and widebody aircraft. The first three new stands are planned to start being utilised by 2024.

The Group also continued to invest in digitalisation, laying the groundwork for increased automation together with the modernisation of the existing hardware, as well as the replacement and upgrade of the network and servers (2022: EUR 1.6 million).

The year 2023 will see the start of the Group's ambitious five-year investment programme aimed at transforming the airport campus and laying the groundwork for the terminal expansion through an investment of over EUR 175 million, EUR 39 million of which will be disbursed in 2023.

The approval of the design concept for the first phase of the Terminal Expansion Project, which will entail the westward extension of the terminal building, has been received. Other upgrades include a covered walkway between the terminal and Park East, a digital infrastructure upgrade, a new photovoltaic farm as well as a new HVAC system and LED lighting upgrades. With regard to investment in retail and property, works on SkyParks 2 are expected to start in 2023.

Other investments include an increase of the number of existing baggage reclaims and an increase of the current footprint of the customs area. Over the next two years, the company will also be investing heavily in the maintenance of its airfield infrastructure, mainly through extensive runway resurfacing works.

Principal Risk and Uncertainties

The Board, as a whole, including the Audit Committee members, is responsible for evaluating the nature and extent of the Risk Management Framework, as well as the risk profile that is acceptable to the Board. The Audit Committee periodically reviews the work carried out by the Company's Risk Management Committee and evaluates the impact that identified risks pose to the Company's strategic objectives.

The main strategic, corporate and operational risks and uncertainties identified during the year under review are listed below.

Aviation Environment
Airlines continue to navigate a challenging landscape characterised by industrial actions, staff shortages and other operational constraints. Apart from industry-specific challenges, worsening macro-economics and geopolitical factors are expected to continue affecting consumer confidence. Pent-up demand is also expected to continue levelling off in 2023, meaning that the seat load factor is unlikely to continue to register the record highs observed in 2022.

Additionally, business travel is predicted to continue recovering at a slower pace than leisure travel. This could lead carriers that were traditionally associated with corporate travel to explore opportunities to foray into the leisure market.

Given Malta's geopolitical position, external shocks leading to a drop in demand cannot be excluded. Comparable events experienced in other regions or countries have shown that external shocks, such as terrorism, political crises, refugee movements and environmental threats, could have a strong impact on tourism demand even if they do not originate locally. With revenues primarily stemming from activities related to air traffic, even a small reduction in inbound tourism could negatively impact the financial performance of the company.

Reduced demand and/or reduced supply could potentially curb estimated traffic and profit growth. In light of this, the Company remains committed to working closely with airlines and other key industry stakeholders in order to identify the best opportunities to restore Malta International Airport's year-round connectivity in a sustainable manner, whilst prioritising the achievement of a balanced business mix.

Pandemic Outbreak
Malta International Airport has a robust Health and Safety management framework in place. Following the COVID-19 outbreak, tailored emergency response plans as well as protocols enabling effective case management, were implemented in order to ensure that business continuity could be maintained throughout the crisis.

To safeguard its financial stability and preserve its liquidity, the Company also carries out regular analysis of the potential impact on financial results and going concern. Additionally, the Company maintains a close relationship with financial institutions to strengthen its liquidity position should the need arise.

INFRASTRUCTURAL INVESTMENTS (CONTINUED)

Long-Term Capacity Constraints

Malta International Airport achieved strong traffic development over the past years, with significant growth rates for the four years rolling from 2016 to 2019. As a result, the capacity of aprons and the terminal had been experiencing phases of saturation at peak times, prompting the Company to bolster its measures to actively mitigate the impact of such peak-driven demand. The situation suffered a major downturn due to the COVID-19 impact on international travel. The impact was a significant one, with short to medium-term repercussions on passenger and aircraft movement demand. Following the reinstatement of unrestricted operations in June 2022, recovery to pre-COVID levels has been better than expected, with 2019 figures likely to be exceeded in 2025.

During the year under review, the EU Commission strengthened its resolve to implement stronger Border Controls by introducing the Entry Exit System (EES). The terminal footprint required to introduce EES infrastructure and the significantly increased immigration processing times will have a significant impact on the available terminal capacity. Thus, the Company must retain its focus on ensuring that the current capacity remains sufficient, not only to bridge the gap for developing short-term requirements brought about by a re-stabilised demand recovery profile, but also to assure that the terminal and airside infrastructure can sustain future growth over the longer term.

Given the envisaged substantial investment volumes in terminal and airfield infrastructure, it remains crucial that such projects are executed in a timely manner and in a cost-effective way. Infrastructure development is key to meeting the strategic objectives of the Company. Failure to develop infrastructure to the appropriate extent could result in facilities that are capacity-constrained shortly after their inauguration or too large and costly.

To address these concerns, the Company regularly updates its traffic projections using a proven and reliable forecasting model and conducts extensive capacity studies combined with regular scenario analysis. At the same time, it is ensured that the setting of financial and operational goals is in line with the Company's strategy and aligned with the required resources.

Employees

The Group employed an average of 355 employees during 2022, which was an increase of 7.9% from the previous year. This increase reflected the busier operation during the year under review, particularly from the second quarter onwards. The total headcount at year end stood at 370, which included eight employees working for Airport Parking Limited and four employees working for SkyParks Business Centre. Nine out of ten employees were employed on a full-time basis, whilst the remaining 10% were employed on a part-time basis, bringing the full-time equivalent (FTE) figure for employees at year end to 346 employees. Compared to year end 2021, the increase in FTE was of 11.5%. Female employees accounted for 37% of the Company's workforce, up from 35.2% in the preceding two years.

In 2022, the employee turnover rate for the Group was 12.1%, which was an improvement compared to the previous two years (14.0% in 2021 and 13.9% in 2020), whilst the average length of service stood at nine years.

Training expenses for the year slightly exceeded EUR 220,000 as the Company restarted its training programme, which had been put on hold during the pandemic. Most of the training provided during 2022 was about safety, including Occupational Health and Safety, and amounted to 3,799 hours. This was followed by training provided to the Company's Fire and Rescue Department, that benefitted from 2,213 hours. The rest of the training, which ranged from professional courses and crisis management to technical skills and service excellence, amounted to 5,451 hours. The total of 11,463 hours of training that were delivered across the year, equated to an average of 31 hours per employee.

During the year under review, more than half of the Company's office workers availed themselves from the opportunity to work from home up to twice per week, in line with the Company's Work from Home Policy. The Company Leave Bank which was set up to assist employees who are going through particularly challenging circumstances and require additional leave, was used to the benefit of 10 employees during 2022.

The following table shows the HR related indicators:

	2022	2021	+/-	% Change
Headcount - 31 December	**370**	324	46	14.2%
Headcount - Average	**355**	329	26	7.9%
FTE - 31 December	**346**	310	36	11.5%
FTE - Average	**336**	315	21	6.7%
Average age (in years)	**39.1**	39.7	(0.6)	(1.5%)
Length of service (in years)	**9.0**	10.8	(1.8)	(16.7%)
Share of women in workforce	**37.0%**	35.2%	-	1.8 pp
Employee turnover rate	**12.1%**	14.0%	-	(1.9 pp)
Training expenses (EUR)	**221,166**	72,120	149,046	206.7%
Reportable accidents	**7**	3	4	133.3%

INFRASTRUCTURAL INVESTMENTS (CONTINUED)

Corporate Responsibility

As the people, planet and profit equation becomes increasingly important to the responsible running of organisations, MIA continued to seek out opportunities to base its day-to-day operation on these three pillars. Besides focusing on its recovery and supporting its employees as well as the community, the Company continued to work towards reaching its environmental targets.

The Environmental Working Group, which was established in 2021 to discuss the company's environmental KPIs, met four times during the year under review. The year 2022 saw the introduction of a new company-wide environmental KPI, through which Malta International Airport committed itself to limiting its landfill waste per passenger to 0.2 kilos in 2022, as part of its waste-management efforts. Full-year data for 2022 showed that the Company had decreased the share of landfill waste by 11% compared to the same period in 2019.

In parallel, the Company continued working towards its net zero ambition, with over 300 taxiway and taxilane light fittings being replaced with more efficient LED lighting in the first quarter of 2022 alone. During the year under review, MIA satisfied ACI's criteria to be able to retain its place at Level 2 of the Airport Carbon Accreditation (ACA) Programme. Members of the Company's management team and the Environmental Working Group were given the opportunity to garner a better understanding of the importance of the airport-specific programme through training delivered by external sustainability consultants.

In 2022, the company started laying the groundwork to be able to progress to Level 3 of the ACA Programme by rolling out the Airport Commute Survey among its employees. The roll-out of this survey constituted part of the process, which will enable MIA to start calculating and reporting Scope 3 emissions in addition to Scope 1 and 2 emissions, which have been reported for the past years.

The year 2022 was also important in terms of the Company's philanthropic contributions to different segments of the community. The Company's Corporate Responsibility (CR) Committee continued to lead MIA's effort in this regard, and, during the year under review, donations to the tune of EUR 87,000 were given to several organisations whose missions vary from safeguarding the environment to offering rehabilitation services to persons with disabilities and offering support to families of young cancer patients.

The Malta Airport Foundation, on the other hand, inaugurated a conservation and restoration project in Żurrieq, works on which had been initiated in 2021. The inauguration event of the newly restored Saints Roque, Blaise, Dominic and Nicholas of Tolentino interceding for the Plague Stricken by Mattia Preti was attended by several distinguished guests, including the Minister for National Heritage, the Arts and Local Government, parishioners and a number of airport employees hailing from Żurrieq.

In the last quarter of the year, the Foundation kicked off the underwater mini-documentary series Submerged World with the release of the first episode out of six instalments. Another five episodes will be released throughout 2023, each focusing on a different diveable wreck from around the Maltese Islands, with the aim of promoting Malta's underwater offering to local and foreign divers. Hot on the heels of the launch of this series, the Foundation announced its support of Heritage Malta's pioneering work to declare an underwater site, found just off Xlendi Bay in Gozo, the world's first deep-water archaeological park.

As has become customary, the Foundation also organised two underwater clean-ups in collaboration with two local dive clubs. A total of 3.6 tonnes of waste were elevated from the seabed in Senglea and Tigné, which were the two clean-up locations chosen for 2022.

FINANCIAL PERFORMANCE

Financial Results

The earnings before interest, taxation, depreciation and amortisation (EBITDA) of the Group increased by EUR 30.8 million; from EUR 24.1 million in 2021 to EUR 54.9 million in 2022. Moreover, the EBITDA margin improved by 11.6 percentage points; from 50.8% to 62.4%.

On 27 June 2022, the European Commission approved a EUR 12 million Maltese aid measure to recompense the Company for the losses suffered due to the coronavirus pandemic. The measure provides for the compensation for the material losses suffered by the Company during the airport closure to all commercial passenger traffic between 21 March and 30 June 2020. Following the approval by the European Commission, it was established through Legal Notice 247 of 2022 that the approved sum of EUR 12 million would be granted in the form of tax credit.

The tax credit is allowed against the tax on the profits and was fully utilised during the year under review.

While net profit for 2021 amounted to EUR 7.0 million, the Group posted a net profit before tax credit of EUR 26.9 million in 2022.

Net profit after tax credit amounted to EUR 38.9 million. The total comprehensive income for the year attributable to shareholders of the Company (net of tax) reached EUR 39.1 million, driven by actuarial gains on defined benefit pension plans (net of deferred taxes) of EUR 0.2 million for the year under review. No other comprehensive income or expenses had to be reported in the previous year.

FINANCIAL PERFORMANCE (CONTINUED)

Revenues

The total revenue of the Group increased by 85.6% or EUR 40.6 million compared to 2021; up from EUR 47.4 million to EUR 88.0 million. Aviation-related revenues are the most important income stream of the Group, greatly benefitting from the recovery of the demand in air traffic. In 2022, the airport segment contributed a share of 66.3% of total revenues (2021: 58.6%), showing an increase of 109.8% or EUR 30.5 million over the previous year. Revenues from the Retail and Property segment totalled EUR 29.5 million (2021: EUR 19.5 million), which represents an increase of 51.1%. The remaining portion of EUR 0.2 million of revenues originated from the other activities and contributed a 0.3% share.

Staff Costs

The staff costs of the Group amounted to EUR 10.1 million in 2022, representing an increase of EUR 3.3 million or 48.8% over 2021. This reflects the recovery of the business from Q2 onwards, leading to an increased head-count in all operational areas of the Group. Between January and May of the reporting period, the Company continued to benefit from the COVID-19 Wage Supplement, which had been introduced in March 2020, whereby EUR 800 per each full-time employee were received. Consequently, the increase in the staff costs was also the result of the termination of the Wage Supplement Benefit as from June 2022.

Other Operating Expenses

The costs for customer services, passenger screening, VIP and cleaning reflect the recovery in demand as these services are passenger-related costs. The increase in maintenance expenses was driven by catch-up effects, given that during the crisis years (2020-2021), as a means by which to preserve liquidity, maintenance was strictly limited to operational needs and areas affecting guests. IT costs increased due to transaction volumes as well as a result of having more applications and software tools in use.

However, the effects of the cost-saving initiatives launched in 2020 are still visible as the majority of the measures taken have led to sustainable cost advantages. This led the other operating expenses of the Group to increase by 40.0%; from EUR 16.4 million in 2021 to EUR 22.9 million in 2022, compared to an increase in passenger numbers of 130.3%.

Depreciation and Amortisation

Depreciation and amortisation remained stable and amounted to EUR 11.4 million in the year under review, compared with EUR 11.3 million in the previous year.

Comprehensive Income and Dividends

The financial results of the Group and the Company for the year ended 31 December 2022 are shown in the Statement of Comprehensive Income on page 137. The Group's total comprehensive profit for the year after taxation amounted to EUR 39.1 million (2021: EUR 7.0 million).

The Board of Directors is recommending the payment of a final net dividend of EUR 0.12 per share (Gross EUR 0.1846) on all shares settled as at close of business on 10 April 2023, which dividend shall be paid by no later than 26 May 2023.

Financial Position

The profit for the year, together with shareholders' funds brought forward from the previous year, resulted in shareholders' funds as at 31 December 2022 of EUR 170.9 million and EUR 168.8 million for the Group and the Company, respectively. These totals were up from EUR 131.8 million and EUR 130.4 million, respectively, at year end 2021.

Going Concern

After reviewing the Company's budget for the next financial year and its long-term plans, the Directors are of the opinion that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the Financial Statements.

Financial Risk Management

The financial risks of the Group and the Company identified during the year and their financial risk management objectives are outlined in detail in Note 38 of the Financial Statements.

FINANCIAL PERFORMANCE (CONTINUED)

Financial Key Performance Indicators

Financial Indicators (EUR mn)	2022	2021	Variance abs.	Variance in %
Total Revenue	**88.0**	47.4	40.6	85.6%
thereof Aviation Revenue	**58.3**	27.8	30.5	109.8%
thereof Non-Aviation Revenue	**29.7**	19.6	10.1	51.3%
EBITDA	**54.9**	24.1	30.8	128.0%
EBITDA Margin (in %)	**62.4%**	50.8%		11.6 pp
EBIT	**43.5**	12.8	30.7	239.4%
EBIT Margin (in %)	**49.4%**	27.0%		22.4 pp
Net Profit / (Loss)	**38.9**	7.0	31.9	457.3%
ROCE (in %) *	**17.0%**	5.0%		12.0 pp
Cash (incl. term deposits) & Treasury Bills	**68.7**	32.7	36.0	110.0%
Equity	**170.9**	131.8	39.1	29.7%
Balance Sheet Total	**285.1**	242.7	42.5	17.5%
Capital Expenditure	**12.4**	9.2	3.2	35.2%
Taxes on Income	**2.9**	4.1	(1.3)	(30.3%)
Average Employees (No.)	**355**	329	26	7.9%

* EUR 12mn tax credit not included in ROCE calculation

Share Capital

The share capital of the Company is EUR 33,825,000 divided into three classes of shares as follows:

- 81,179,990 Ordinary 'A' Shares representing approximately 60% of the total issued share capital;
- 54,120,000 Ordinary 'B' Shares representing 40% of the total issued share capital; and
- 10 Ordinary 'C' Shares.

All shares issued have a nominal value of EUR 0.25 and are fully paid up and allotted.

The Ordinary 'A' Shares are admitted to the official list of the Malta Stock Exchange, whilst the Ordinary 'B' and Ordinary 'C' Shares are not admitted or traded on an exchange.

The Ordinary 'A' Shares and Ordinary 'B' Shares shall entitle their holders to the same rights, benefits and powers in the Company save for the transferability thereof. The Ordinary 'A' Shares shall be freely transferable whilst the Ordinary 'B' Shares were non-transferable for a period of fifteen (15) years from 26 July 2002, upon which date they automatically became fully and freely transferable without the need of any formality.

The Ordinary 'C' Shares are held by and, in terms of the Memorandum of Association, may only be held by the Government of Malta. This share category does not carry any right to receive dividends or assets on a winding up or other return of capital but entitles the Government of Malta to appoint members on the National Interest Matters Committee pursuant to Article 58.10 of the Articles of Association of the Company.

Save for the above, there are no other restrictions attached to the shares of the Company.

No changes in the share capital of the Company were made nor did the Company acquire ownership of, or any rights over, any portion of its own share capital.

The following shareholders have an interest in more than 5% of the issued share capital of the Company:

- Malta Mediterranean Link Consortium Ltd
- Government of Malta
- VIE (Malta) Ltd

DIRECTORS

Appointment and Replacement of Directors

The Board of Directors of the Company is composed of a maximum of eight (8) directors. Five (5) directors are non-executive directors and a maximum of three (3) directors, amongst whom is the CEO, are executive directors.

Any shareholder holding not less than 20% of the issued share capital of the Company having voting rights is entitled to appoint one director for each 20% shareholding by a letter addressed to the Company. In this respect, Malta Mediterranean Link Consortium Limited is entitled to appoint two (2) non-executive directors and the Government of Malta is entitled to appoint one (1) non-executive director. The remaining non-executive directors are appointed by the shareholders in a general meeting pursuant to the Articles of Association.

Unless appointed for a longer term, a director holds office from one Annual General Meeting to the next and is eligible for re-appointment. The maximum period for which a director may be appointed is a term of three (3) years, following the lapse of which such director shall be eligible for re-appointment.

In terms of the Articles of Association, the CEO of the Company shall occupy one of the executive director positions. The other executive directors to be co-opted to the Board are the Chief Financial Officer and the Chief Commercial Officer.

Powers of Directors

The directors of the Company have all the powers necessary to manage and direct the Company. The Company is empowered to buy back any of its shares, subject to the limitations and restrictions at law and the capital market rules. Subject to the authority of shareholders, to be given at three (3) year intervals, the directors are also empowered to issue further shares in the Company.

Directors

The directors who served during the year under review were:

Director	Title	Director Since
Mr Nikolaus Gretzmacher	Chairman & Non-Executive Director	2012
Ms Rita Heiss	Non-Executive Director	2015
Dr Cory Greenland	Non-Executive Director	2015
Dr Wolfgang Koeberl	Non-Executive Director	2016
Mr Florian Nowotny	Non-Executive Director	2017
Mr Alan Borg	CEO and Executive Director	2012
Mr Karl Dandler	CFO and Executive Director	2014

In accordance with paragraph 56.1 of the Company's Articles of Association, all the present directors are to retire at the forthcoming Annual General Meeting. The appointment of the new directors will take place in accordance with paragraphs 55 and 56 of the same Articles of Association at the Annual General Meeting.

Directors' Interests in Material Contracts

The following directors have declared their interests in the share capital of the Group:

- Mr Nikolaus Gretzmacher — a non-beneficial interest[1]
- Ms Rita Heiss — a non-beneficial interest[2]
- Dr Cory Greenland — a beneficial interest

No other director has a beneficial or non-beneficial interest in the Company's share capital.

[1] These shares are held by MMLC and VIE Malta Limited, companies of which Mr Gretzmacher is a director.
[2] These shares are held by MMLC and VIE Malta Limited, companies of which Ms Heiss is a director.

AUDITOR

A resolution to reappoint PricewaterhouseCoopers as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

OUTLOOK

Traffic Development

The Company's outlook for 2023 is cautiously optimistic notwithstanding any extraordinary events, and it is expected that a number of airlines will continue to recover their Malta schedules to 2019 levels. Malta International Airport is therefore expected to register 6.3 million passengers in 2023, translating to a recovery of circa 86% of 2019 traffic.

Financial Performance

Based on the projected passenger numbers for 2023, the total revenue of the Group for 2023 is expected to reach EUR 97 million. Projected EBITDA and Net Profit are to be at EUR 59 million and EUR 29 million, respectively. The capital expenditure of the Group during the year is expected to reach EUR 39 million.

Signed on behalf of the Company's Board of Directors on 22 February 2023 by Nikolaus Gretzmacher (Chairman), Alan Borg (Chief Executive Officer) and Karl Dandler (Chief Financial Officer) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2022.

Statement of Directors' Responsibilities

The directors are required by the Companies Act (Cap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Company and the Group at the end of each financial year, and of the profit or loss of the Company and the Group for the year then ended.

In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business as a going concern.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable the directors to ensure that the financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Additionally, the directors are responsible for:

- the preparation and publication of the Annual Financial Report, including the consolidated financial statements and the relevant tagging requirements therein, as required by Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS; and
- designing, implementing, and maintaining internal controls relevant to the preparation of the Annual Financial Report that is free from material non-compliance with the requirements of the ESEF RTS, whether due to fraud or error, and consequently, for ensuring the accurate transfer of the information in the Annual Financial Report into a single electronic reporting format.

STATEMENT OF RESPONSIBILITY PURSUANT TO THE CAPITAL MARKET RULES ISSUED BY MFSA

We confirm that to the best of our knowledge:

a) in accordance with the Capital Market Rules, the financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2022 and of their financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU; and

b) in accordance with the Capital Market Rules, the Directors' Report includes a fair review of the performance of the business and the financial position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board of directors on 22 February 2023.

Corporate Governance

Statement of Compliance

YEAR ENDED 31 DECEMBER 2022

INTRODUCTION

Pursuant to the Capital Markets Rules issued by the Capital Markets Authority, Malta International Airport p.l.c. (the "Company") should endeavour to adopt the Code of Principles of Good Corporate Governance contained in Appendix 5.1 to Chapter 5 of the Capital Markets Rules (the "Code"). In terms of Capital Markets Rule 5.94, the Company hereby reports on the extent of its adoption of the principles of the Code for the financial year being reported upon.

The Company acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. However, the directors strongly believe that such practices are generally in the best interests of the Company and its shareholders and that compliance with the principles of good corporate governance is not only expected by investors but also evidences the directors' and the Company's commitment to a high standard of governance.

The Board of Directors (the "Board") has carried out a review of the Company's compliance with the Code for the financial year being reported upon, namely the year ended 31 December 2022.

GENERAL

The directors believe that good corporate governance is a function of a mix of checks and balances that best suit the Company and its business. Accordingly, whilst there are best practices that can be of general application, the structures that may be required within the context of larger companies are not necessarily and objectively the best structures for companies whose size and/or business dictate otherwise. It is in this context that the directors have adopted a corporate governance framework within the Company that is designed to better suit the Company, its business, scale and complexity whilst still ensuring proper checks and balances.

GENERAL (CONTINUED)

The Company has a corporate decision-making and supervisory structure that is tailored to suit the Company's requirements and designed to ensure the existence of adequate checks and balances within the Company, whilst retaining an element of flexibility.

In general, the directors believe that the Company has adopted appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of checks and balances in line with the Company's requirements.

This corporate governance statement (the "Statement") will now set out the structures and processes in place within the Company and how these effectively achieve the goals set out in the Code. For this purpose, this Statement will make reference to the pertinent principles of the Code and then set out the manners in which the directors believe that these have been adhered to. Where the Company has not complied with any of the principles of the Code, this Statement will give an explanation for non-compliance.

For the avoidance of doubt, reference in this Statement to compliance with the principles of the Code means compliance with the Code's main principles, and the Code Provisions.

COMPLIANCE WITH THE CODE

Principle One: The Board

The directors believe that for the period under review the Company has generally complied with the requirements of this principle and the relative code provisions.

The Board is composed of members who are fit and proper to direct the business of the Company with honesty, competence, and integrity. All the members of the Board are fully aware of, and conversant with, the statutory and regulatory requirements connected to the business of the Company. The Board is accountable for its performance and that of its delegates too.

The Board is responsible for determining the Company's strategic direction and organisational requirements, whilst ensuring that the Company has the appropriate mix of financial and human resources to meet its objectives and improve its performance. Throughout the period under review, the Board provided the necessary leadership in the overall direction of the Company and has adopted prudent and effective systems whereby it obtains timely information from the Chief Executive Officer (the "CEO") as the head of the Executive Committee to ensure an open dialogue between the CEO and directors at regular intervals and not only at meetings of the Board. The Company has a structure that ensures a mix of Executive and Non-Executive Directors that enables the Board, and particularly the Non-Executive Directors to have direct information about the Company's performance and business activities from the head of executive management that is also a director on the Board.

Principle Two: Chairman and Chief Executive Officer

In line with the requirements of Principle Two, the Company has segregated the functions of the CEO and the Chairman. Whilst the CEO heads the Executive Committee, the Chairman's main function is to lead the Board and set its agenda. The Chairman is also responsible to ensure that the Board receives accurate, timely and objective information so that the directors can take sound decisions and effectively monitor the performance of the Company. The Chairman exercises independent judgement and ensures that, during Board meetings, there is effective communication with stakeholders as well as active engagement by all directors for the discussion of complex and/or contentious issues.

The CEO is accountable to the Board of the Company for all business operations. He has the power and authority to appoint the persons to fill in the post of each member of the Executive Committee. He also has the discretion to ask any one or more of such members, from time to time, to address the Board on matters relating to the operations of the Company and its Subsidiaries. The Board, of course, is entitled to call in, at its discretion, any one or more of the executives of the Company.

Principle Three: Composition of the Board

The full maximum complement of the Board, in line with Principle Three is of five (5) Non-Executive Directors and three (3) Executive Directors, a balance that is entrenched in the Company's Memorandum and Articles of Association, which requires that the CEO is an ex ufficio director together with a maximum of two (2) other senior executives of the Company. The presence of top executives on the Board is designed to ensure that all the members of the Board, including Non-Executive Directors, have direct access at meetings of directors to the individuals having the prime responsibility for day-to-day operations and executive management of the Company and to the implementation of policies that allow effective discussion and the availability of all the information necessary to carry out their functions in the best possible manner.

The members of the Board for the year under review were:

Director	Title	Director Since
Mr Nikolaus Gretzmacher	Chairman & Non-Executive Director	2012
Ms Rita Heiss	Non-Executive Director	2015
Dr Cory Greenland	Non-Executive Director	2015
Dr Wolfgang Koeberl	Non-Executive Director	2016
Mr Florian Nowotny	Non-Executive Director	2017
Mr Alan Borg	CEO and Executive Director	2012
Mr Karl Dandler	CFO and Executive Director	2014

COMPLIANCE WITH THE CODE (CONTINUED)

Pursuant to generally accepted practices, as well as the Company's Articles of Association, the appointment of non-executive directors to the Board is reserved exclusively to the Company's shareholders, except in so far as an appointment is made to fill a vacancy on the Board.

The Board normally meets every eight (8) weeks and as a matter of Board policy, a guideline was established whereby at its first meeting, meetings are scheduled for the full year. Board meetings concentrate mainly on strategy, operational performance, and financial performance. The Board also delegates specific responsibilities to the CEO and the Committees, notably the Executive Committee and the Audit Committee which operate under their respective formal terms of reference. Directors may, in the furtherance of their duties, take independent professional advice on any matter at the Company's expense.

For the purposes of Code Provision 3.2, requiring the Board to report on whether it considers each Non-Executive Director as independent in line with the requirements of that Code Provision, the Board considers each of the Non-Executive Directors as independent within the meaning of the Code.

Save for what is stated hereunder, none of the Non-Executive Directors:

a) are or have been employed in any capacity by the Company;
b) have or have had a significant direct or indirect relationship with the Company;
c) receive significant additional remuneration from the Company;
d) have close family ties with any of the executive members of the Board;
e) have served on the Board for more than twelve consecutive years;
f) have been within the last three years an engagement partner or a member of the audit team of the present or past external auditor of the Company or any Company forming part of the same group; and
g) have a significant business relationship with the Company.

Mr Nikolaus Gretzmacher, and Ms Rita Heiss (Non-Executive Directors) are currently members of the Board of Directors of Malta Mediterranean Link Consortium Limited, a Company holding 40 per cent of the issued and voting capital of the Company, and, together with Dr Wolfgang Koeberl are also employees of Flughafen Wien AG, the company's ultimate parent company. Notwithstanding the above relationship the Board still considers Mr Gretzmacher, Ms Heiss and Mr Koeberl as having the required skills, experience and integrity to retain their impartiality in acting as directors of the Company.

In terms of Principle 3.4, each Non-Executive Director has declared in writing to the Board that he/she undertakes:

- to maintain in all circumstances his/her independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and
- to clearly express his/her opposition in the event that he/she finds that a decision of the Board may harm the Company.

Principle Four: The Responsibilities of the Board

In line with the requirements of Principle Four, it is the Board's responsibility to ensure a system of accountability, monitoring, strategy formulation and policy development.

The Board believes that this responsibility includes the appropriate delegation of powers to management and the organization of the executive team in a manner that is designed to provide high levels of comfort to the directors that there is proper monitoring and accountability apart from appropriate implementation of policies. The Board delegates specific responsibilities to committees, which operate under their respective formal Terms of Reference.

Executive Committee
The Board's link to the Executive Committee is principally the CEO, together with the other Executive Director on the Board, both of whom are members of the Executive Committee.

The Executive Committee comprises the Executive Directors and the heads of each business unit of the Group. The role of the Executive Committee is to implement the Company`s strategy and policies, through the various departments within the organisation. It also makes recommendations to the Board on matters which are beyond its remit. The Chief Executive Officer chairs the Executive Committee.

The members of the Committee for the period under review were:

- Mr Alan Borg (Chief Executive Officer)
- Mr Karl Dandler (Chief Financial Officer)
- Ing. Martin Dalmas (Airport Operations & Business Continuity)
- Mr George Mallia (Retail & Property)
- Mr Ian Maggi (Innovation & Technology)
- Mr Patrick Murgo (Safety, Security, Fire Services & Procurement)
- Ms Tina Lombardi (Human Resources, Strategy & Marketing)
- Mr Alex Cardona (Traffic Development, Customer Services & Administration)
- Ing. Kevin Alamango (Technical Services)
- Mr Robert Mizzi (Aerodrome Safety & Compliance)

COMPLIANCE WITH THE CODE (CONTINUED)

The Executive Committee has met 35 times during the year under review.

The Company has also established three cross-functional Committees, the 'Corporate Responsibility (CR) Committee, the Customer Experience (CE) Committee and the Finance Committee, which meet on a regular basis.

The CR Committee is responsible for the company's overall CR policy and strategy including the respective formulation and implementation thereof as well as the company's environmental planning, Airport Carbon Management and supervises the Malta Airport foundation.

The CE Committee systematically deals with how to improve the airport's Customer Experience with a special focus on customer journeys, touch points, pain points and delighters as well as ASQ benchmarking, customer feedback and ASQ's Customer Experience Accreditation programme.

The Finance Committee analyses and interprets the company's financial information on a monthly and quarterly basis with a special focus on current and future income streams, cost drivers and margins to secure a sustainable growth for the Company.

The Chief Executive Officer chairs these cross-functional Committees and all meetings are minuted.

Audit Committee
As part of its corporate governance structures the Company has an Audit Committee in line with the requirements of the Capital Markets Rules. The principal roles of the Audit Committee are in line with the requirements of Capital Markets Rule 5.127 and include the following:

- monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity;
- monitoring of the effectiveness of the company's internal quality control and risk management system and, where applicable, its internal audit, regarding the financial reporting of the Issuer, without breaching its independence;
- monitoring of the audit of the annual and consolidated financial statements;
- reviewing additional reports prepared by the statutory auditor/s or audit firm/s;
- reviewing and monitoring the independence of the statutory auditors or the audit firms;
- taking responsibility for the procedure for the selection of statutory auditor/s or audit firm/s; and
- recommending the statutory auditor/s or the audit firm/s to be appointed.

During the year ended 31 December 2022 the Committee consisted of three (3) Non-Executive Directors, namely Mr Florian Nowotny, Ms Rita Heiss, and Dr Cory Greenland. The Committee has the power and authority under its Terms of Reference to summon any person to assist it in the performance of its duties. The directors believe that, during the year under review, Mr Florian Nowotny was independent and competent in accounting and/or auditing in terms of Capital Markets Rule 5.117. Mr Nowotny is considered as competent in accounting and/or auditing in view of his qualifications and experience.

When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on the action needed to address the issue or make improvements. In the period under review the Audit Committee has held 7 meetings.

Company Executives participate in periodic strategic reviews, which include consideration of long-term projections and the revaluation of the business objectives in the short term. Regular budgets and strategic plans are prepared, which are incorporated into a comprehensive strategic plan for the Company. Performance against these plans is actively monitored and reported to the Board using key risk and performance indicators so that corrective measures can be taken to address any deficiencies and to ensure the future sustainability of the Company. These key risk and performance indicators are benchmarked against industry norms so that the Company's performance can be effectively evaluated.

In view of the number of members of the Board, the directors believe that its size is manageable to be able to address most issues as a Board rather than create sub-committees of the Board that may be more suitable in the case of companies having larger Boards. Indeed, the Board feels that its size and membership allow directors the opportunity to discuss matters directly and that this is a more effective and efficient manner to conduct its business.

The directors, however, are aware that there may be situations that require the delegation to certain committees of certain tasks or assignments and the Board has on occasion composed ad hoc committees for this purpose.

Notwithstanding that the board has established no formal policy on the matter, as part of succession planning, the Board and CEO ensure that the Company implements appropriate schemes to recruit, retain and motivate employees and senior management.

In ensuring compliance with other statutory requirements and with continuing listing obligations, the Board is advised directly, as appropriate, by its appointed broker, legal advisor and external auditors. The Board also ensures that appropriate policies and procedures are in place to assure that the highest standards of corporate conduct are maintained.

Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities at the Company's expense.

COMPLIANCE WITH THE CODE (CONTINUED)

Principle Five: Board Meetings

The Board believes that it complies fully with the requirements of this principle and the relative Code Provisions, in that it has systems in place to ensure the reasonable notice of meetings of the Board and the circulation of discussion papers in advance of meetings so as to provide adequate time for directors to prepare themselves for such meetings. Minutes are prepared during Board meetings recording faithfully attendance, discussions and resolutions. These minutes are subsequently circulated to all directors as soon as practicable after the meeting.

The Board meets as often and as frequently as required in line with the nature and demands of the business of the Company. During the financial year under review the Board held six (6) meetings:

Director	Attendance Board Meetings 2022
Mr Nikolaus Gretzmacher	5/6
Ms Rita Heiss	6/6
Dr Cory Greenland	5/6
Dr Wolfgang Koeberl	6/6
Mr Florian Nowotny	6/6
Mr Alan Borg	6/6
Mr Karl Dandler	6/6

The Chairman ensures that all relevant issues are on the agenda and supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all directors every opportunity to contribute to relevant issues on the agenda. The agenda on the Board strikes a balance between long-term strategic and short-term performance issues.

Directors attend meetings on frequent and regular basis and dedicate the necessary time and attention to their duties as directors of the Company.

Principle Six: Information and Professional Development

The CEO is appointed by the directors and enjoys the full confidence of the Board. The CEO, although responsible for the selection of the Executive Committee and the recruitment of senior executives, regularly updates the directors on the appointment of senior executives. The Board is satisfied that the current schemes for executive compensation and professional development are designed to render the Company an attractive proposition for the retention of top executives within the Company and to motivate the Executive Committee.

Following the comprehensive training session undertaken over the course of last year and given that the board composition did not change it was not necessary to have a full training session to bring the directors up to date with their obligations at law. A brief refresher as to the obligations under MAR and the Capital Market Rules during a board meeting were considered sufficient to refresh the directors' attention to some of those obligations, as part of the professional development of directors.

The board intends to organise other professional development sessions for directors and executives designed specifically to enable them to discharge their functions more efficiently and in line with the high standards expected of them.

Directors have access to the advice and services of the Company Secretary who is also the legal counsel to the Board and the Company. As part of succession planning and employee retention, the Board and CEO ensure that the Company implements appropriate schemes to attract, retain and develop the best talent and keep employees engaged and motivated.

Principle Seven: Evaluation of the Board's Performance

The Board has not appointed a committee for the purpose of undertaking an evaluation of the Board's performance in accordance with the requirements of Code Provision 7.1 but has conducted an informal review of its own performance over the period under review. Refer to the note under the Section on 'Non-Compliance with the Code'.

Principle Eight: Committees

A. Remuneration Committee

The Company has no performance-related remuneration payable to its Non-Executive Directors and accordingly, as allowed by Code Provision 8.A.2, it has not appointed a Remuneration Committee. Instead, the functions of the Remuneration Committee are vested in the Board, which itself establishes the remuneration policies of the Company. The Non-Executive members of the Board establish the policies and decide on the performance related remuneration of its Executive Directors. Further details on remuneration of the directors are set out in the Remuneration Report for the financial year under review and is in compliance with the requirements of Capital Markets Rule 12.26 and contains the information required by Appendix 12.1 of the Capital Markets Rules.

COMPLIANCE WITH THE CODE (CONTINUED)

The Board notes that the organizational set-up of the Company and the size of the Board itself, together with the fact that Non-Executive Directors are not entitled to performance related remuneration, does not, in the opinion of the directors, warrant the establishment of a Remuneration Committee. Remuneration policies have therefore been retained within the remit of the Board itself, and as already stated in the case of the Executive Directors, it is the Non-Executive members of the Board that decide on their performance related remuneration.

The directors believe that certain committees that are suggested in the Code are either not required by the Company, or the functions of a number of committees may efficiently be merged or undertaken by the Board itself. In addition, the Board believes that its size and composition is sufficient for the proper direction and management of the Company and its business and that there would be no value added to the Company and its shareholders to increase the number of Board members simply to be able to have separate committees of the Board – when the same functions can properly be undertaken by the Board itself. The directors will retain the need of such committees under review and as in the past, may appoint ad hoc committees of directors to deal with specific issues as and when these arise.

For the purposes of the provisions of Article 63 of the Company's Articles of Association, the aggregate emoluments paid to the directors is EUR 606,746 which is within the amount approved by the shareholders of EUR 989,160 for the purpose of that article. The aggregate emoluments paid to the members of the Executive Committee excluding executive directors amount to EUR 662,427.

B. Nomination Committee
The Board believes that the main principle has been duly complied with, in that it is the Articles of Association themselves that establish a formal and transparent procedure for the appointment of directors. The Company has, however, not established a Nominations Committee as suggested by the Code.

Principle Nine: Relations with Shareholders and with the Market

The Board serves the legitimate interests of the Company, accounts to shareholders fully and ensures that the Company communicates with the market effectively through a number of Company announcements, informing the market of significant events happening within the Company.

The Company also communicates with its shareholders through the Annual General Meeting (AGM), where the Board communicates directly with shareholders on the performance of the Company over the last financial year and informs shareholders of the challenges that lie ahead.

Business at the Company's AGM will cover the approval of the Annual Financial Report and the audited Financial Statements, the declaration of a dividend, if any, the election of directors, the determination of the maximum aggregate emoluments that may be paid to directors, the appointment of auditors and the authorisation of the directors to set the auditors' remuneration. Any other matter that may be placed by the directors before the AGM will be dealt with as "Special Business".

Apart from the AGM, the Company has continued to communicate with its shareholders and the market by way of the Annual Financial Report and Financial Statements, by publishing its results on a six-monthly basis during the year and through the directors' statements, which are also published on a six-monthly basis, as well as the publication of results for each of quarter 1 and quarter 3 in a financial year. Generally, the company also communicates with the market through Company announcements to the market in general. Regular meetings are carried out between Malta International Airport p.l.c. and Malta Association of Small Shareholders (MASS) to discuss matters of mutual interest.

The Company recognises the importance of maintaining a dialogue with the market to ensure that its strategies and performance are well understood. The Company's website (www.maltairport.com) also contains information about the Company and its business and is a source of further information to the market.

The Company's Articles of Association allow minority shareholders to call special meetings on matters of importance to the Company, provided that the minimum threshold of ownership established in the Articles of Association is met.

Principle Ten: Institutional Shareholders

This Principle is specifically applicable to the institutional shareholders of the Company and their responsibilities, including their evaluation of governance disclosures.

Principle Eleven: Conflicts of Interest

The Board has established procedures on how conflicts are to be handled, if and when they arise. A director having a personal conflict on any matter is bound to inform the other members of the Board of such a conflict whether it is an actual, potential or a perceived conflict. It is then the other members of the Board that would decide on whether there exists such a conflict, actual or potential. By virtue of the Memorandum and Articles of Association, in the event that, in the opinion of the Board such a conflict exists, then the conflicted director is invited to leave the meeting when it proceeds to the vote, if any, on the matter concerned. As a matter of practice, discussions of such matters are normally conducted in the absence of the conflicted director. The Board feels that this is a procedure that achieves compliance with both the letter and the rationale of principle eleven.

COMPLIANCE WITH THE CODE (CONTINUED)

Commercial relationships between the Company and other companies may be related by way of common directors and shareholders ("Related Party Transactions"). Contracts are entered into in the ordinary course of business with shareholders and other parties in which the directors have a beneficial interest. Terms and conditions of contracts negotiated with related parties are reviewed by the Company's Audit Committee. Full disclosure of Related Party Transactions entered into during the financial year under review is made in Note 33 to the Financial Statements.

The following directors have declared their interests in the share capital of the Company:

Nikolaus Gretzmacher	a non-beneficial interest[3]
Rita Heiss	a non-beneficial interest[4]
Cory Greenland	a beneficial interest

No other director has a beneficial or non-beneficial interest in the Company's share capital.

Principle Twelve: Corporate Social Responsibility

The directors are committed to high standards of Corporate Responsibility specifically in the social, economic and environmental fields both internally and externally. This is being done for the benefit of its key stakeholders which include its shareholders, employees, customers as well as the local community at large.

[3] These shares are held by MMLC and VIE (Malta) Limited, companies of which Mr Gretzmacher is a director.

[4] These shares are held by MMLC and VIE (Malta) Limited, companies of which Ms Heiss is a director.

NON-COMPLIANCE WITH CODE PROVISIONS

The directors set out below the code provisions with which they do not comply and a careful explanation as to the reasons for such non-compliance:

Code Provision	Explanation
2.1	Whilst the Company has segregated the functions of the Chairman and the CEO, in that the two posts are occupied by different persons, the division of responsibilities between them has not been established in writing, although there is significant experience and practice that determines the two roles.
4.2	The Board has not formally developed a succession policy for the future composition of the Board of Directors as recommended by Code Provision 4.2.7. In practice, however, the Board and CEO are actively engaged in succession planning and in ensuring that appropriate schemes to recruit, retain and motivate employees and senior management are in place.
7.1	The Board believes that the size of the Company and the Board itself does not warrant the establishment of a committee specifically for the purpose of carrying out a performance evaluation of its role. Whilst the requirement under Code Provision 7.1 might be useful in the context of larger companies having a more complex set-up and a larger Board, the size of the Board is such that it should enable it to evaluate its own performance without the requirement of setting up an ad hoc committee for this purpose. The Board shall retain this matter under review over the coming year. Having conducted an informal review of its own performance over the period under review it is the Board's view that all members of the Board, individually and collectively, have contributed in line with the required levels of diligence and skill. In addition, the Board believes that its current composition endows the Board with a cross-section of skills and experience, not only with respect to the specific business of the Company, but also in a wider range of business areas and skills. This process was conducted by the Board itself rather than by a Committee chaired by a Non-Executive Director as required by the Code.

NON-COMPLIANCE WITH CODE PROVISIONS (CONTINUED)

Code Provision	Explanation
8B	The Board has not appointed a Nominations Committee in line with Code Provision 8B, particularly in the light of the specific manner in which the Articles of Association require that Non-Executive Directors be appointed by a shareholding qualification to the Board. The Executive Directors are, in accordance with the Articles, appointed by the Non-Executive Directors after their appointment, as aforesaid. The Board believes that the current Articles of Association do not allow the Board itself to make any recommendations to the shareholders for appointments of directors and that if this function were to be undertaken by the Board itself or a Nominations Committee, they would only be able to make a non-binding recommendation to the shareholders having the necessary qualification to appoint directors pursuant to the Articles of Association. The Board intends to keep under review the utility and possible advantages of having a Nominations Committee and following an evaluation may, if the need arises, make recommendations to the shareholders for a change to the Articles of Association.
9.3	The Memorandum and Articles of Association does not provide any mechanism for the resolution of conflicts between shareholders or any process that would trigger arbitration in these instances. This is mitigated by ongoing open dialogue between executive management and Non-Executive Directors of the Company, to ensure that such conflicts do not arise.
9.4	The Company does not have a policy in place to allow minority shareholders to present an issue to the Board.

INTERNAL CONTROL

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss.

Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls, which are monitored by the Internal Auditors on a regular basis.

The key features of the Company's system of internal control are as follows:

Organisation

The Company operates through the CEO and Executive Committee with clear reporting lines and delegation of powers.

Control Environment

The Company is committed to standards of business ethics that emulate best practice and seeks to maintain these standards across all of its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.

The Company has an appropriate organisational structure for planning, executing, controlling, and monitoring business operations in order to achieve Company objectives.

Risk Identification

Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business. A Risk Management Committee serve as a primary champion of risk management at a strategic and operational level to ensure that a sound system is in place that identifies, assesses, manages, and monitors risk. In addition, through regular checks the internal auditors test the Company's internal control systems and processes and make recommendations to management and the audit committee on any deficiency in such systems.

GENERAL MEETINGS

The general meeting is the highest decision-making body of the Company and is regulated by the Company's Articles of Association. All shareholders registered on the register of members of the Company on a particular record date are entitled to attend and vote at general meetings. A general meeting is called by twenty-one (21) days' notice.

At an Annual General Meeting what is termed as "ordinary business" is transacted, namely, the declaration of a dividend, the consideration of the accounts, balance sheets and the reports of the directors and the auditors, the election of directors, the appointment of auditors and the fixing of remuneration of directors and auditors. Other business which may be transacted at a general meeting (including at the Annual General Meeting) will be dealt with as "Special Business".

Voting at any general meeting takes place by a show of hands or a poll where this is demanded. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands each shareholder is entitled to one vote and on a poll each shareholder is entitled to one vote for each share carrying voting rights of which he is a holder. Shareholders who cannot participate in the general meeting may appoint a proxy by written or electronic notification to the Company. Appointed proxy holders enjoy the same rights to participate in the general meeting as those to which the shareholder they represent is entitled.

Every shareholder represented in person or by proxy is entitled to ask questions which are pertinent and related to the items on the agenda of the general meeting and to have such questions answered by the directors or such persons as the directors may delegate for such purpose.

The directors' statement of responsibilities for preparing the Financial Statements is set out on page 113.

The information required by:

a) Capital Markets Rule 5.97.5 is found in the Directors' Report;

b) Capital Markets Rule 12.26 and Appendix 12.1 will be found in the Remuneration Report.

Approved by the Board of Directors on 22 February 2023.

Remuneration Report

This Report on the remuneration of Malta International Airport p.l.c.'s (the "Company" or "MIA") Board of Directors, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), has been drawn up in compliance with the requirements of Chapter 12 of the Captital Markets Rules and contains information required by the provisions of Appendix 12.1 of the Capital Markets Rules.

The Company's remuneration of its Board of Directors and executive management is based on the Remuneration Policy adopted and approved by shareholders at the annual general meeting of 11 November 2020. This policy may be viewed on the Company's website at https://www.maltairport.com/corporate/investors/publications/.

THE REMUNERATION POLICY

The Company's Remuneration Policy determines the basis for remuneration of all members of the Board of Directors of the Company. It defines the principles and guidelines that apply to both fixed and variable remuneration, including all bonuses and benefits, which can be awarded to directors and, in the case of variable remuneration, indicate the relative proportion between fixed and variable components.

The Company's Remuneration Policy is intended as a measure to attract and retain suitable candidates to serve as directors and to provide the Company with the appropriate skills, technical knowledge, experience, and expertise both for the determination of policies and strategies of the Company as well as the supervisory role of the Board.

The overall remuneration of the Board distinguishes between the remuneration of the non-executive directors and executive directors. In the case of the non-executive directors, including the Chairman, the only component of remuneration is the fixed honorarium received by the non-executive directors, whilst in the case of the executive directors the remuneration consists of two components:

- the basic salary for the role as executive; and
- a bonus linked to individual performance and the performance of the Company

THE DECISION-MAKING PROCESS WITH RESPECT TO REMUNERATION

The aggregate emoluments that may be paid to the directors, including the executive directors, is decided upon by the shareholders in general meeting following a recommendation made to shareholders by the Board.

The Board then decides on the remuneration of the Chairman and the other non-executive directors consisting of a fixed honorarium to each director. The Board also establishes and approves the remuneration of the CEO and CFO with respect to their executive roles within the Company.

KEY PRINCIPLES OF REMUNERATION

The Board of Directors of the Company consists of seven (7) individuals. Five (5) are non-executive directors and two (2) are executive directors, including the CEO.

The aggregate remuneration approved by shareholders for the financial year ended 31 December 2022 was set at EUR 989,160. This includes components of remuneration of both non-executive and executive directors.

In accordance with Capital Markets Rule 12.26 transposing the requirements of the new EU Shareholders' Rights Directive (2019), the Remuneration Policy was approved by the shareholders at the annual general meeting 11 November 2020.

Accordingly, this is the third year that the Company is publishing a Remuneration Statement in line with the Remuneration Policy adopted by shareholders at the AGM 11 November 2020. The comparable figures refer to the financial years 2021 and 2020 for comparability.

THE CHAIRMAN AND THE NON-EXECUTIVE DIRECTORS

Fixed Component

The Board believes that, in line with local practice, the fixed honorarium for non-executive directors is the principal component that compensates directors for their contribution as members of the Board. The Chairman's honorarium reflects the role as the most senior non-executive director on the Board and as the person responsible, amongst others, for chairing Board meetings and co-ordinating Board assignments.

Non-executive directors who are also delegated to sit on a sub-committee of the Board or otherwise chair such a sub-committee, are paid additional fixed honoraria for each such assignment.

None of the directors have service contracts with the Company and each non-executive director serves from one annual general meeting to the next, when the appointment of directors is conducted at the annual general meeting. Accordingly, none of the non-executive directors are entitled to any compensation if they are removed from office. Such removal would require an ordinary resolution of the shareholders at a general meeting.

The directors are entitled to be paid travelling and other reasonable expenses incurred by them in the performance of their duties as directors. The Company does not remunerate the Chairman or the other non-executive directors in any other manner, nor does it provide any loans or other guarantees to them.

Variable Component

The Chairman and non-executive directors of the Company do not receive any variable component of remuneration.

Table 1 shows the overall remuneration of the Chairman and non-executive directors for the financial year ended 31 December 2022, 2021 and 2020.

Office	Fixed Honorarium	Remuneration for sitting on subcommittees	Total 2022	Total 2021	Total 2020	Paid 2021	Paid 2020
Mr Nikolaus Gretzmacher	€ 23,294		€ 23,294	€ 23,294	€ 23,294	€ 22,420	€ 20,964
Ms Rita Heiss	€ 13,000	€ 3,300	€ 16,300	€ 11,647	€ 11,647	€ 11,210	€ 10,482
Dr Cory Greenland	€ 13,000	€ 3,300	€ 16,300	€ 11,647	€ 11,647	€ 11,210	€ 10,482
Dr Wolfgang Koeberl	€ 13,000		€ 13,000	€ 9,318	€ 9,318	€ 8,968	€ 8,386
Mr Florian Nowotny	€ 13,000	€ 3,300	€ 16,300	€ 11,647	€ 11,647	€ 11,210	€ 10,482
Total	**€ 75,294**	**€ 9,900**	**€ 85,194**	**€ 67,553**	**€ 67,553**	**€ 65,018**	**€ 60,796**

Table 1: Remuneration of non-executive directors

THE CHAIRMAN AND THE NON-EXECUTIVE DIRECTORS (CONTINUED)

Due to the COVID crises and the material adverse impact which these had on the Company the non-executive directors offered to have their salary reduced by 30% between April and July 2020 and again by 15% between February and April 2021. This reductions in remuneration are shown in Table 1. Effective 1st January 2022 the remuneration for a Non-Executive Director and a Non-Executive Director and Committee Member was increased from EUR 9,318 to EUR 13,000 and from EUR 11,647 to 16,300 respectively, whereas the remuneration for the Chairman remained unchanged. The last review of the remuneration of Non-Executive Directors was in 2005.

EXECUTIVE DIRECTORS

The Company has two executives that are appointed members of the Board. The executive directors are the CEO and the CFO, both of whom have service contracts with the Company of a definite duration, which entitle them to a fixed salary.

Fixed Remuneration – Salary

The CEO was entitled to receive a gross salary for the financial year ended 31 December 2022 of EUR 206,866 (2021: EUR 201,210; 2020: EUR 200,794). During 2020, due to the events occasioned by the COVID-19 crisis and the material adverse impact which these had on the Company, the CEO offered to have his salary reduced by 30% between April and July 2020. During 2021, due to the ongoing COVID-19 crisis the CEO offered again a salary reduction of 15% between February and April 2021, and consequently the remuneration received for the year 2021 was of EUR 193,696 (2020: EUR 180,766). The CEO also receives the following benefits: Insurance (Health-Private Hospital Scheme, Accident & Disability Insurance, and Directors & Officers' Insurance), a Company car and a fully expensed mobile phone service.

The CFO was entitled to receive a gross salary for the financial year ended 31 December 2022 of EUR 161,357 (2021: EUR 157,054; 2020: EUR 156,963). During 2020, due to the events caused by the COVID-19 crisis and the material adverse impact which these had on the Company, the CFO offered to have his salary reduced by 30% between April and July 2020. During 2021, due to the ongoing COVID-19 crisis the CFO also offered again a salary reduction of 15% between February and April 2021, and consequently the remuneration received for the year 2021 was of EUR 151,184 (2020: EUR 141,318). The CFO also receives the following additional benefits: Insurance (Health-Private Hospital Scheme, Accident & Disability Insurance, and Directors & Officers' Insurance), a Company car and a fully expensed mobile phone service.

Variable Remuneration – Bonus

Both the CEO and the CFO are entitled to a bonus scheme which is linked to the performance of the Company and their individual performance over the course of the financial year. The Chairman sets targets at the beginning of the year to be reached by each executive, and then assesses the performance of each executive against the benchmarks set at the beginning of each year and awards the bonus accordingly. The variable component of the executive directors' remuneration is based on a balance scoring system which includes both financial and non-financial Key Performance Indicators (KPIs) and targets. The Chairman has full discretion in evaluating the performance and attainment of such KPIs and targets.

In the year 2022, the CEO received a bonus of EUR 100,186 (2021: EUR 50,070; 2020: EUR 98,844), whilst the CFO received a bonus of EUR 46,963 (2021: EUR 23,468; 2020: EUR 46,316), both in respect of the year 2021.

In terms of the requirements within Appendix 12.1 of the Capital Market Rules, the annual change of the average remuneration on a full-time equivalent basis of employees other than directors was 1.7% (2022 vs 2021) and 3.8% (2021 vs 2020). In relation to the performance of the Company we refer to page 108 of the Directors' Report: 'Financial Key Performance Indicators'.

The foregoing Remuneration Statement is being put forward to an advisory vote of the 2023 AGM in accordance with the requirements of the MFSA Capital Markets Rule 12.26L.

The contents of this remuneration report have been checked by the auditors as required by Capital Markets Rule 12.26N and their report is appended herewith.

Approved by the Board of directors on 22 February 2023.

Income Statements

YEAR ENDED 31 DECEMBER 2022

		The Group		The Company	
(in EUR)	Notes	2022	2021	2022	2021
Revenue	6	**88,016,852**	47,433,032	**83,644,230**	43,510,486
Staff costs	11	**(10,082,051)**	(6,774,849)	**(9,810,124)**	(6,556,906)
Other operating expenses	9	**(22,925,386)**	(16,371,370)	**(22,441,167)**	(15,928,350)
Impairment losses on financial assets	21	**(121,639)**	(208,132)	**(89,724)**	(61,471)
Depreciation	15/16	**(11,411,003)**	(11,267,027)	**(9,605,555)**	(9,389,448)
Release of deferred income arising on the sale of terminal buildings upon privatisation	23	**283,603**	283,603	**283,603**	283,603
Investment income	7	**70,636**	15,431	**824,218**	633,059
Finance cost	8	**(2,080,491)**	(2,000,814)	**(2,080,491)**	(2,099,272)
Profit before tax		**41,750,521**	11,109,874	**40,724,990**	10,391,701
Income tax expense	13	**(2,884,210)**	(4,135,920)	**(2,524,543)**	(3,897,306)
Profit for the year attributable to the ordinary equity holders of the Company, net of tax		**38,866,311**	6,973,954	**38,200,447**	6,494,395
Earnings per share attributable to the ordinary equity holders of the Group	30	**0.287**	0.052	**-**	-

Statements of Comprehensive Income

YEAR ENDED 31 DECEMBER 2022

		The Group		The Company	
(in EUR)	Notes	2022	2021	2022	2021
Profit for the year attributable to the ordinary equity holders of the Company, net of tax		**38,866,311**	**6,973,954**	**38,200,447**	**6,494,395**
Items that will not be reclassified subsequently to profit or loss:					
Actuarial gain on defined benefit pension plans	24/25	359,133	-	359,133	-
Deferred tax credit	19	(125,697)	-	(125,697)	-
Other comprehensive income for the year attributable to the ordinary equity holders of the Company, net of tax		**233,436**	**-**	**233,436**	**-**
Total comprehensive income for the year attributable to the ordinary equity holders of the Company, net of tax		**39,099,747**	**6,973,954**	**38,433,883**	**6,494,395**

Statements of Financial Position

AS AT 31 DECEMBER 2022

		The Group		The Company	
(in EUR)	Notes	2022	2021	2022	2021
Assets					
Property, plant and equipment	15	170,078,670	169,640,302	154,231,504	152,558,288
Investment property	16	15,875,216	15,297,885	313,584	320,553
Investment in subsidiaries	17	-	-	2,004,800	2,004,800
Loans receivable	18	-	-	26,533,318	27,824,038
Other receivables	21	1,992,558	1,928,319	1,977,871	1,737,155
Deferred tax assets	19	5,620,139	6,320,729	5,395,516	5,594,763
Non-current assets		193,566,583	193,187,235	190,456,593	190,039,597
Inventories	20	1,162,402	885,064	1,162,402	885,064
Loans receivable	18	-	-	1,290,720	1,290,720
Trade and other receivables	21	21,706,912	15,866,734	25,167,482	19,205,573
Short-term Treasury Bills	27	24,789,438	-	24,789,438	-
Term deposits	28	19,500,000	10,500,000	19,500,000	10,500,000
Cash and cash equivalents	29	24,420,042	22,215,002	19,421,903	17,506,837
Current assets		91,578,794	49,466,800	91,331,945	49,388,194
Total Assets		285,145,377	242,654,035	281,788,538	239,427,791

Statements of Financial Position

AS AT 31 DECEMBER 2022 (CONTINUED)

		The Group		The Company	
(in EUR)	Notes	2022	2021	2022	2021
Equity and Liabilities					
Equity attributable to ordinary equity holders of the Company					
Share capital	26	33,825,000	33,825,000	33,825,000	33,825,000
Retained earnings		137,041,327	97,941,580	135,013,665	96,579,782
Total Equity		170,866,327	131,766,580	168,838,665	130,404,782
Lease Liability	34	54,042,492	53,644,065	54,042,492	53,644,065
Deferred income	23	5,372,926	5,856,812	5,372,926	5,696,794
Other Payables	22	1,184,025	607,538	996,394	607,538
Employee benefit obligations	24	2,964,300	3,954,173	2,964,300	3,954,173
Provision for MIA benefit fund	25	359,188	337,437	359,188	337,437
Non-current liabilities		63,922,931	64,400,025	63,735,300	64,240,007
Trade and other payables	22	48,379,099	43,885,907	47,320,812	42,265,903
Current tax liabilities		1,977,020	2,601,523	1,893,761	2,517,099
Current liabilities		50,356,119	46,487,430	49,214,573	44,783,002
Total Liabilities		114,279,050	110,887,455	112,949,873	109,023,009
Total Equity and Liabilities		285,145,377	242,654,035	281,788,538	239,427,791

The financial statements on pages 136 to 221 were approved and authorised for issue by the Board of Directors on 22 February 2023. The financial statements were signed on behalf of the Company's Board of Directors by Nikolaus Gretzmacher (Chairman), Alan Borg (Chief Executive Officer) and Karl Dandler (Chief Financial Officer) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2022.

Statements of Changes in Equity

YEAR ENDED 31 DECEMBER 2022

The Group	Equity attributable to ordinary equity holders of the Company		
(in EUR)	Share capital	Retained earnings	Total
Balance at 1 January 2021	**33,825,000**	**90,967,626**	**124,792,626**
Profit for the year	-	6,973,954	6,973,954
Total comprehensive income for the year	-	6,973,954	6,973,954
Balance at 31 December 2021	**33,825,000**	**97,941,580**	**131,766,580**
Balance at 1 January 2022	**33,825,000**	**97,941,580**	**131,766,580**
Profit for the year	-	38,866,311	38,866,311
Other comprehensive income	-	233,436	233,436
Total comprehensive income for the year	-	39,099,747	39,099,747
Balance at 31 December 2022	**33,825,000**	**137,041,327**	**170,866,327**

Statements of Changes in Equity

YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

The Company	Equity attributable to ordinary equity holders of the Company		
(in EUR)	Share capital	Retained earnings	Total
Balance at 1 January 2021	**33,825,000**	**90,085,387**	**123,910,387**
Profit for the year	-	6,494,395	6,494,395
Total comprehensive income for the year	-	6,494,395	6,494,395
Balance at 31 December 2021	**33,825,000**	**96,579,782**	**130,404,782**
Balance at 1 January 2022	**33,825,000**	**96,579,782**	**130,404,782**
Profit for the year	-	38,200,447	38,200,447
Other comprehensive income	-	233,436	233,436
Total comprehensive income for the year	-	38,433,883	38,433,883
Balance at 31 December 2022	**33,825,000**	**135,013,665**	**168,838,665**

Statements of Cash Flows

YEAR ENDED 31 DECEMBER 2022

		The Group		The Company	
(in EUR)	Notes	2022	2021	2022	2021
Cash flows from operating activities					
Profit before tax		**41,750,521**	**11,109,874**	**40,724,990**	**10,391,701**
Adjustments for:					
Depreciation	15/16	11,411,003	11,267,027	9,605,555	9,389,448
Investment income	7	(70,636)	(15,431)	(824,218)	(633,059)
Finance cost	8	2,131,404	2,114,256	2,131,404	2,114,256
Gain on sale of PPE		(24,650)	(16,430)	(24,650)	(16,430)
Release of deferred income arising on the sale of terminal buildings upon privatisation	23	(283,603)	(283,603)	(283,603)	(283,603)
Amortisation of grants	23	(40,255)	(40,255)	(40,255)	(40,255)
Provision for employee benefit obligations	24	36,419	33,451	36,419	33,451
Provision for MIA benefit plan	25	46,597	25,186	46,597	25,186
Provision for impairment of trade receivables	21	121,639	208,132	89,725	61,471
		55,078,439	**24,402,207**	**51,461,964**	**21,042,166**
Working capital movements:					
Movement in inventories	20	(277,338)	(50,176)	(277,338)	(50,176)
Movement in trade and other receivables	21	(5,968,383)	(9,698,183)	(5,795,416)	(8,802,403)
Movement in trade and other payables	22	5,966,853	(1,672,959)	5,305,445	116,507
Cash flows from operations		**54,799,571**	**12,980,889**	**50,694,655**	**12,306,094**
Lease interest paid	34	(1,732,798)	(1,794,466)	(1,732,798)	(1,794,466)
Income taxes paid		(2,933,820)	(428,181)	(3,074,325)	(212,315)
Receipts of deposit from tenants		332,362	43,037	300,000	-
Retirement benefit paid	24	(692,005)	(7,600)	(692,005)	(7,600)
Net cash flows from operating activities		**49,773,310**	**10,793,679**	**45,495,527**	**10,291,714**

Statements of Cash Flows

YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

		The Group		The Company	
(in EUR)	Notes	2022	2021	2022	2021
Cash flows from investing activities					
Purchase of PPE	15	(12,178,991)	(8,355,741)	(11,433,677)	(7,326,029)
Additions to investment property	16	(1,637,454)	(835,634)	-	-
Proceeds from sale of property, plant & equip.	15	24,650	40,000	24,650	40,000
Investments in short-term treasury bills	27	(24,789,438)	-	(24,789,438)	-
Investments in term deposits	28	(9,000,000)	(5,500,000)	(9,000,000)	(5,500,000)
Payments for intracompany loans	18	-	-	-	(3,583,000)
Receipts from intracompany loans	18	-	-	1,290,720	1,290,720
Interest received	7	12,963	25,416	327,284	365,911
Net cash flows used in investing activities		**(47,568,270)**	**(14,625,959)**	**(43,580,461)**	**(14,712,399)**
Net movement in cash and cash equivalents		**2,205,040**	**(3,832,280)**	**1,915,066**	**(4,420,684)**
Cash and cash equivalents at the beginning of the year		**22,215,002**	**26,047,282**	**17,506,837**	**21,927,521**
Cash and cash equivalents at the end of the year	29	**24,420,042**	**22,215,002**	**19,421,903**	**17,506,837**

Net Debt Reconciliation

All the movements in the Group's and the Company's net debt (Lease liability net of cash and cash equivalents) related only to cash flow movements and disclosed as part of the operating activities in the Statements of Cash Flows above (refer to Note 34).

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2022

1. REPORTING ENTITY

The Company is a public limited liability company whose shares are publicly listed and traded on the Malta Stock Exchange. The Company's registration number is C12663, the country of incorporation is Malta and the Company's registered office is Malta International Airport, Luqa, Malta.

The principal activities of the Company are the development, operation and management of Malta's airport. On 11 February 2008, the Company set up a wholly owned subsidiary, Sky Parks Limited, to take over the operations of the car park business. The name of this subsidiary was changed to Airport Parking Limited on 27 October 2009. Another subsidiary, Sky Parks Development Limited, was set up by the Company on 29 October 2009. The main activity of Sky Parks Development Limited is to manage real estate projects within the land which is currently under the management of the Group. Another subsidiary Sky Parks Business Centre Limited was set up by the Company on 26 April 2012. The principal activity of the subsidiary is to operate the Business Centre within the limits of the airport. On 20 June 2013, the Company set up another wholly owned subsidiary, Kirkop PV Farm Limited. The main activity of this company is to explore opportunities in the generation of electricity using photovoltaic technologies.

The Company and the subsidiaries are together referred to as 'the Group'.

2. BASIS OF PREPARATION

Under the Companies Act, Cap. 386 of the Laws of Malta, the Company is required to present individual and consolidated financial statements. The financial statements of the Group and the Company have been prepared on a historical cost basis except for the subsequent measurement of the employee benefit obligations and the provision for the MIA Benefit fund and are in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and comply with the Companies Act, Cap. 386 of the Laws of Malta. The functional currency of the Company is the Euro which is also the presentation currency of the Group.

The consolidated financial statements comprise the financial statements of Malta International Airport p.l.c., and its subsidiaries, as mentioned in Note 1 above. For more details on the scope of consolidation see Note 40.

COVID-19 Impact

Due to the spread of the Omicron variant the number of passengers who passed through the terminal in January and February was lower than expected, but much higher than the comparative period in 2021. From March onwards restrictions started to be eased around Europe and Malta and as a result the number of passengers rose significantly over the comparative year. The increase in passengers had a positive impact on the Group's and Company's revenues which rose by 86% and 92% respectively over the prior year.

Staff costs also saw a sharp increase of 49% when compared to 2021. The main reason for this increase was the discontinuation of the COVID-19 wage supplement in May (see Note 12) and also the employment of new staff to meet the increased operations at the airport. Also, in the months between February and April of the comparative period a salary reduction came into effect whereby the Board of Directors, the Chief Executive Officer and the Chief Financial Officer took a 15% cut in their remuneration and members of the management team had a 10% reduction in their salaries. The remaining employees worked a four and a half day working week and 5% of their salaries were deducted.

In the comparative period the Group, excluding Sky Parks Development Ltd, benefitted from the Tax Deferral scheme where taxes due in H1 2021 were paid in 2022. However, in the reporting period the Group did not benefit from such scheme.

With the airport operations much busier, operational costs also rose significantly registering an increase of 39% over the prior year with the Group taking a less stringent approach in managing its operational costs.

The European Commission has approved a EUR 12 million aid measure to compensate Malta International Airport p.l.c. for part of the losses suffered due to the coronavirus pandemic as stipulated in "Legal Notice 247 of 2022 Tax Credit". This measure aims at compensating Malta International Airport p.l.c. for the material losses suffered during the period between 21 March and 30 June 2020 due to the coronavirus pandemic and the travel ban imposed by Malta to limit the spread of the virus, together with the closure of non-essential shops which had an impact on the Company's retail and property segment. In October Malta International Airport p.l.c. received confirmation from the Government of Malta whereby the EUR 12 million aid can be applied as a tax credit against the tax payable on the profits generated by the Company.

Taking into consideration all of the above factors and circumstances the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing these Financial Statements.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except as discussed below and in the remaining notes to the financial statements, the directors did not make any significant judgments in the process of applying the Company's and the Group's accounting policies which can significantly affect the amounts recognised in the consolidated and the individual financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1. Service Concession Arrangements in terms of IFRIC 12

IFRIC 12 Service Concession Arrangements was endorsed by the EU for financial years beginning after 29 March 2009. The Interpretation, which is limited in scope, clarifies the accounting of service concession arrangements by private sector operators which provide public services on behalf of government or other public sector entities.

The Interpretation of IFRIC 12 provides guidance on the scope of arrangements based on the influence of the guarantor in regulating what services the operator must provide with the infrastructure, to whom it must provide services, and at what price. For arrangements falling within the Interpretation's scope, the infrastructure assets are not recognised as property, plant and equipment of the operator. Rather, depending on the terms of the arrangement, the operator will recognise:

(i) a financial asset (where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement); or

(ii) an intangible asset (where the operator's future cash flows are not specified, for example, where they will vary according to usage of the infrastructure asset); or

(iii) both a financial asset and an intangible asset where the operator's return is provided partially by a financial asset and partially by an intangible asset.

The Group and Company's business activities and operations are governed under a 65-year concession granted in July 2002. The nature of the Group's and Company's operations, including various revenue streams from a number of third party entities are not influenced by the grantor of the concession. The setting of prices by the Group and Company's operational team are based on local and international market forces including seasonality, demand and market rates. The regulator and the Group and the Company collaborate to set rates for regulated revenues with a view of attaining a healthy traffic of travel to the island, rates are discussed and mutually agreed but not imposed. The Company's and the Group's proportion of unregulated activities is also not insignificant. Based on the foregoing the directors conclude that accounting under IFRIC 12 rules does not apply to the Group and to the Company.

3.2. Lessee accounting in terms of IFRS 16

Judgments and estimates with regards to IFRS 16 Leases that warrant additional disclosures in terms of IAS 1 comprise (a) the judgment in connection with the inclusion of the aerodrome licence within the scope of IFRS 16 and (b) the estimate in connection with the determination of the incremental borrowing rate upon the implementation of IFRS 16 on 1 January 2019.

The Group concluded that the licence over the aerodrome which includes the Airfield, falls within the scope of IFRS 16 and the contractual payments in this respect have therefore been included within right-of-use assets and lease liabilities, amounting to EUR 10.7 million upon the adoption of IFRS 16 on 1 January 2019. The Group arrived at this conclusion by taking into consideration the following factors - (a) the management of the Airfield is considered to be integral to the use of the land and buildings held as temporary emphyteusis, with the Group having an obligation to manage the Airfield for the same duration of the emphyteusis, (b) the Group considers the licence as being inseparable from the right to use the Airfield (being the tangible component), (c) it is not possible to split the right to operate the Airfield from the right to use the Airfield and (d) the Group considers the use of the Airfield to be the most significant element of the transaction.

Upon the implementation of IFRS 16, lease liabilities at 1 January 2019 were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of that date. The incremental borrowing rate reflects the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. To determine this rate, the Group obtained information from its bank for the particular purpose and extrapolated it to reflect the specific characteristics of the lease, in particular the long remaining lease term of the temporary emphyteuses and the related aerodrome licence until 2067. The weighted average incremental borrowing rate that the Group applied to its lease liabilities as at 1 January 2019 was 4.07% per annum.

4. APPLICATION OF NEW AND REVISED IFRS

4.1. New and revised IFRS in issue but not yet effective

IAS 1 Amendments – Classification of Liabilities as Current or Non-current
The amendment affects only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The changes in 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date' issued on 15 July 2020 defer the effective date of Classification of Liabilities as Current or Non-current (Amendments to IAS 1) to annual reporting periods beginning on or after 1 January 2023.

IAS 8 Amendments – Definition of Accounting Estimates
This amendment was issued to distinguish between changes in accounting policies from changes in accounting estimates. The amendment shall be effective for periods beginning on or after 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendment shall be effective for periods beginning on or after 1 January 2023.

IAS 12 Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Prior to the amendments, there had been some uncertainty about whether the IAS 12 exemption from recognising deferred tax applied to transactions for which companies recognise both an asset and liability, for example leases. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The amendments are effective for annual reporting period beginning on or after 1 January 2023.

At the date of approval of these financial statements, a number of other International Financial Reporting Standards were either not yet endorsed by the EU or were not yet applicable to the Group. The Board of Directors anticipate that the adoption of these Standards will have no material impact on the financial statements of the Group in the period of initial application.

5. OPERATING SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

For management purposes the Group is organised into operating segments based on the nature of its operations and has the reportable segments as shown below.

Management monitors the operating results of its segments separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on earnings before interest, tax and deferred income arising from the sale of terminal buildings upon privatisation (EBIT). Revenues and certain costs are allocated in full to particular segments. The remaining costs are allocated across the different segments on the basis of square meters or revenues, as applicable. The Group and the Company financing (including finance income and finance costs), deferred income arising from the sale of terminal buildings upon privatisation and income tax are managed on a Group and Company basis and are not allocated to operating segments.

Airport Segment

The Airport Segment comprises of the activities usually carried out by an airport. These services include revenue from airport regulated fees, aviation concessions and PRMs (persons with reduced mobility) and their associated costs. This segment also includes the operations and maintenance of the terminal, runways, taxiways and aircraft parks.

Retail and Property Segment

The Retail and Property Segment includes various services that support the airport operations. These include the operations of the various retail outlets within the airport perimeter, advertising sites and rental of offices, warehouses and income from the running of the VIP lounges. Income and costs from Airport Parking Limited, Sky Parks Business Centre Limited and Sky Parks Development Limited are also allocated within the Retail and Property Segment.

Other Segment

This comprises services that do not fall under the Airport and the Retail and Property Segments, which include miscellaneous income and disbursement fees from third parties as well as any costs associated with this income.

5. OPERATING SEGMENTS (CONTINUED)

The results of the operating segments are reported below:

2022 (in EUR)	Airport	Retail & Property	Other	The Group
Revenue (external)	58,327,579	29,457,009	232,264	88,016,852
Staff costs	(8,545,001)	(1,537,050)	-	(10,082,051)
Other operating costs	(18,473,144)	(4,452,242)	-	(22,925,386)
Impairment losses on financial assets	(65,499)	(56,140)	-	(121,639)
EBITDA	**31,243,935**	**23,411,577**	**232,264**	**54,887,776**
Depreciation	(6,880,184)	(4,530,819)	-	(11,411,003)
EBIT	**24,363,751**	**18,880,758**	**(232,264)**	**43,476,773**
Investment income				70,636
Finance cost				(2,080,491)
Release of deferred income arising on the sale of terminal buildings upon privatisation				283,603
Profit before tax				**41,750,521**

2021 (in EUR)	Airport	Retail & Property	Other	The Group
Revenue (external)	27,804,885	19,494,291	133,856	47,433,032
Staff costs	(5,685,758)	(1,089,091)	-	(6,774,849)
Other operating costs	(13,069,878)	(3,301,492)	-	(16,371,370)
Impairment losses on financial assets	(44,874)	(163,258)	-	(208,132)
EBITDA	**9,004,375**	**14,940,450**	**133,856**	**24,078,681**
Depreciation	(6,740,411)	(4,526,616)	-	(11,267,027)
EBIT	**2,263,964**	**10,413,834**	**133,856**	**12,811,654**
Investment income				15,431
Finance cost				(2,000,814)
Release of deferred income arising on the sale of terminal buildings upon privatisation				283,603
Profit before tax				**11,109,874**

Airport segment revenues generated from two clients with each generating 10% or more of revenues amounted to EUR 22,477,640 and EUR 16,056,395 (2021: EUR 10,094,407 and EUR 6,380,431).

The impact of COVID-19 on the financial performance of the Group and the Company is disclosed in more detail in Note 2.

6. REVENUE

In the following table, revenue of the Group is disaggregated by revenue category. The table also includes a reconciliation of the disaggregated revenue with the Group's operating segments (see Note 5).

The Group 2022 (in EUR)	Airport	Retail & Property	Other	Total
Revenue from Services provided				
Regulated revenue	53,925,556	-	-	**53,925,556**
Unregulated revenue	4,402,023	7,440,984	232,264	**12,075,271**
Revenue from Contracts with Customers	**58,327,579**	**7,440,984**	**232,264**	**66,000,827**
Revenue from leases (Note 34)	**-**	**22,016,025**	**-**	**22,016,025**
Total Revenue	**58,327,579**	**29,457,009**	**232,264**	**88,016,852**

The Group 2021 (in EUR)	Airport	Retail & Property	Other	Total
Revenue from Services provided				
Regulated revenue	25,358,535	-	-	**25,358,535**
Unregulated revenue	2,446,350	5,195,230	133,856	**7,775,436**
Revenue from Contracts with Customers	**27,804,885**	**5,195,230**	**133,856**	**33,133,971**
Revenue from leases (Note 34)	**-**	**14,299,061**	**-**	**14,299,061**
Total Revenue	**27,804,885**	**19,494,291**	**133,856**	**47,433,032**

6. REVENUE (CONTINUED)

In the following table, revenue of the Company is disaggregated by revenue category:

The Company (in EUR)	2022	2021
Revenue from Services provided		
Regulated revenue	53,925,556	25,358,535
Unregulated revenue	10,837,084	7,131,904
Revenue from Contracts with Customers	**64,762,640**	**32,490,439**
Revenue from leases (Note 34)	**18,881,590**	**11,020,047**
Total Revenue	**83,644,230**	**43,510,486**

All the Group's revenues and its non-current assets other than financial assets are attributable to the Company's country of domicile.

Revenue generated with entities under government control is disclosed in Notes 33 and 35.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period either relates to contracts that have an original expected duration of one year or less or is in relation to contracts for which the Company and the Group provide a daily service of access that is distinct, with the uncertainty related to the consideration receivable being also resolved on that basis.

The impact of COVID-19 on the revenue of the Group and the Company is disclosed in more detail in Note 2.

Details of the contract assets and contract liabilities are disclosed in Notes 21 and 22 respectively.

7. INVESTMENT INCOME

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Interest income on loans receivable	-	-	753,582	617,628
Interest income on treasury bills	19,867	-	19,867	-
Interest income on term deposits	50,769	15,431	50,769	15,431
Investment income	**70,636**	**15,431**	**824,218**	**633,059**

8. FINANCE COST

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Lease interest	2,080,491	2,000,814	2,080,491	2,099,272
Finance cost	**2,080,491**	**2,000,814**	**2,080,491**	**2,099,272**

9. OTHER OPERATING EXPENSES

		The Group		The Company	
(in EUR)		2022	2021	2022	2021
Air traffic services	35	929,611	929,611	929,611	929,611
Bad debts	21	17,031	-	14,701	-
Cleaning		1,462,374	856,127	1,394,416	798,361
Ground handling services	35	1,172,302	506,431	1,172,302	506,431
Insurance		486,328	364,888	470,538	348,605
IT Expenses		2,777,227	2,340,687	2,777,227	2,340,687
Legal and professional fees		951,529	941,181	930,139	911,661
Lease payments on low-value items	34	6,766	7,492	6,766	7,492
Marketing and communication costs		5,624,496	2,766,183	5,787,753	2,977,514
Miscellaneous operating expenses		1,752,221	1,175,207	1,563,679	1,038,494
Other security services		144,298	98,505	87,446	54,650
Airport security costs	35	3,062,148	2,688,976	3,062,148	2,688,976
Repairs and maintenance		2,083,615	1,505,123	1,799,033	1,142,710
Net exchange differences		4,601	14,926	4,211	14,747
Telecommunications		108,854	102,590	107,156	100,599
Utilities		2,341,985	2,073,443	2,334,041	2,067,812
Other operating expenses		**22,925,386**	**16,371,370**	**22,441,167**	**15,928,350**

The impact of COVID-19 on the operating expenses of the Group and the Company is disclosed in more detail in Note 2.

Expenses incurred with entities under government control are disclosed in Notes 33 and 35.

Included in the legal and professional fees are amounts that are payable to the parent Company's auditor:

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Audit of the financial statements	110,000	119,500	96,500	100,000
Other assurance	22,800	15,500	22,800	15,500
Tax services	-	31,300	-	24,000
	132,800	166,300	119,300	139,500

10. KEY MANAGEMENT PERSONNEL COMPENSATION

	The Group		The Company	
Director's Compensation (in EUR)	2022	2021	2022	2021
Short-term benefits:				
Fees	85,195	65,019	85,195	65,019
Management remuneration	521,552	398,578	521,552	398,578
Social security costs	2,598	2,526	2,598	2,526
	609,345	466,123	609,345	466,123

In addition, during the year under review, the Company granted other benefits to its directors. The aggregate amount of benefits, which includes monetary and non-monetary benefits, amounted to EUR 28,738 (2021: EUR 24,391). These amounts are included with other operating expenses.

Also, during the year under review, the Company maintained professional indemnity insurance for its directors. The aggregate amount of premiums paid in respect thereof amounted to EUR 13,125 (2021: EUR 13,125). These amounts are included with other operating expenses.

11. STAFF COSTS AND EMPLOYEE INFORMATION

	The Group		The Company	
Staff Costs (in EUR)	**2022**	**2021**	**2022**	**2021**
Wages and salaries	**9,182,929**	6,146,183	**8,929,029**	5,944,098
Recharge from parent	**200,000**	200,000	**200,000**	200,000
Social security costs	**616,106**	370,029	**598,079**	354,171
Retirement benefit costs (Notes 24 & 25)	**83,016**	58,637	**83,016**	58,637
	10,082,051	**6,774,849**	**9,810,124**	**6,556,906**

The above amounts include the directors' compensation disclosed in Note 10.

The average number of persons employed during the year, including Executive Directors, was made up as follows:

	The Group		The Company	
Average No. of Employees (in EUR)	**2022**	**2021**	**2022**	**2021**
Business development, operations and marketing	**208**	192	**198**	183
Finance, IT and IM	**25**	24	**25**	24
Firemen	**47**	46	**47**	46
Met office	**13**	13	**13**	13
Technical and engineering	**62**	54	**62**	54
	355	**329**	**345**	**320**

12. GOVERNMENT ASSISTANCE

In 2020 the Maltese Government announced the COVID Wage Supplement Scheme which was still in effect in the current year until May. Malta International Airport was eligible to benefit from the COVID Wage Supplement, receiving EUR 800 on a monthly basis per full-time employee starting from 9 March 2020 until May 2022.

During the reporting period, the Company received EUR 1,138,040 (2021: EUR 2,851,899) in government grants under the COVID Wage Supplement. These amounts were deducted from the line item 'Staff Costs' in the Consolidated Statement of Comprehensive Income.

In the prior year the Group, excluding Sky Parks Development Ltd, also benefitted from the Tax Deferral Scheme whereby payments owed to the Government of Malta for the period February to October 2021 amounting to EUR 414,582 were deferred for payment until 2022. Neither member of the Group benefitted from this scheme in the current reporting period.

13. INCOME TAX EXPENSE

Income tax recognised in profit or loss is as follows:

	The Group		The Company	
(in EUR)	**2022**	**2021**	**2022**	**2021**
Current tax expense	2,309,317	2,693,006	2,450,993	2,517,093
Deferred tax	574,893	1,442,914	73,550	1,380,213
Income tax expense for the year	**2,884,210**	**4,135,920**	**2,524,543**	**3,897,306**

13. INCOME TAX EXPENSE (CONTINUED)

Tax applying the statutory domestic income tax rate and the income tax expense for the year is reconciled as follows:

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Profit before Tax	41,750,521	11,109,874	40,724,990	10,391,701
Tax at applicable rate of 35 %	14,612,682	3,888,456	14,253,747	3,637,095
Tax effect of:				
Depreciation charges not deductible by way of capital allowances in determining taxable income	380,200	352,519	321,458	293,777
Other net difference between accounting and tax deductible items of expenditure	(54,642)	(53,232)	(5,171)	(4,925)
Tax credit	(12,000,000)	-	(12,000,000)	-
Other differences	(54,030)	(51,823)	(45,491)	(28,641)
Income tax expense for the year	**2,884,210**	**4,135,920**	**2,524,543**	**3,897,306**

During 2022 the European Commission and Government of Malta approved a EUR 12 million aid measure to compensate Malta International Airport p.l.c. for part of the losses suffered due to the coronavirus pandemic. This measure was aimed at compensating Malta International Airport p.l.c. for the material losses suffered during the period between 21 March and 30 June 2020 due to the coronavirus pandemic and the travel ban imposed by Malta to limit the spread of the virus, together with the closure of non-essential shops which had an impact on the Group and Company's retail and property segment. Malta International Airport p.l.c. has received the compensation for the losses directly caused by the pandemic, as stipulated in "Legal Notice 247 of 2022 Tax Credit".

14. DIVIDENDS

In the current and previous year no net final dividend and interim dividend payments were made to the ordinary shareholders of the Company.

The Directors propose that a net final dividend of EUR 0.12 cents per ordinary share will be paid to ordinary shareholders in respect of the year ended 31 December 2022. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the financial statements. The total proposed dividend to be paid is EUR 16,236,000 (2021: -).

15. PROPERTY, PLANT AND EQUIPMENT

The Group

(in EUR)	Land held on temporary emphyteusis		Related Aerodrome Licence	Buildings		Furniture, fixtures, plant and equipment	Motor vehicles	Total
Cost	Subject to operating leases - The Group as lessor	Not subject to operating leases		Subject to operating leases - The Group as lessor	Not subject to operating leases			
At 1 January 2021	17,986,515	58,567,090	10,746,985	16,067,525	62,482,200	92,009,590	2,052,911	259,912,816
Additions	-	-	-	601,498	1,424,316	6,284,224	45,703	8,355,741
Disposals	-	-	-	-	-	-	(150,510)	(150,510)
At 1 January 2022	17,986,515	58,567,090	10,746,985	16,669,023	63,906,516	98,293,814	1,948,104	268,118,047
Additions	-	-	-	3,085	8,735	10,916,110	96,991	11,024,921
Disposals	-	-	-	-	-	-	(13,983)	(13,983)
At 31 December 2022	17,986,515	58,567,090	10,746,985	16,672,108	63,915,251	109,209,924	2,031,112	279,128,985
Accumulated depreciation								
At 1 January 2021	2,752,298	10,586,597	443,174	6,889,701	24,442,484	41,692,498	1,348,166	88,154,918
Provision for the year	274,416	1,084,080	221,587	416,290	1,178,690	7,081,357	193,347	10,449,767
Disposal Adjustments	-	-	-	-	-	-	(126,940)	(126,940)
At 1 January 2022	3,026,714	11,670,677	664,761	7,305,991	25,621,174	48,773,855	1,414,573	98,477,745
Provision for the year	274,416	1,084,080	221,587	417,241	1,181,383	7,239,156	168,687	10,586,550
Disposal Adjustments	-	-	-	-	-	-	(13,983)	(13,983)
At 31 December 2022	3,301,130	12,754,757	886,348	7,723,232	26,802,557	56,013,011	1,569,277	109,050,312
Carrying amount								
At 31 December 2021	14,959,801	46,896,413	10,082,224	9,363,032	38,285,342	49,519,959	533,530	169,640,302
At 31 December 2022	14,685,385	45,812,333	9,860,637	8,948,877	37,112,694	53,196,913	461,836	170,078,670

No depreciation is being charged on assets not yet available for use amounting to EUR 13,649,300 (2021: EUR 5,572,173).

The Company

(in EUR)	Land held on temporary emphyteusis		Related Aerodrome Licence	Buildings		Furniture, fixtures, plant and equipment	Motor vehicles	Total
Cost	Subject to operating leases - The Group as lessor	Not subject to operating leases		Subject to operating leases - The Group as lessor	Not subject to operating leases			
At 1 January 2021	26,314,185	50,239,420	10,746,985	15,375,268	55,154,584	81,877,458	2,030,556	241,738,456
Additions	-	-	-	30,502	110,711	7,139,113	45,703	7,326,029
Disposals	-	-	-	-	-	-	(150,510)	(150,510)
At 1 January 2022	26,314,185	50,239,420	10,746,985	15,405,770	55,265,295	89,016,571	1,925,749	248,913,975
Additions	-	-	-	2,553	9,266	11,162,992	96,991	11,271,802
Disposals	-	-	-	-	-	-	(13,983)	(13,983)
At 31 December 2022	26,314,185	50,239,420	10,746,985	15,408,323	55,274,561	100,179,563	2,008,757	260,171,794
Accumulated depreciation								
At 1 January 2021	4,269,781	9,069,115	443,174	6,820,023	24,476,814	40,695,429	1,325,812	87,100,148
Provision for the year	465,964	892,532	221,587	298,649	1,083,985	6,226,414	193,348	9,382,479
Disposal Adjustments	-	-	-	-	-	-	(126,940)	(126,940)
At 1 January 2022	4,735,745	9,961,647	664,761	7,118,672	25,560,799	46,921,843	1,392,220	96,355,687
Provision for the year	465,964	892,532	221,587	299,717	1,087,863	6,462,235	168,688	9,598,586
Disposal Adjustments	-	-	-	-	-	-	(13,983)	(13,983)
At 31 December 2022	5,201,709	10,854,179	886,348	7,418,389	26,648,662	53,384,078	1,546,925	105,940,290
Carrying amount								
At 31 December 2021	21,578,440	40,277,773	10,082,224	8,287,098	29,704,496	42,094,728	533,529	152,558,288
At 31 December 2022	21,112,476	39,385,241	9,860,637	7,989,934	28,625,900	46,795,485	461,832	154,231,504

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In addition, the cost of fully depreciated plant and equipment amounts to EUR 21,015,919 (2021: EUR 19,469,702) for both the Group and the Company.

Included in the additions for the reporting period is an amount of capitalised lease interest of EUR 50,913 (2021: EUR 113,442 and EUR 14,984) for the Group and the Company.

The Group's assets under construction as at 31 December 2022 amounted to EUR 13,649,300 (2021: EUR 5,572,173) and includes EUR 13,484,524 of furniture, fixtures, plant & equipment, EUR 81,132 of buildings and EUR 83,644 of motor vehicles. No depreciation is being charged on these assets.

The Company's assets under construction as at 31 December 2022 amounted to EUR 12,358,067 (2021: EUR 5,572,173) and includes EUR 12,193,291 of furniture, fixtures, plant & equipment, EUR 81,132 of buildings and EUR 83,644 of motor vehicles. No depreciation is being charged on these assets.

Details of right-of-use assets presented under property, plant and equipment are provided in Note 34.

16. INVESTMENT PROPERTY

The investment property relates to the business centre which is located on a portion of the land held on temporary emphyteusis. The carrying amount of the property includes the cost of construction and the cost of items that are an integral part of the building. The carrying amount also includes the portion of the right-of-use asset in relation to the temporary emphyteusis of the leasehold land classified as investment property, as further disclosed in Note 34.

(in EUR)	The Group	The Company
Cost		
At 1 January 2021	**21,880,546**	**341,460**
Additions from subsequent expenditure	835,634	-
At 1 January 2022	**22,716,180**	**341,460**
Additions from subsequent expenditure	1,401,785	-
At 31 December 2022	**24,117,965**	**341,460**
Accumulated depreciation		
At 1 January 2021	**6,601,034**	**13,938**
Provision for the year	817,261	6,969
At 1 January 2022	**7,418,295**	**20,907**
Provision for the year	824,454	6,969
At 31 December 2022	**8,242,749**	**27,876**
Carrying amount		
At 31 December 2021	**15,297,885**	**320,553**
At 31 December 2022	**15,875,216**	**313,584**

The Company's investment property comprises the portion of the right-of-use asset in relation to the temporary emphyteusis of the leasehold land classified as investment property with a carrying amount of EUR 320,553 at 1 January 2022 (2021: EUR 327,522) less depreciation charge for the year of EUR 6,969 (2021: EUR 6,969) resulting in the carrying amount of EUR 313,584 at 31 December 2022 (2021: EUR 320,553).

16. INVESTMENT PROPERTY (CONTINUED)

During the year, direct operating expenses of EUR 951,693 (2021: EUR 968,088), which arose from the investment property, were incurred. Such expenses were incurred in generating rental income during the year.

The operating lease income generated from the investment property is disclosed under Note 34.

Fair Value

Based on an internal valuation carried out by the directors of the Company, the fair value of the Group's investment property was in the region of EUR 31 million at the balance sheet date (2021: EUR 37 million).

The fair value measurement is categorised within Level 3 of the fair value hierarchy. The model is based on the present value of the net cash flows expected to be generated by the property on the basis of market expectations and includes the rates stipulated in the existing contracts with tenants, expected increase in rents after the non-cancellable period, occupancy rates and all other costs attributable to these assets. The expected net cash flows are discounted using a discount factor representing a weighted average cost of capital that is considered appropriate in the circumstances. The net cash flows reflect the amounts in the 2023 budget and long-term corporate planning.

In estimating fair value, the highest and best use of the property is its current use.

17. INVESTMENT IN SUBSIDIARIES

The Company's investment in subsidiaries is stated at cost and comprises:

	The Company	
Share Capital (in EUR)	**2022**	**2021**
Airport Parking Limited	1,200	1,200
Sky Parks Development Limited	2,001,200	2,001,200
Sky Parks Business Centre Limited	1,200	1,200
Kirkop PV Farm Limited	1,200	1,200
Investment in subsidiaries	**2,004,800**	**2,004,800**

The Company holds a 100% (2021: 100%) ownership in the ordinary share capital of Airport Parking Limited, a limited liability company incorporated in Malta, whose principal activity is the operation of car parks within the limits of the airport.

The Company holds a 100% (2021: 100%) ownership in the ordinary share capital of Sky Parks Development Limited, a limited company incorporated in Malta, whose principal activity is to manage real estate projects within the land which is currently under the management of the Group.

The Company holds a 100% (2021: 100%) ownership in the ordinary share capital of Sky Parks Business Centre Limited, a limited liability company incorporated in Malta, whose principal activity is to operate the Business Centre within the limits of the airport.

The Company holds a 100% (2021: 100%) ownership in the ordinary share capital of Kirkop PV Farm Limited, a limited liability company incorporated in Malta. The principal activity of this company is to explore opportunities in the generation of electricity using photovoltaic technologies.

The principal place of business of the company's subsidiaries is Malta. The registered offices for these subsidiaries are as follows:

Airport Parking Ltd	Level 2 Malta International Airport Head Office Malta International Airport Luqa LQA 4000
Sky Parks Development Ltd	Malta International Airport Head Office Malta International Airport Luqa LQA 4000
Sky Parks Business Centre Ltd	Malta International Airport Head Office Malta International Airport Luqa LQA 4000
Kirkop PV Farm Limited	Malta International Airport Head Office Malta International Airport Luqa LQA 4000

17. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The following table shows financial information for the consolidated subsidiaries:

Airport Parking Ltd (in EUR)	2022	2021
Profit/(Loss) for the year	**27,670**	(186,405)
Share Capital	**1,200**	1,200
Retained earnings	**1,615,195**	1,587,525
Total Equity	**1,616,395**	1,588,725

Sky Parks Development Ltd (in EUR)	2022	2021
Profit/(Loss) for the year	**517,545**	491,536
Share Capital	**2,001,200**	2,001,200
Retained earnings	**(1,193,552)**	(1,711,097)
Total Equity	**807,648**	290,103

Sky Parks Business Centre Ltd (in EUR)	2022	2021
Profit/(Loss) for the year	**120,647**	75,966
Share Capital	**1,200**	1,200
Retained earnings	**1,649,721**	1,529,074
Total Equity	**1,650,921**	1,530,274

18. LOANS RECEIVABLE

The Company (in EUR)	Loans to subsidiary
Amortised cost	
At 31 December 2022	**27,824,038**
Less: Amount expected to be settled within 12 months (shown under current assets)	(1,290,720)
Amount expected to be settled after 12 months	**26,533,318**

The Company (in EUR)	Loans to subsidiary
Amortised cost	
At 31 December 2021	29,114,758
Less: Amount expected to be settled within 12 months (shown under current assets)	(1,290,720)
Amount expected to be settled after 12 months	27,824,038

The Company has granted four unsecured loans to subsidiaries. One of these loans was granted in 2019 and represents a loan commitment of EUR 20 million which was partly drawn down during the prior years (EUR 14.2 million). The interest rates of all loans are at arm's length and comprise a margin which is over and above the EURIBOR.

Two loans with a total amount outstanding as at the end of the reporting period of EUR 9.0 million (2021: EUR 10.3 million) are being repaid on equal annual instalments until 2029. The loan amounting to EUR 14.2 million is repayable from 2025 and shall be repaid in full by the year 2044. Repayments of the fourth loan with an amount outstanding of EUR 4.6 million (2021: EUR 4.6 million) will commence in 2030.

18. LOANS RECEIVABLE (CONTINUED)

The following table shows a reconciliation from the opening to the closing balances for the loans to the subsidiaries:

The Company (in EUR)	Loans to subsidiary
Carrying amount	
At 31 December 2020	**26,822,478**
Additions	3,583,000
Repayments	(1,290,720)
At 31 December 2021	**29,114,758**
Repayments	(1,290,720)
At 31 December 2022	**27,824,038**

Details on the Company's exposure to credit risk, the risk management policy and the expected credit losses on the loans receivable are provided in Note 38.

19. DEFERRED TAXATION

The Group (in EUR)	31.12.2020	Movement for the year	31.12.2021	Movement for the year	31.12.2022
	Assets / (Liabilities)		*Assets / (Liabilities)*		*Assets / (Liabilities)*
Arising on:				***Recognised in Total Comprehensive Income:***	
Accelerated tax depreciation	(1,214,516)	(1,960,185)	(3,174,701)	25,596	**(3,149,105)**
Provision for pension costs	1,294,746	17,845	1,312,591	(338,843)	**973,748**
Deferred income	1,565,452	(73,068)	1,492,384	(73,068)	**1,419,316**
Unabsorbed capital allowances	2,132,298	211,174	2,343,472	(592,816)	**1,750,656**
Leases	2,755,048	369,595	3,124,643	361,976	**3,486,619**
Future deductions of refinancing costs	718,178	(82,077)	636,101	(82,077)	**554,024**
Other temporary differences	306,233	73,802	380,035	(1,358)	**378,677**
Subtotal	7,557,439	(1,442,914)	6,114,525	(700,590)	**5,413,935**
Arising on:				***Other movements:***	
Provision for pension costs	206,204	-	206,204	-	**206,204**
Subtotal	206,204	-	206,204	-	**206,204**
Total	**7,763,643**	**(1,442,914)**	**6,320,729**	**(700,590)**	**5,620,139**

19. DEFERRED TAXATION (CONTINUED)

The Company (in EUR)	31.12.2020	Movement for the year	31.12.2021	Movement for the year	31.12.2022
	Assets / (Liabilities)		*Assets / (Liabilities)*		*Assets / (Liabilities)*
Arising on:			***Recognised in Total Comprehensive Income:***		
Accelerated tax depreciation	851,552	(1,783,008)	(931,456)	(106,051)	**(1,037,507)**
Provision for pension costs	1,294,746	17,845	1,312,591	(338,843)	**973,748**
Deferred income	1,565,452	(73,068)	1,492,384	(73,068)	**1,419,316**
Leases	2,755,049	436,502	3,191,551	366,235	**3,557,786**
Other temporary differences	301,973	21,516	323,489	(47,520)	**275,969**
Subtotal	6,768,772	(1,380,213)	5,388,559	(199,247)	**5,189,312**
Arising on:				***Other movements:***	
Provision for pension costs	206,204	-	206,204	-	**206,204**
Subtotal	206,204	-	206,204	-	**206,204**
Total	**6,974,976**	**(1,380,213)**	**5,594,763**	**(199,247)**	**5,395,516**

Included in Total Comprehensive Income is an amount of EUR 125,697 deferred tax credit recorded in Other Comprehensive Income during the year for both the Group and the Company in connection with the provision for pension costs.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The amount of deferred tax assets that can be recognised is based upon the likely timing and level of future taxable profits together with future tax-planning strategies.

20. INVENTORIES

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Consumables	**1,162,402**	885,064	**1,162,402**	885,064

The cost of inventories recognised as an expense during the year was of EUR 748,133 (2021: EUR 328,095).

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Short-term receivables				
Trade receivables	**10,221,210**	9,134,723	**9,457,594**	8,062,368
Receivables from other related parties	**8,656,393**	4,342,368	**8,318,209**	4,289,493
Receivables from subsidiaries	**-**	-	**5,193,271**	4,923,117
Other receivables	**613,491**	282,175	**325,399**	137,632
Prepayments	**2,215,818**	2,107,468	**1,873,009**	1,792,963
	21,706,912	**15,866,734**	**25,167,482**	**19,205,573**
Long-term receivables				
Other receivables	**1,992,558**	1,928,319	**1,977,871**	1,737,155
Total receivables	**23,699,470**	**17,795,053**	**27,145,353**	**20,942,728**

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

The terms and conditions of the receivables from subsidiaries and related parties are disclosed in Note 33. Trade receivables are non-interest bearing and are generally on 30-day terms.

The receivables from other related parties of the Group and the Company of EUR 8,656,393 (2021: EUR 4,342,368) and EUR 8,318,209 (2021: EUR 4,289,493) respectively, is made up entirely from balances owed from entities under government control. Receivables from other related parties are non-interest bearing and are generally on 30-to-90-day terms.

Impairment of Trade Receivables

For details on the accounting policies with respect to trade receivables and impairment of trade receivables refer to Note 40.

Loss Allowance

The Group (in EUR)	Individual Assessment	Collective Assessment	Total
At 1 January 2021	299,591	384,343	683,934
Credit loss allowances	-	208,132	208,132
At 31 December 2021	299,591	592,475	892,066
Credit loss allowances	35,536	86,102	121,638
At 31 December 2022	**335,127**	**678,577**	**1,013,704**

The Company (in EUR)	Individual Assessment	Collective Assessment	Total
At 1 January 2021	252,473	384,343	636,816
Credit loss allowances	-	61,471	61,471
At 31 December 2021	252,473	445,814	698,287
Credit loss allowances	61,727	27,997	89,724
At 31 December 2022	**314,200**	**473,811**	**788,011**

The Group

LT-ECL (in EUR)	Collective (not credit-impaired)	Collective (credit-impaired, but not POCI)	Individual (credit-impaired, but not POCI)	Total
At 1 January 2021	222,256	162,085	299,591	683,932
Addition	198,480	9,652	-	208,132
At 31 December 2021	420,736	171,737	299,591	892,064
Addition	60,322	25,782	35,536	121,640
At 31 December 2022	**481,058**	**197,519**	**335,127**	**1,013,704**

The Company

LT-ECL (in EUR)	Collective (not credit-impaired)	Collective (credit-impaired, but not POCI)	Individual (credit-impaired, but not POCI)	Total
At 1 January 2021	222,256	162,085	252,473	636,814
Addition	94,906	(33,435)	-	61,471
At 31 December 2021	317,162	128,650	252,473	698,285
Addition	87,516	(59,517)	61,727	89,726
At 31 December 2022	**404,678**	**69,133**	**314,200**	**788,011**

The Group and the Company do not hold any collateral over the past due but not impaired balances. These trade receivables are substantially companies with good track records with the Group.

Details on the Group's risk management policies in relation to credit risk are provided in Note 38.

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Short-term payables				
Trade payables	**4,133,140**	2,604,257	**3,932,785**	2,314,970
Other payables	**376,517**	736,493	**275,263**	706,156
Payables due to other related party	**3,031,086**	1,624,175	**3,031,086**	1,624,175
Payables due to subsidiaries	**-**	-	**66,375**	559,685
Contract liabilities	**367,649**	165,384	**367,649**	165,384
Deferred income & related payables	**2,726,224**	2,479,082	**2,211,289**	2,135,956
Other Deferred income	**323,888**	323,878	**323,888**	323,878
Accruals	**37,420,595**	35,952,638	**37,112,477**	34,435,699
	48,379,099	**43,885,907**	**47,320,812**	**42,265,903**
Long-term payables				
Other payables	**1,184,025**	607,538	**996,394**	607,538
Total Payables	**49,563,124**	**44,493,445**	**48,317,206**	**42,873,441**

Contract liabilities represent prepayments from contracts with customers in relation to VIP services. The balance as at 31 December 2021 of EUR 165,384 was fully recognised as revenue during the reporting period and the balance as at 31 December 2020 of EUR 195,037 was fully recognised as revenue during the comparative period.

Accruals at the end of the year, amounting to EUR 16.4 million (2021: EUR 14.3 million) are in respect to related parties.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Other payables are non-interest bearing and have an average term of three months.
- The terms and conditions of the payables due to the related party and the subsidiaries are disclosed in Note 33.
- Long-term other payables are non-interest bearing and are expected to be settled in between one and five years.

All the above amounts are unsecured.

23. OTHER DEFERRED INCOME

		Movement for the year		
The Group (in EUR)	2021	Additions	Amortisation	2022
Deferred income arising on the sale of terminal buildings upon privatisation	5,779,122	-	(283,603)	**5,495,519**
European Commission grant	241,550	-	(40,255)	**201,295**
Total deferred income as at 31 December	**6,020,672**	**-**	**(323,858)**	**5,696,814**
Less amounts included in trade and other payables	(323,878)			**(323,888)**
Amounts included in non-current liabilities	**5,696,794**			**5,372,926**

		Movement for the year		
The Group (in EUR)	2020	Additions	Amortisation	2021
Deferred income arising on the sale of terminal buildings upon privatisation	6,062,725	-	(283,603)	5,779,122
European Commission grant	281,805	-	(40,255)	241,550
Total deferred income as at 31 December	**6,344,530**	**-**	**(323,858)**	**6,020,672**
Less amounts included in trade and other payables	(333,859)			(323,878)
Amounts included in non-current liabilities	**6,010,671**			**5,696,794**

23. OTHER DEFERRED INCOME (CONTINUED)

The Company (in EUR)	2021	Movement for the year: Additions	Movement for the year: Amortisation	2022
Deferred income arising on the sale of terminal buildings upon privatisation	5,779,122	-	(283,603)	**5,495,519**
European Commission grant	241,550	-	(40,255)	**201,295**
Total deferred income as at 31 December	**6,020,672**	**-**	**(323,858)**	**5,696,814**
Less amounts included in trade and other payables	(323,878)			**(323,888)**
Amounts included in non-current liabilities	**5,696,794**			**5,372,926**

The Company (in EUR)	2020	Movement for the year: Additions	Movement for the year: Amortisation	2021
Deferred income arising on the sale of terminal buildings upon privatisation	6,062,725	-	(283,603)	5,779,122
European Commission grant	281,805	-	(40,255)	241,550
Total deferred income as at 31 December	**6,344,530**	**-**	**(323,858)**	**6,020,672**
Less amounts included in trade and other payables	(333,859)			(323,878)
Amounts included in non-current liabilities	**6,010,671**			**5,696,794**

The deferred income arising on the sale of terminal buildings that took place on the date of the privatisation of the Company in 2002 is being taken to income in accordance with the accounting policy stated in Note 40.

The European Commission grant is composed of grants related to assets and which were received in 2006 and 2011 in respect of the upgrading of the taxiways project.

24. PROVISION FOR THE RETIREMENT BENEFIT PLAN

(in EUR)	The Group 2022	The Group 2021	The Company 2022	The Company 2021
Non-current provision	**2,964,300**	3,954,173	**2,964,300**	3,954,173

The provision at year end represents the estimated amounts that are to be reimbursed by the Company to the Government of Malta. The provision for retirement benefits is unfunded and represents the Company's and the Group's share of the year end provision in accordance with the Pensions Ordinance (Cap 93) for obligations relating to pensions of employees who joined the public service before 15 January 1979 and were transferred to the Company.

The provision has been computed in accordance with the accounting policy stated in Note 40 and represents the Company's and the Group's obligation (i) discounted to the net present value at the rate which has been determined by reference to market yields at the end of the reporting period on high quality corporate bonds in Euros (ii) after considering the average life expectancy of such employees based on the latest publicly available mortality tables and (iii) where applicable, expected rates of salary increases based on the inflation and previous increases given to employees and (iv) the Company's expectations, based on historic data, of the payment options that will be selected by the plan members, being either an annual benefit per employee or a lump sum payment plus a reduced annual benefit per employee until death, capped in accordance with statutory requirements.

The movement in the provision for retirement benefit plan may be analysed as follows:

The Group & The Company (in EUR)	2022	2021
Present value of the provision for retirement benefits at 1 January	**3,954,173**	3,920,722
Payments effected	**(692,005)**	-
Recognised in Staff costs		
Charge for the year	**36,419**	33,451
thereof Service costs	35,071	33,183
thereof Interest costs	1,348	268
Recognised in Other Comprehensive Income		
Actuarial gains resulting from changes in financial assumptions, gross of deferred tax	**(334,287)**	-
Present value of the provision for retirement benefits at 31 December	**2,964,300**	**3,954,173**

24. PROVISION FOR THE RETIREMENT BENEFIT PLAN (CONTINUED)

The year-end obligation includes EUR 2,964,300 (2021: EUR 3,954,173) in relation to retired employees.

The plan exposes the Group and the Company to such risks as (i) interest risk, since a decrease in market yields will increase the plan liability; (ii) longevity risk, since an increase in the life expectancy of the plan participants will increase the plan liability; and (iii) salary risk, since an increase in the salary of the plan participants will increase the plan liability.

The significant actuarial assumptions used to determine the present value of the retirement benefit plan were as follows:

(in EUR)	2022	2021
Discount rate(s)	3.7%	0.8%
Mortality rate(s) in years		
- Males	79	79
- Females	83	83

The sensitivity analysis below is in connection with each significant actuarial assumption and are prepared as of the end of the reporting period, showing how the defined benefit obligation would have been affected by hypothetical changes in the relevant actuarial assumption that were reasonably possible at that date, while holding all other assumptions constant.

The sensitivity analysis presented below is for illustrative purposes only and may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the sensitivity analysis, the present value of the obligation has been calculated using the projected unit credit method at the end of the reporting period. The amounts generated from the sensitivity analysis represent forward-looking estimates and hence, actual results in the future may differ materially from those projected results.

- If the discount rate is 25 basis points higher (lower) with all other assumptions held constant, the defined benefit obligation decreases by EUR 24,835 (increases by EUR 25,403) (2021: decreases by EUR 38,139 (increases by EUR 39,128)).
- If the life expectancy increases (decreases) by one year for both men and women with all other assumptions held constant, the defined benefit obligation increases by EUR 150,250 (decreases by EUR 159,732) (2021: increases by EUR 200,938 (decreases by EUR 208,673)).

The weighted average duration of the defined benefit obligation at 31 December 2022 is 8 years (2021: 11 years) in relation to retired employees.

25. PROVISION FOR THE MIA BENEFIT PLAN

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Non-current provision	359,188	337,437	359,188	337,437

The provision for the MIA benefit plan is unfunded and represents the year-end provision for obligations relating to payments to employees after their retirement as per the Company's Collective Agreement. The provision has been computed in accordance with the accounting policy stated in Note 40 and represents the Company's possible obligation discounted to the net present value at the rate which has been determined by reference to market yields at the end of the reporting period on high quality corporate bonds in Euros after considering the probability that employees reach the applicable retirement age when they are still in employment with the Company.

The movement in the provision for retirement pension plan may be analysed as follows:

The Group & The Company (in EUR)	2022	2021
Present value of the provision for retirement benefits at 1 January	337,437	319,851
Payments effected	-	(7,600)
Recognised in Staff costs		
Charge for the year	46,597	25,186
Recognised in Other Comprehensive Income		
Actuarial gains resulting from changes in financial assumptions, gross of deferred tax	(24,846)	-
Present value of the provision for retirement benefits at 31 December	359,188	337,437

26. SHARE CAPITAL

The Company (in EUR)	As at 31.12.2022 and 31.12.2021 Authorised	Issued and called up
111,809,746 "A" ordinary shares of EUR 0.25 each (81,179,990 of which have been issued, called up and fully paid)	27,952,436	20,294,997
74,539,840 "B" ordinary shares of EUR 0.25 each (54,120,000 of which have been issued, called up and fully paid)	18,634,960	13,530,000
14 "C" ordinary shares of EUR 0.25 each (10 of which have been issued, called up and fully paid)	4	3
	46,587,400	**33,825,000**

The Ordinary 'A' and 'B' shares have the same rights, benefits, powers in the Company and are freely transferable. Ordinary 'C' shares carry no voting rights and do not receive dividends.

Shareholders owning 5% or more of the Company's equity share capital at 31 December 2021 were:

Shareholder	Share	Type
Malta Mediterranean Link Consortium Ltd *	**40.0%**	'B' shares
Government of Malta	**20.0%**	'A' and 'C' shares
VIE (Malta) Limited	**10.1%**	'A' shares

* of which VIE (Malta) Limited constitutes 95.85%

The number of shareholders developed as follows:

Number of Shareholders	20.01.2023	09.09.2022	Change
1-500 shares	584	576	8
501-1,000 shares	857	861	-4
1,001-5,000 shares	3,607	3,612	-5
5,001 and over	1,442	1,452	-10
	6,490	**6,501**	**-11**

27. SHORT-TERM TREASURY BILLS

Treasury bills amounting to EUR 25 million were bought during the reporting period. EUR 12.5 million will mature after 91 days and the other EUR 12.5 million will mature after 182 days.

28. TERM DEPOSITS

During the reporting period the Company increased its fixed term deposits by EUR 9 million. The accounts have a maturity date of one year and carry a fixed interest rate.

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents shown in the statements of cash flow comprise the following amounts presented in the Statements of Financial Position:

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Cash at bank	**24,420,042**	22,215,002	**19,421,903**	17,506,837

30. EARNINGS PER SHARE

Earnings per ordinary share attributable to the owners of the parent has been calculated by dividing the Group's net profit for the year after taxation attributable to the ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	The Group	
(in EUR)	2022	2021
Profit for the year attributable to ordinary equity holders of the Group (in EUR)	**38,866,311**	6,973,954
Weighted average number of A and B shares	**135,299,990**	135,299,990
Earnings per share attributable to ordinary equity holders of the Group (in EUR)	**0.287**	0.052

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive ordinary shares.

31. CAPITAL COMMITMENTS

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Property, plant and equipment:				
Contracted but not provided for	**34,085,719**	3,357,089	**34,085,719**	3,357,089
Authorised but not contracted for	**25,862,131**	18,747,993	**25,777,131**	17,262,993
Investment property:				
Authorised but not contracted for	**8,623,513**	826,000	**-**	-

The amount of PPE contracted but not provided for, which will be leased out amounts to EUR 346,997 (2021: EUR 1,270,960) whereas the amount of PPE authorised but not contracted for, which will be leased out amounts to EUR 9,457,717 (2021: EUR 4,753,441).

Further to the capital commitments disclosed above, the Group has discussed future plans covering a five-year period which amount to a combined spend of around EUR 175 million. The EUR 175 million includes the capital commitments disclosed in the table above and further tranches of commitments will be authorised by the Board in the coming years in a piece-meal manner.

32. CONTINGENT LIABILITIES

At reporting date, there existed the following contingent liabilities:

(i) claims filed by former employees of the Company for unfair dismissal and wrong application of disciplinary procedures, the amount of which has not been determined;

(ii) A judicial protest first lodged by the Government of Malta in 2008 relating to reimbursement of specified expenses and which were last estimated by the Government to amount to approximately EUR 6.9 million as at 31 December 2021. The amount is expected to be updated by the Government of Malta in line with prior year increases.

In the directors' opinion, all the above contingent liabilities are unfounded.

33. RELATED PARTY DISCLOSURES

During the course of the year, the Group and the Company entered into transactions with related parties as set out below. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

The related party transactions in question were:

	2022			2021		
The Group (in EUR)	Related party activity	Total Activity	%	Related party activity	Total Activity	%
Revenue						
Related party transaction with:						
Entities controlled by Government *	15,502,538			8,097,978		
	15,502,538	**88,016,852**	**18**	**8,097,978**	**47,433,032**	**17**
Other operating costs						
Related party transaction with:						
Entities controlled by Government *	4,023,668			3,971,933		
Key management personnel of the Group	651,208			503,639		
Entities that control the Company's parent	200,846			243,080		
	4,875,722	**22,925,386**	**21**	**4,718,652**	**16,371,370**	**29**

	2022			2021		
The Company (in EUR)	Related party activity	Total Activity	%	Related party activity	Total Activity	%
Revenue						
Related party transaction with:						
Entities controlled by Government *	15,334,027			7,518,118		
Subsidiaries	2,642,142			2,193,769		
Entities that control the Company's parent	-			-		
	17,976,169	**83,644,230**	**21**	**9,711,887**	**43,510,486**	**22**
Other operating costs						
Related party transaction with:						
Entities controlled by Government *	4,023,668			3,971,933		
Key management personnel of the Group	651,208			503,639		
Subsidiaries	225,000			225,000		
Entities that control the Company's parent	200,846			243,080		
	5,100,722	**22,441,167**	**23**	**4,943,652**	**15,928,350**	**31**

* This balance is exclusive of material contracts shown in Note 35.

33. RELATED PARTY DISCLOSURES (CONTINUED)

The Company has earned interest income amounting to EUR 753,582 (2021: EUR 617,628) on the loans granted to subsidiaries (see Note 18).

The amounts due to/from related parties are disclosed in Notes 18, 21 and 22. The terms and conditions do not specify the nature of the consideration to be provided in settlement. No guarantees have been given or received. These amounts were unsecured and, except as specified in Note 18, are interest-free.

In addition to the above, the details of the material contracts entered into by the Company in the year ended 31 December 2022 with its substantial shareholders and their related parties are disclosed in Note 35.

Lease liabilities presented in the Statement of Financial Position within non-current liabilities and recognised on 1 January 2019 in terms of IFRS 16 include the Group's obligation in relation to the right to use the land and the buildings held on temporary emphyteuses. Annual ground rents are payable to Malita Investments p.l.c. (previously to the Government of Malta) and the corresponding licence payable to the Government of Malta, as further disclosed in Note 34.

34. LEASE ARRANGEMENTS

The Group and the Company as lessee

The Group and the Company recognised right-of-use assets within Property, Plant and Equipment and Investment Property.

Right-of-use assets are primarily in relation to the temporary emphyteusis of the leasehold land and buildings with ground rents payable by the Group to Malita Investments p.l.c. (previously to the Government of Malta) and further payments for the related aerodrome licence fee payable to the Government of Malta. The lease payments on the temporary emphyteusis are adjusted upwards periodically by a specified rate. The payments for the related aerodrome licence fee are subject to revisions in terms of the Airport Economic Regulations and are directly linked to revisions in airport charges. There are no residual value guarantees in this respect. The lessor has a special privilege in relation to the obligations emanating from the temporary emphyteuses and a general hypothec over all the property of the Company, present and future. The Group is entitled to enjoy and make full use of the emphyteutical site as provided in the contractual arrangement, with the terminal building to be used only as an airport passenger terminal, the terminal land to be used for the purposes necessary for, ancillary to and/or related with the operation of an international airport and the aerodrome sites to be used for such commercial, industrial or administrative purposes as the Company may consider appropriate, provided that such activities are related or ancillary to the aviation industry or are designed to provide facilities and services which are complimentary to the operation of the terminal site and all the activities therein carried out.

The lease terms under IFRS 16 for the temporary emphyteuses and the related aerodrome licence do not involve significant judgment as there are no extension, termination or purchase options from the perspective of the Group beyond the non-cancellable and enforceable period, with clauses for remote contingencies that are customary for the type of lease in place. The lease terms range from 58 years to 65 years, which are governed under a concession which was granted by the Government and which commenced in 2002 and ends in 2067 with a smaller lease being granted for the period 2010 to 2067.

For leases of low value assets, which relate to the multi-function printers situated in the administration offices, the Company has applied the optional recognition exemptions to not recognise right-of-use assets as at the date of initial application of the standard. This expense is presented in Note 9.

The movements during the current year and the comparative year in relation to right-of-use assets classified as property, plant and equipment are disclosed below:

The Group & The Company (in EUR)	Carrying amount 1 Jan 2022	Depreciation charge for the year	Carrying amount 31 Dec 2022
Land held on temporary emphyteusis	61,863,184	(1,358,496)	60,504,688
Related aerodrome licence	10,082,226	(221,586)	9,860,640
Buildings	21,950,425	(1,074,702)	20,875,723
Total right-of-use assets classified as property, plant and equipment	**93,895,835**	**(2,654,784)**	**91,241,051**

The Group & The Company (in EUR)	Carrying amount 1 Jan 2021	Depreciation charge for the year	Carrying amount 31 Dec 2021
Land held on temporary emphyteusis	63,221,680	(1,358,496)	61,863,184
Related aerodrome licence	10,303,812	(221,586)	10,082,226
Buildings	23,025,127	(1,074,702)	21,950,425
Total right-of-use assets classified as property, plant and equipment	**96,550,619**	**(2,654,784)**	**93,895,835**

34. LEASE ARRANGEMENTS (CONTINUED)

The movements during the current year and the comparative year in relation to lease liabilities are disclosed below:

The Group & The Company (in EUR)	Carrying amount 1 Jan 2022	Cash Outflows	Lease Interest Expense	Carrying amount 31 Dec 2022
Lease Liability	53,644,066	(1,732,798)	2,131,224	**54,042,492**

The Group & The Company (in EUR)	Carrying amount 1 Jan 2021	Cash Outflows	Lease Interest Expense	Carrying amount 31 Dec 2021
Lease Liability	53,168,052	(1,653,267)	2,129,281	53,644,066

Expenses relating to low value assets for which the recognition exemption is applied are presented in Note 9.

Lease liabilities are classified as non-current in the Statement of Financial Position to the extent that over the next 12 months interest will exceed the contractual cash payments.

The Group classifies all interest payments in relation to the lease liability within its operating cash flows in the Statement of Cash Flows to the extent that interest during the period exceeds the contractual cash payments.

The Group and the Company as lessor

The table below represents the lease income under operating leases recognised as income for the year:

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Lease income under operating leases recognised as income for the year	**6,884,105**	6,421,115	**3,471,474**	3,081,004
Lease income under operating leases relating to variable lease payments that do not depend on an index or a rate	**15,131,920**	7,877,946	**15,410,116**	7,939,043
Total lease income	**22,016,025**	**14,299,061**	**18,881,590**	**11,020,047**

Below is the 'Minimum Lease Payment Receivables' table showing the amounts to be received from next year onwards:

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Year 1	**4,409,565**	3,859,588	**1,302,064**	1,296,399
Year 2	**3,865,495**	2,628,770	**1,324,798**	1,302,064
Year 3	**2,968,863**	2,151,866	**1,341,895**	1,324,798
Year 4	**1,415,091**	1,773,020	**1,357,318**	1,341,895
Year 5	**1,373,038**	1,337,971	**1,372,953**	1,357,318
Year 6 and onwards	**16,381,829**	17,169,353	**17,938,212**	19,311,165
	30,413,881	**28,920,568**	**24,637,240**	**25,933,639**

34. LEASE ARRANGEMENTS (CONTINUED)

Operating lease income receivable by the Group includes income from leases of portions of land held on temporary emphyteuses and classified as property, plant and equipment. The term of the principal non-cancellable lease arrangements ranges between 5 months and 27 years and the lease receivables are adjusted upwards periodically by a specified rate.

Operating lease income receivable by the Group also includes the lease of the investment property built on a portion of land held on temporary emphyteuses. The term of the principal non-cancellable lease arrangements ranges between 1 month and 14 years. The leases include periodic adjustments by a specified rate and variable portions linked to the turnover of the lessees.

Operating lease income receivable by the Group also includes the lease of office and parking spaces inside the multi-storey car park built on a portion of land held on temporary emphyteuses. The term of the principal non-cancellable lease arrangements is of 32 months. The leases include periodic adjustments by a specified rate.

Operating lease income also includes income from the lease to tenants of commercial property within the building held on temporary emphyteusis. The terms of these leases range from 2 months to 27 years. The leases include periodic adjustments by a specified rate and variable portions linked to the turnover of lessees.

Operating lease income receivable by the Company also includes income from the lease to a subsidiary of certain carparks situated on portions of land held on temporary emphyteusis and classified as property, plant and equipment and income from the lease of the land on which the investment property is built, which investment property is also situated on portions of land held on temporary emphyteusis. The leases terminate in 2048 and 2034 respectively. One of the leases includes periodic adjustments by a specified rate and the other comprises fixed annual amounts and variable portions linked to the turnover of the lessee.

Where the lease income is adjusted periodically by a specified rate, the lease income is recognised on a straight-line basis over the lease term.

The income above includes an amount of EUR 2,973,228 (2021: EUR 2,864,164) generated by the Group in relation to the business centre classified as investment property as well as an amount of EUR 75,443 (2021: EUR 75,443) generated by the Company in relation to the corresponding right-of-use assets in relation to the land on which the business centre is located. The Group and the Company generate EUR 19,042,798 and EUR 18,806,147 (2021: EUR 11,434,897 and EUR 10,944,604), respectively, from subleasing right-of-use assets that are classified as property, plant and equipment.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. The Group manages credit risk from operating lease contracts by implementing contractual terms that ensure that rentals are payable quarterly in advance. All leases include clauses to enable upward revision of the rental charge according to prevailing market conditions or at pre-fixed rates. In addition, the Group obtains security deposits from tenants, in the form of bank guarantees for the term of the lease.

35. MATERIAL CONTRACTS

The material contracts entered into by the Company in the year ended 31 December 2022 with its current substantial shareholders and their related parties are the following:

The Government of Malta

(i) The terminal and other land lease agreements with Malita Investments p.l.c. for EUR 1,236,821 (2021: EUR 1,157,111);

(ii) Licence Fee payable to the Government of Malta for the airport operation amounting EUR 496,157 (2021: EUR 496,157);

(iii) The contract for contribution to the Malta Tourism Authority for EUR 232,937 (2021: EUR 232,937); the contracts for contributions payable towards the Route Development Fund that is administered by the Malta Tourism Authority for EUR 5,100,000 (2021: EUR 1,150,000);

(iv) The contract with the Armed Forces of Malta for the security of the restricted areas at the Airport for an expense of EUR 276,368 (2021: EUR 1,549,998);

(v) The provision of Air Navigation Services and other services by Malta Air Traffic Services Limited for an expense of EUR 929,611 (2021: EUR 929,611);

(vi) The provision of Meteorological Services and other services to Malta Air Traffic Services Limited for revenue of EUR 743,688 (2021: EUR 743,688);

(vii) The contract with Enemed Co. Ltd for fuel throughput charges generated the amount of EUR 370,938 (2021: EUR 229,300) in revenue;

(viii) The ground handling and concession agreements with Air Malta p.l.c. and its subsidiaries that generated income of EUR 1,741,466 (2021: EUR 1,433,447); and

(ix) The contracts with Indis Malta Ltd. for the lease of land that generated income of EUR 1,093,000 (2021: EUR 1,082,385).

36. PARENT COMPANY

For the purposes of IFRS 10 *Consolidated Financial Statements*, it is considered that Articles 58.2 and 58.7 of the Company's Articles of Association combine so as to give Malta Mediterranean Link Consortium Limited ("MMLC"), which has its registered office at Palazzo Pietro Stiges, 60 St. Christopher Street, Valletta, Malta, control over the Company. MMLC has a 40% equity interest in Malta International Airport p.l.c. (the "Company").

Effective as at 26 November 2019, MMLC's majority shareholders VIE (Malta) Limited (which has an equity interest of 57.1% in MMLC) and MMLC Holdings Malta Limited (previously SNC-Lavalin (Malta) Limited) (which has an equity interest of 38.75% in MMLC) merged, leading to VIE (Malta) Limited being MMLC's majority shareholder with an equity interest of 95.85% in MMLC.

VIE (Malta) Limited also holds an additional 10.1% equity stake in the Company.

VIE (Malta) Limited is controlled by VIE International Beteiligungsmanagement GmbH ("VINT"), which also controlled MMLC Holdings Malta Limited until the merger in November 2019. VINT does not produce consolidated financial statements. The ultimate parent of the Company is Flughafen Wien AG, whose registered office is Postfach 1, A-1300 Wien-Flughafen. Flughafen Wien AG's consolidated share in the Company amounts to 48.44%.

The financial results and financial position of the Company are included in the consolidated financial statements of Flughafen Wien AG. Copies of these consolidated financial statements may be obtained from Investor Relations department of Flughafen Wien or online.

37. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

At 31 December 2022 and 2021, the carrying amounts of financial assets and financial liabilities classified within non-current and current assets / liabilities respectively, comprising trade and other receivables, cash and cash equivalents, term deposits, investments in treasury bills, current loans receivable and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values (Level 2) of non-current financial assets that are not measured at fair value and that carry a floating rate of interest, comprising of loans receivable by the Company, are not materially different from their carrying amounts because they carry an arm's length interest rate that is repriced periodically and the margin continues to be reflective of the credit risk of the borrower at the year-end (see Note 18).

38. FINANCIAL RISK MANAGEMENT

The Group's and the Company's principal financial liabilities comprise of trade payables and lease liabilities. The principal recognised financial assets of the Group and the Company are trade receivables, loans receivable, term deposits, investments in treasury bills and cash and cash equivalents.

The carrying amount of principal financial instruments are as follows:

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Loans receivable	-	-	27,824,038	29,114,758
Trade and other receivables	21,483,652	15,683,772	25,272,344	19,145,953
Investments in treasury bills	24,789,438	-	24,789,438	-
Term deposit	19,500,000	10,500,000	19,500,000	10,500,000
Cash and cash equivalents	24,420,042	22,215,002	19,421,903	17,506,837
Lease liabilities	(54,042,492)	(53,644,065)	(54,042,492)	(53,644,065)
Trade and other payables	(46,140,714)	(41,520,453)	(45,409,732)	(40,243,575)

Net gains/(losses) arising from these financial instruments are classified as follows:

	The Group		The Company	
(in EUR)	2022	2021	2022	2021
Recorded in profit or loss:				
Loans receivable - interest	-	-	753,582	617,628
Trade and other receivables - ECL	(138,670)	(208,132)	(104,426)	(61,471)
Investments in treasury bills - interest	19,867	-	19,867	-
Term deposit - interest	50,769	15,431	50,769	15,431
Financial liabilities at amortised cost - interest	(2,080,491)	(2,000,814)	(2,080,491)	(2,099,272)

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

The main risks arising from the Group's and the Company's financial instruments are changes in interest rate, liquidity risk and credit risk, which are summarised below.

Interest Rate Risk

The Group and the Company have treasury bills as disclosed in Note 27, term deposits as disclosed in Note 28 and cash at bank balances as disclosed in Note 29. The Company has also granted interest-bearing loans to its subsidiaries as disclosed in Note 18.

The Group and the Company are exposed to cash flow interest rate risk on financial instruments carrying a floating interest rate. Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restructuring its investing and financing structure.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and Company's profit before tax. The Group and Company consider the reasonably possible changes in interest rates to be a change in 25 basis points.

		Effect on Profit before tax	
	Increase or Decrease (basis points)	The Group (in EUR)	The Company (in EUR)
2022	**+ 25**	**84,235**	**140,452**
	- 25	**(84,235)**	**(140,452)**
2021	+ 25	81,788	142,804
	- 25	(81,788)	(142,804)

The effect on profit takes into consideration both interest payable and interest receivable based on the financial instruments as disclosed in Notes 18, 27, 28 and 29.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group or the Company. Financial assets which potentially subject the Group and / or the Company to concentrations of credit risk, consist principally of the following:

- Loans receivable from subsidiary undertakings
- Loan commitments to subsidiary undertakings
- Trade and other receivables
- Treasury bills
- Term deposits
- Cash and cash equivalents

Such financial assets are presented net of a loss allowance, where applicable. The maximum exposure to credit risk for recognised financial assets is the carrying amounts of each class of asset as disclosed in Notes 18, 21, 27, 28 and 29 respectively. The maximum exposure to credit risk for the loan commitment is disclosed in Note 18.

Management considers the quality of its financial assets as being acceptable, as further detailed below.

Allowances for provision for impairment on financial assets measured at amortised cost are made in line with the accounting policies outlined in Note 40.

Trade and other receivables
Credit risk with respect to trade and other receivables is managed and assessed through the adherence to credit control procedures, which include client acceptance procedures, and is also limited through the number of customers comprising the Group's and Company's debtor base. Outstanding trade receivables are regularly monitored by management.

For trade receivables the Group and the Company have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

Where the Group has reasonable and supportable information that is available without undue cost or effort to measure LT-ECLs on an individual instrument basis, such an individual assessment is carried out. LT-ECLs on the remaining financial assets are measured on a collective basis, using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables – tested individually:

LT-ECL (credit-impaired but not POCI) (in EUR)	The Group 2022	The Group 2021	The Company 2022	The Company 2021
Internal rating grades				
Performing	-	-	-	-
In default	335,127	299,591	314,200	252,473
Gross carrying amount at 31 December	**335,127**	**299,591**	**314,200**	**252,473**
Loss allowance at 31 December	(335,127)	(299,591)	(314,200)	(252,473)
Net carrying amount at 31 December	**-**	**-**	**-**	**-**

Trade receivables – tested collectively:
The table below details the risk profile of trade receivables for which a provision matrix is applied:

The Group

31 December 2022 (in EUR)	Expected Credit Loss Rate	Gross Carrying Amount	LT-ECL	Net Carrying Amount
Current (not past due)	1.2%	6,914,762	82,977	6,831,785
30 to 90 Days	1.4%	5,533,155	77,464	5,455,691
91 to 180 Days	12.1%	1,491,747	180,501	1,311,246
181 to 270 Days	29.8%	300,115	89,434	210,681
271 to 360 Days	68.4%	74,096	50,682	23,414
> 360 Days	100.0%	197,519	197,519	-
		14,511,394	**678,577**	**13,832,817**

The Group

31 December 2021 (in EUR)	Expected Credit Loss Rate	Gross Carrying Amount	LT-ECL	Net Carrying Amount
Current (not past due)	0.9%	5,616,081	50,545	5,565,536
30 to 90 Days	1.0%	6,452,632	64,526	6,388,106
91 to 180 Days	10.6%	1,139,236	120,759	1,018,477
181 to 270 Days	25.6%	325,991	83,911	242,080
271 to 360 Days	57.3%	176,264	100,999	75,265
> 360 Days	100.0%	171,735	171,735	-
		13,881,939	**592,475**	**13,289,464**

The same ECL Rates are applied to the Company's debtors with a gross carrying amount of EUR 17,424,866 (2021: EUR 16,923,121), resulting in a net carrying amount of EUR 16,951,056 (2021: EUR 16,477,311) and a collective LT-ECL of EUR 473,811 (2021: EUR 445,814) of which an amount of EUR 69,133 (2021: EUR 128,650) is in relation to trade debtors that are more than 360 days past due.

The 2nd-largest single customer of the Group, Air Malta p.l.c., has been going through years of restructuring, but has failed to produce sustainable bottom-line results. The Maltese Government prepared a request to the EU for a substantial state aid injection which is still under evaluation. Air Malta p.l.c. accounts for EUR 7.8 million (2021: EUR 3.4 million) of the Group's trade and other receivables at year end and 19% (2021: 13%) of the Group's revenue for the year (recorded in all segments). The Company's exposure to this customer is not materially different to that of the Group. The maximum exposure in the reporting period to this customer was in the region of EUR 7.4 million (2021: EUR 3.4 million). The Board feels confident that the Group's and the Company's exposure to Air Malta p.l.c. will not jeopardize in any way the Group's ability to continue operations for the foreseeable future and that Air Malta p.l.c. will meet its obligations.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash and cash equivalents

The cash at bank balances held by the Group and the Company are disclosed in Note 29. Currently the Group holds its cash at bank balances with reputable and investment grade rated banking institutions.

12-M-ECL (in EUR)	The Group 2022	The Group 2021	The Company 2022	The Company 2021
External rating grades				
BBB- (negative) (S&P)	21,869,811	19,713,468	16,871,672	15,005,303
A- stable (S&P)	2,050,231	2,001,534	2,050,231	2,001,534
A stable (S&P)	500,000	500,000	500,000	500,000
Gross/Net Carrying Amount at 31 December 2022	**24,420,042**	**22,215,002**	**19,421,903**	**17,506,837**

On the basis of the low credit risk exemption, the resulting 12-M-ECL in terms of IFRS 9 are not considered to be material.

Treasury Bills

The Group has invested in treasury bills with the Government of Malta as disclosed in Note 27.

12-M-ECL (in EUR)	The Group 2022	The Group 2021	The Company 2022	The Company 2021
External rating grades				
A- stable (S&P)	24,789,438	-	24,789,438	-
Gross/Net Carrying Amount at 31 December 2022	**24,789,438**	**-**	**24,789,438**	**-**

On the basis of the low credit risk exemption, the resulting 12-M-ECL in terms of IFRS 9 are not considered to be material.

Term Deposits

The Group holds its term deposits with the same reputable and investment grade rated banking institutions as its cash and cash equivalents as outlined above.

12-M-ECL (in EUR)	The Group 2022	The Group 2021	The Company 2022	The Company 2021
External rating grades				
A3 stable (S&P)	10,000,000	5,000,000	10,000,000	5,000,000
A stable (S&P)	9,500,000	5,500,000	9,500,000	5,500,000
Gross/Net Carrying Amount at 31 December 2022	**19,500,000**	**10,500,000**	**19,500,000**	**10,500,000**

On the basis of the low credit risk exemption, the resulting 12-M-ECL in terms of IFRS 9 are not considered to be material.

Loans receivable

Loans receivable and undrawn loan commitments of the Company are disclosed in Note 18. The credit risk is contained within the Group.

12-M-ECL (in EUR)	The Company 2022	The Company 2021
Internal rating grades		
Performing	27,824,038	29,114,758
Gross/Net Carrying Amount at 31 December 2022	**27,824,038**	**29,114,758**

The Company determined that the loans and the undrawn loan commitments did not result in a significant increase in credit risk, as compared to the risk of default on initial recognition and accordingly a 12-M-ECL applies. On the basis of the expected manner of recovery of the loans and the possible alternative strategies available to the borrower, the Company concluded that full recovery is expected, taking into consideration the financial position of the respective counterparty and, where applicable, forward-looking information that addresses the future prospects of the industries in which the borrower operates and information that relates to the borrower's core operations. Consequently, the resulting 12-M-ECL in terms of IFRS 9 are not considered to be material.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk

The tables below summarise the maturity profile of the Group's and Company's financial liabilities as at 31 December 2022 and 2021 based on contractual undiscounted payments.

The Group 31 December 2022 (in EUR)	Carrying Amount	Gross Cash Flows	< 1 year	1-5 Years	> 5 years
Lease liability	54,042,492	132,391,038	1,812,688	7,377,783	123,200,567
Other payables	1,585,736	1,585,736	401,711	1,184,025	-
Accruals	37,420,595	37,420,595	37,420,595	-	-
Trade payables	7,164,226	7,164,226	7,164,226	-	-
	100,213,049	**178,561,595**	**46,799,220**	**8,561,808**	**123,200,567**

The Group 31 December 2021 (in EUR)	Carrying Amount	Gross Cash Flows	< 1 year	1-5 Years	> 5 years
Lease liability	53,644,065	134,124,015	1,732,978	7,271,970	125,119,067
Other payables	844,088	844,088	236,550	607,538	-
Accruals	35,952,638	35,952,638	35,952,638	-	-
Trade payables	4,228,432	4,228,432	4,228,432	-	-
	94,669,223	**175,149,173**	**42,150,598**	**7,879,508**	**125,119,067**

The Company 31 December 2022 (in EUR)	Carrying Amount	Gross Cash Flows	< 1 year	1-5 Years	> 5 years
Lease liability	54,042,492	132,391,038	1,812,688	7,377,783	123,200,567
Other payables	1,384,585	1,384,585	388,191	996,394	-
Accruals	37,112,477	37,112,477	37,112,477	-	-
Trade payables	7,030,246	7,030,246	7,030,246	-	-
	99,569,800	**177,918,346**	**46,343,602**	**8,374,177**	**123,200,567**

The Company 31 December 2021 (in EUR)	Carrying Amount	Gross Cash Flows	< 1 year	1-5 Years	> 5 years
Lease liability	53,644,065	134,124,015	1,732,978	7,271,970	125,119,067
Other payables	826,953	826,953	219,415	607,538	-
Accruals	34,435,699	34,435,699	34,435,699	-	-
Trade payables	4,498,830	4,498,830	4,498,830	-	-
	93,405,547	**173,885,497**	**40,886,922**	**7,879,508**	**125,119,067**

The Group monitors and manages its risk to a shortage of funds by monitoring forecast and actual cash flows. The impact of COVID-19 on the liquidity position of the Group and the Company is disclosed in more detail in Note 2.

Capital Management

One of the objectives of the Group and the Company is to ensure that it maintains a strong credit rating and healthy capital ratios by means of proper management of its capital. The Group and the Company manage their capital structure and adjust it, in light of changes in economic conditions. No changes were made in the objectives and processes during the years ended 31 December 2022 and 31 December 2021.

The Company monitors its capital requirement on a periodic basis considering its current requirements. Capital primarily includes equity attributable to the equity holders. Based on recommendations of the directors, the Group and the Company balance their overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Other than as disclosed in that note, the Group's and Company's policy in managing capital has remained unchanged from the prior year.

39. EVENTS AFTER THE REPORTING PERIOD

All events occurring after the balance sheet date until the date of authorisation for issue of these financial statements and that are relevant for valuation and measurement as of 31 December 2022 for the Group and the Company, such as outstanding legal proceedings or claims for damages and other obligations or impending losses that must be recognised or disclosed in accordance with IAS 10 are included in these consolidated financial statements. No relevant events after the reporting period occurred.

40. SIGNIFICANT ACCOUNTING POLICIES

Scope of Consolidation

The consolidated financial statements include all subsidiaries, with the exception of Kirkop PV Farm Limited, as its economic significance and influence on the financial position, financial performance and cash flows of the Group is immaterial. The net liability position of Kirkop PV Farm Limited is under EUR 3,000 (2021: under EUR 3,000). Kirkop PV Farm Limited did not commence to trade by the balance sheet date.

The 2022 and 2021 consolidated financial statements include Malta International Airport p.l.c. as well as three domestic subsidiaries that are controlled by Malta International Airport p.l.c.

Subsidiaries included in the consolidated financial statements 2022 and 2021 are Airport Parking Limited, Sky Parks Development Limited and Sky Parks Business Centre Limited. For financial information on these subsidiaries see Note 17.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control or from the date of set-up under the control of the Company and continue to be consolidated until the date such control ceases.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

Property, Plant and Equipment

The Group's and the Company's property, plant and equipment are classified into the following classes – land held as temporary emphyteusis, related aerodrome licence, buildings, furniture, fixtures, plant and equipment and motor vehicles.

Upfront payments in relation to the temporary emphyteusis of the leasehold land and buildings are reclassified to right-of-use assets which is included under property, plant and equipment in terms of IFRS 16. The accounting policy for right-of-use assets is included below in the Section entitled 'Leases'.

With effect from 1 January 2019, property, plant and equipment also include the right-of-use assets in relation to the related licence over the aerodrome, which includes the Airfield. The management of the Airfield is considered to be integral to the use of the land and buildings held as temporary emphyteusis, with the Group having an obligation to manage the Airfield for the same duration of the emphyteusis. The Group considers the licence as being inseparable from the right to use the Airfield (being the tangible component). It is also not possible to split the right to operate the Airfield from the right to use the Airfield and the Group considers the use of the Airfield to be the most significant element of the transaction.

Property, plant and equipment are initially measured at cost. Such cost includes borrowing costs for long-term construction projects, if the recognition criteria are met. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount. Any gains or losses arising on derecognition are included in profit or loss in the year the asset is derecognised.

40. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Properties in the Course of Construction

Properties in the course of construction for production supply or administrative purposes are classified as property, plant and equipment and are carried at cost less any identified impairment loss. Cost includes professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy on borrowing costs. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for use.

Properties in the course of construction for future use as investment property are classified as investment property. Existing investment property that is being redeveloped for continued future use as investment property continues to be classified as investment property.

Investment Property

Investment property also includes right-of-use assets in terms of IFRS 16. The accounting policy for right-of-use assets is included below in the Section entitled 'Leases'.

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less any accumulated depreciation and any accumulated impairment losses.

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are recognised in profit or loss in the period of derecognition.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss, so as to write off the cost less any estimated residual value, over their estimated useful lives (unless this exceeds the end of any applicable leases or emphyteusis, in which case the accounting policy in the Section entitled 'Leases' applies), using the straight-line method, on the following bases:

Land held on temporary emphyteusis	by equal annual instalments over the remaining term of the emphyteusis
Buildings classified within Property, Plant and Equipment	2% to 5% per annum
Furniture, fixtures, plant and equipment classified within Property, Plant and Equipment	10% to 33 1/3% per annum
Motor vehicles classified within Property, Plant and Equipment	20% per annum
Investment property (other than the land component)	5% to 15% per annum

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset.

The depreciation method applied, the residual value and the useful life are reviewed at each financial year end and adjusted prospectively, as appropriate.

Borrowing Costs

Borrowing costs include the costs incurred in obtaining external financing. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed as incurred.

40. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in Subsidiaries

A subsidiary is an entity that is controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Investment in subsidiaries in the separate financial statements of the Company is accounted for on the basis of the direct equity interest and is stated at cost less any provisions for impairment, where in the opinion of the directors, any impairment in value has taken place. Dividends from the investment are recognised in profit or loss.

Impairment of Non-Financial Assets and Investments in Subsidiaries

At each reporting date, the carrying amount of assets other than financial assets measured at amortised cost, including property, plant and equipment, investment property, right-of-use assets and investments in subsidiaries is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

In the case of such assets tested for impairment, the recoverable amount is the higher of fair value (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less costs of disposal and value-in-use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case, the impairment loss is recognised in other comprehensive income against the asset's revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Impairment reversals are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case, the impairment reversal is recognised directly in other comprehensive income, unless an impairment loss on the same asset was previously recognised in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognised when the Group entities become a party to the contractual provisions of the instrument. Unless otherwise stated below, financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset, and the net amount presented in the Statement of Financial Position when the Group entities have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition. Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

Financial Assets
This accounting policy is in relation to the following financial assets:

- Trade and other receivables
- Term deposits
- Treasury Bills
- Cash and cash equivalents
- Loans receivable

40. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The significant accounting policies for financial assets are as follows:

On initial recognition, a financial asset is classified as measured at either amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on the business model in which a financial asset is managed and its contractual cash flow characteristics:

- A financial asset is measured at AC if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its cash flows are solely payments of principal and interest on the principal amount outstanding, to the extent that the financial asset is not designated at FVTPL (fair value option).
- A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its cash flows are solely payments of principal and interest on the principal amount outstanding, to the extent that the financial asset is not designated at FVTPL (fair value option).
- An equity investment that is not held for trading may be irrevocably designated as at FVOCI with any subsequent changes in fair value being presented in OCI. This election is made on an investment-by-investment basis. Otherwise, the equity investment is measured at FVTPL.
- All financial assets not classified as measured at AC or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

The following accounting policies apply to the subsequent measurement of financial assets:

Classification	Subsequent Measurement
Financial Assets at FVTPL	The Group and the Company do not have any financial assets classified within this category. These assets are subsequently measured at FV and net gains and losses are recognised in profit or loss.
Financial Assets at AC	The following financial assets are classified within this category – trade and other receivables, treasury bills, term deposit, cash at bank and loans receivable. These assets are subsequently measured at AC using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Trade receivables which do not have a significant financing component are initially measured at their transaction price and are subsequently stated at their nominal value less any loss allowance for expected credit losses.
Debt Investments at FVOCI	The Group and the Company do not have any financial assets classified within this category. These assets are subsequently measured at FV. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity Investments at FVOCI	The Group and the Company do not have any financial assets classified within this category. These assets are subsequently measured at FV. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

40. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Financial Assets

Credit losses are determined based on the ECL model. The ECL model applies to financial assets measured at amortised cost, debt investments at FVOCI, lease receivables and contract assets, but not to investments in equity instruments. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition.

ECLs are probability-weighted estimates of credit losses with the respective risks of a default occurring as the weights. Credit losses are measured at the present value of all expected cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset. The measurement of ECLs is a function of the probability of default, loss given default (that is, the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information, where applicable. Forward-looking information considered includes economic and industry indicators such as GDP, unemployment rates and/or industry projections as well as factors that are specific to the debtors, unless the effect is considered to be immaterial.

ECLs are determined by means of a three-stage model for impairment (the general approach) based on changes in credit risk since initial recognition.

- **Stage 1** includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECLs (12-M-ECLs) are recognised. 12-M-ECLs are the ECLs that result from default events that are possible within 12 months after the reporting date.
- **Stage 2** includes financial instruments that have had a significant increase in credit risk since initial recognition - unless they have low credit risk at the reporting date - but that do not have objective evidence of impairment. For these assets, lifetime ECLs (LT-ECLs) are recognised. LT-ECLs are the ECLs that result from all possible default events over the expected life of a financial asset.
- **Stage 3** includes financial assets that have objective evidence of impairment at the reporting date. For these assets, LT-ECLs are recognised. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Impairment gains or losses are recognized in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

Loss allowances are measured according to the above outlined three-stage model (the general approach) except for trade receivables and contract assets that do not contain a significant financing component or for which the practical expedient for contracts that are one year or less is applied. For these financial assets the simplified approach is applied and LT-ECLs are recognized.

Simplified approach

The Group applies the simplified approach for trade receivables and contract assets that do not contain a significant financing component. The Group's trade receivables are of a short-term nature as they are based on credit terms of less than one year and, thus, do not include a significant financing component.

Where the Group does not have reasonable and supportable information that is available without undue cost or effort to measure LT-ECLs on an individual instrument basis and in order to ensure that LT-ECLs are recognised before an asset becomes credit-impaired or an actual default occurs, LT-ECLs on the remaining financial assets are measured on a collective basis.

In such instances and where appropriate, the financial instruments are grouped on the basis of shared credit risk characteristics and the LT-ECLs are estimated using a provision matrix based on actual credit loss experience over past years, which is adjusted to reflect current conditions and the Group's view of economic conditions over the expected lives of the receivables. Such adjustments are based on factors that are specific to the debtors and economic and industry indicators such as GDP, unemployment rates and/or industry projections, where applicable, unless the effect is considered to be immaterial. For the purpose of the provision matrix, loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency over a selected period, taking into consideration the applicable credit terms for such debtors and the past due status. Unless the effect is immaterial, for receivables after 360 days, the loss rate is adjusted to take into consideration the proportion of actual recoveries over the selected period.

40. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition: an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating, significant deterioration in external market indicators of credit risk for a particular financial instrument, existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the borrower's ability to meet its debt obligations, an actual or expected significant deterioration in the operating results of the borrower, an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant decrease in the borrower's ability to meet its debt obligations.

Forward-looking information considered includes economic and industry indicators such as GDP, unemployment rates and/or industry projections as well as factors that are specific to the debtors, unless the effect is considered to be immaterial.

Irrespective of the outcome of the above assessment, it is presumed that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless there is reasonable and supportable information, that is available without undue cost or effort, that demonstrates otherwise.

Despite the aforegoing, it is assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. A financial asset is considered to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions. The Group and the Company have applied the low credit risk assumption for the following classes of financial assets – cash at bank with an external credit rating of Investment grade.

Definition of default
For internal credit risk management purposes, the Group considers it as constituting an event of default when historical experience or information indicates that a financial asset is generally not recoverable as the debtor is unlikely to pay its creditors in full, without taking into account any collateral held by the Group or the Company.

Irrespective of the above analysis, default is considered to have occurred when a financial asset is more than 90 days past due unless reasonable and supportable information is available to demonstrate that a more lagging default criterion is more appropriate. The Group and the Company rebut the 90 days past due presumption for trade receivables since they have reasonable and supportable information to demonstrate that a more lagging default criterion of 360 days past due is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: significant financial difficulty of the issuer or the borrower, a breach of contract, such as a default or delinquency in interest or principal payments, the probability to enter bankruptcy or other financial reorganisation, the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider, the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Group and the Company write off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Loan commitments
For loan commitments, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Company considers changes in the risk of a default occurring on the loan to which a loan commitment relates. For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Company if the holder of the loan commitment draws down the loan, and the cash flows that the Company expects to receive if the loan is drawn down. For loan commitments, the loss allowance is recognised as a provision.

40. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities

The accounting policy on financial liabilities is in relation to Trade and other payables, which are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material.

Ordinary Share

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. Ordinary shares issued by the Company are classified as equity instruments.

Cash and short-term deposits

Cash and short-term deposits comprise cash on hand, demand deposit and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and short-term deposits are stated at nominal amounts, being the amount recognised at inception.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method and comprises expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion.

Revenue Recognition

The Group and the Company generate income from regulated revenue, unregulated revenue and leases.

- **Regulated revenue** comprises income from aviation services which arise from income from passenger services charges, security fees as well as aircraft landing and parking fees.
- **Unregulated revenue** consists of PRM charges, income from ground handling charges, certain car parking revenue, income from VIP services as well as meteorological services and other income.

Revenue from operating leases reflects all income from renting office, retail, food and beverage, and advertising space including commissions based on sales as well as income from renting certain car parks. The accounting policies for this revenue stream are addressed under "Leases – the Group as a lessor" below.

The remainder of this note addresses regulated and unregulated revenue from contracts with customers.

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group and the Company recognise such revenue when (or as) they satisfy a performance obligation by transferring control of a promised good or service to the customer.

Regulated revenue
Regulated revenue constitutes income based on fees that are subject to the Airport Economic Regulations. These fees are charged to airlines and aircraft operators for the use of the airport infrastructure and include passenger service charges as well as landing, parking and security fees.

The performance obligation is to make the airport available as and when each airline makes use of it. The transaction price follows a set fee structure and is based on a variety of underlying metrics, such as the number of departing passengers, and the maximum take-off weight, which metrics become known by the time the services are provided and thus no significant estimates are required in this respect.

In determining the transaction price, consideration is taken of variable fee-reducing rebates based on incentive agreements. Incentives are deducted from revenue in full and are included within the line item 'Trade and other payables'. Any such incentives which are not taken up are recognised as revenue only when it is highly probable that a significant reversal will not occur, that is, when the uncertainty associated with the incentives is subsequently resolved.

The performance obligation in relation to regulated revenue is satisfied at a point in time. A receivable is recognised as the services are provided and included in the line item 'Trade and other receivables' until the actual payment is made by the respective customers.

In determining the transaction price, consideration is also made of contributions payable to airlines through a government entity, in an effort to improve the number of passengers departing from the airport, thus resulting in additional revenues to the Company and the Group. Such contributions are payable to an Air Route Development Fund that is administered by the government entity, with a particular focus being made on the timing and destination of strategic routes which result in increased revenues. The allocations that are made by this Fund to the respective airlines are subject to the satisfaction by the airlines of the conditions attaching to eligibility for such contributions and accordingly any revenues disclosed in the respective notes are net of any such contributions. The amounts payable by the Company and the Group to the Fund are

40. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

non-refundable and vary with the number of passenger departures, subject to a fixed cap. These amounts are treated as a reduction of the transaction price (and therefore, of revenue) since such payments are not considered to be in exchange for a distinct good or service that the customers, or the government entity, transfer to the Company or the Group. These amounts are included within the line item 'Trade and other payables' until they are settled. No estimates are required in this regard since the extent of the consideration payable is dependent on the number of passenger departures and thus corresponds to the Company's and the Group's efforts to satisfy its performance obligation, with such allocation being consistent with the objective of allocating the transaction price in an amount that depicts the amount of consideration to which the Company and the Group expect to be entitled in exchange for transferring the promised services to the customers.

Unregulated revenue
Unregulated revenue is income based on charges that are not regulated, but subject to fee structures that are negotiated with the Group's customers. Fees for each service are uniform among all customers.

- **PRM fees** are charged to airlines in order to recover costs emanating to the Group for the provision of assistance to persons with reduced mobility (PRM) in line with Regulation (EC) 1107/2006. The performance obligation is to arrange the required services for persons with reduced mobility on behalf of the airline or aircraft operator. The transaction price is represented by a set fee that is based on the number of departing passengers of an airline or aircraft operator. The performance obligation is satisfied at a point in time.
- **Ground handling concession income** is revenue from ground handling and infrastructure providers for the right to provide their services (ground handling, fuelling) within the airport perimeter for the duration of the respective contracts. The performance obligation is to make the maintained airport infrastructure and equipment available so that the ground handling provider is able to provide its services to airlines and aircraft operators. The transaction price follows a fee structure that is based on a variety of underlying metrics, such as the number of departing passengers, aircraft movements, maximum take-off weight, kilograms of freight and mail and litres of fuel. The Group has determined that it provides a daily service of access that is distinct, with the uncertainty related to the consideration receivable being also resolved on that basis and accordingly no further estimates are required in this regard. The performance obligation is satisfied over time. A receivable is recognised as the services are provided and included in the line item "Trade and other receivables" until the actual payment is made by the respective ground handling provider.
- **Car parking income** primarily represents revenue generated through the provision of car parking spaces at the car parks within the airport perimeter, other than revenue from rental income resulting from the lease of car parks which is addressed by the accounting policy on leases. The performance obligation is to provide and maintain car parking space for the duration of the stay. The transaction price follows a pre-determined fee structure that is based on parking time and that is payable immediately upon use. The performance obligation is satisfied over time. Besides, income from the sale of car park access cards, which allow customers to make use of the car park over a fixed period of time, is recognised over time on straight-line basis for the duration of the contract.
- **Income from VIP services** primarily represents revenue generated through the provision of services, such as access to airport lounges and ancillary services (e.g. porterage, meet-and-greet). The Group's performance obligation is to provide the services if and when requested by customers in line with underlying terms and conditions. The transaction price follows a fixed price structure. The performance obligation is satisfied over time. In addition, the Group issues membership cards that enable members to make use of a variety of VIP services and facilities provided by the airport, such as lounges and access to car parks, over a fixed period. Such revenue is recognised over time on a straight-line basis for the duration of the contract with any deferred income being recognised as a contract liability within the line item 'Trade and other payables'.
- **Revenue from meteorological services** is generated from the provision of meteorological services to Malta Air Traffic Services (MATS). The Group's performance obligation is to provide meteorological services in respect of air navigation as well as for public, maritime and agricultural purposes and to maintain the equipment and facilities necessary to do so over the specified contractual period. The transaction price is a contractually agreed amount recognised over the term of the agreement. The performance obligation is satisfied over time.

In addition to the above-mentioned revenue streams, the Group and the Company generate other income that is classified within unregulated revenue, which arises from a variety of services, such as the issuance of security passes, the provision of luggage trolleys, lost and found services and left luggage.

40. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost or at FVTOCI. Interest income is recognised to the extent that it is probable that future economic benefits will flow to the Group entity and these can be measured reliably.

Government Grants

Grants are recognised when there is reasonable assurance that all the conditions attached to them are complied with and the grants will be received. Grants related to income are recognised in the profit or loss over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Such grants are presented as part of profit or loss, by deducting them from the related expense. Grants related to assets are presented in the Statement of Financial Position as deferred income, which is recognised as income on a systematic basis over the useful life of the asset.

Deferred Income

Deferred income arising from the sale of terminal buildings that took place on the date of the privatisation of the Company in 2002 is transferred separately to the income statement in equal annual instalments over the remaining life of the underlying assets

Leases

The Group as a lessee
For any contract entered into by the Group, it considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are (1) whether the contract contains an identified asset; (2) whether the Group has the right to obtain substantially all of the economic benefits from use throughout the period of use; and (3) whether the Group has the right to direct the use of the identified asset throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet.

The Group measures the lease liability at the lease commencement date at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease (if that rate is readily determined) or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed) less any incentives receivable, variable payments based on an index or rate (initially measured using the index or rate at the commencement date), amounts expected to be payable under a residual value guarantee and payments arising from purchase options or termination penalties reasonably certain to be exercised.

Variable lease payments not included in the measurement of the lease liability are recognised in profit or loss (unless the costs are included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occurs.

The right-of-use asset is initially measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made at or before the lease commencement date.

Right-of-use assets are subsequently measured using the cost model. The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The Group also assesses the right-of-use asset for impairment when such indicators exist using the accounting policy described in the Section entitled 'Impairment of Non-Financial Assets and Investments in Subsidiaries'.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest (using the effective interest method). It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group accounts for short-term leases and leases of low-value assets using the recognition exemptions. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term or another systematic basis that is more representative of the pattern of the lessee's benefit.

As a practical expedient, a lessee is permitted not to separate non-lease components from lease components, and instead account for any lease and associated non-lease components as a single lease component. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

40. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A lessee accounts for a lease modification as a separate lease if both (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract. For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the lessee allocates the consideration accordingly, determines the lease term of the modified lease and remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

The Group does not present right-of-use assets separately from other assets in the statement of financial position. It includes such assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets are presented within Property, plant and Equipment and Investment Property. The Group presents lease liabilities separately from other liabilities in the Statement of Financial Position.

In the Statement of profit or loss and other comprehensive income, the Group presents interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. The lease payments attributable to low value items and short-term leases for which the recognition exemption is applied, together with variable lease payments not included in the measurement of the lease liability, are presented within 'other operating expenses.'

In the Statement of Cash Flows, the Group classifies cash payments for the principal portion of the lease liability within financing activities and the cash payments for the interest portion of the lease liability within operating activities.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not. Lease classification is made at inception of the lease, which was the earlier of the date of the lease agreement and the date of commitment by the parties to the principal terms and conditions of the lease.

Rentals receivable under operating leases are recognised as income in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which use benefit derived from the leased asset is diminished.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Furthermore, for a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract applying IFRS 15. With respect to modifications to an operating lease in which the Group is a lessor, such modifications are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Taxation

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or equity as appropriate.

The charge for current tax is based on the taxable result for the year. The taxable result for the year differs from the result as reported in profit or loss because it excludes items which are non-taxable or disallowed for tax purposes and it further excludes items that are taxable or deductible in other periods. The tax charge is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Tax credits are recognised as current tax in the year when the conditions required to receive the credits are met. Tax credits that are unused are recognised as deferred tax assets to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets (including deferred tax assets for the carry forward of unused tax losses and unused tax credits) are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences (or the unused tax losses and unused tax credits) can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. Deferred tax assets and liabilities are offset when the Group and the Company have a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes are levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which satisfy certain criteria.

40. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Benefits

Employee benefits include short-term benefits and post-employment benefits.

Short-term employee benefits
The Group and the Company contribute towards the state pension fund in accordance with local legislation. The only obligation of the Group and the Company is to make the required contribution. Costs are expensed in the year in which they are incurred.

Retirement plans
For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with estimations being carried out at each reporting date. Past service cost is recognised as an expense at the earlier of the following dates (a) when the plan amendment or curtailment occurs and (b) when the entity recognises related restructuring costs or termination benefits. The amount recognised in the Statement of Financial Position represents the present value of the expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The service cost and the net interest on the net defined benefit liability are recognised in profit or loss.

Remeasurements of the net defined benefit liability, comprising actuarial gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss in a subsequent period. Such remeasurements are reflected immediately in retained earnings.

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from experience adjustments and the effects of changes in actuarial assumptions. Actuarial assumptions are an entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Currency Translation

Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated to the functional currency at the spot rate of exchange ruling at the date of the Statement of Financial Position. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a currency other than the functional currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a currency other than the functional currency are translated using the exchange rates at the date when the fair value is determined.

Dividends

Dividends to holders of equity instruments are recognised as liabilities in the year in which they are declared.

Independent Auditor's Report

To the Shareholders of Malta International Airport p.l.c.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion:

- The Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group and the Parent Company's financial position of Malta International Airport p.l.c. as at 31 December 2022, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited
Malta International Airport p.l.c.'s financial statements comprise:

- the Consolidated and Parent Company income statements and statements of comprehensive income for the year ended 31 December 2022;
- the Consolidated and Parent Company statements of financial position as at 31 December 2022;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the parent company and its subsidiaries are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the parent company and its subsidiaries, in the period from 1 January 2022 to 31 December 2022, are disclosed in note 9 to the financial statements.

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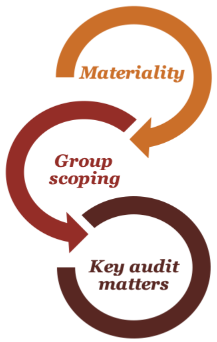
Our audit approach

Overview



- Overall group materiality: €2,100,000 which represents 5% of profit before tax.
- The audit carried out by the group engagement team covered the parent and the three subsidiaries consolidated as part of the group.
- Recognition of revenue

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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Overall group materiality	€2,100,000
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark by ISAs for profit based entities. We chose 5% which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €100,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Recognition of revenue Revenue recognition has been selected as a key audit matter due to the significance of the amount to the consolidated income statement of Malta International Airport p.l.c.'s financial statements. Furthermore, the matter requires significant audit attention due to the various revenue streams and the manner in which each revenue stream is computed. The determination of revenue is complex in nature and treated as a significant risk in the audit. Revenue recognition is governed by IFRS 15 'Revenue from contracts with customers' and IFRS 16 'Leases'. For the year ended 31 December 2022 the Group's revenue amounted to €88,016,853 (2021: €47,433,032). Revenue is a key driver of the profitability before tax of the company, which for the year ended 31 December 2022 amounted to €41,750,521 (2021: €11,109,874).	We tested the recognition of revenue as follows: • We performed a detailed understanding of the revenue process including an understanding of the design and implementation of the manual and automated controls surrounding revenue recognition. • Our IT audit specialists have directed their efforts at systems and business processes that have a significant impact on financial reporting to ensure an appropriate level of control operates within the IT general control environment with targeted areas including overall IT management and governance, access to programs and data, computer operations, program changes and development. Furthermore, the IT audit specialists ensured that an appropriate level of automated and manual application controls are in place to support the processing of transactions by the key financial systems. • We reconciled revenue streams, including airport regulated and unregulated revenue, income from tenants through leasing and parking revenue, to listings extracted from operating systems. These listings were deemed to be key reports and therefore we performed testing on these listings to obtain comfort on the accuracy and completeness of these key reports. Key variables including passenger numbers, maximum take-off weight ("MTOW") figures and aircraft parking area have been confirmed to third party supporting documentation and certificates.

Key audit matter	How our audit addressed the Key audit matter
The Group generates income from regulated revenue, unregulated revenue and leases. Regulated revenue comprises income from aviation services which arise from income from passenger services charges and security fees based on passenger numbers. Regulated revenue also comprises aircraft landing and parking fees which are based on maximum take-off weight and aircraft area. Unregulated revenue consists of PRM (persons with reduced mobility) charges and income from ground handling services which are also based on passenger numbers, and maximum take-off weight. Unregulated revenue also comprises certain car parking revenue, income from VIP services, recharges for utilities as well as meteorological services, fuel throughput charges, charges for the use of common areas and other income. Revenue from leases reflects all income from renting office, retail, food and beverage, and advertising space including commissions based on sales as well as income from renting certain car parks. The revenue recognition accounting policies are disclosed in note 40 to these financial statements. Further detail covering revenue can be found in note 6 to the financial statements.	• We recomputed, based on the key reports tested as per above, the airport revenue derived from airlines and ground handlers based on passenger numbers, maximum take-off weight ("MTOW") figures and aircraft parking area. • We tested relevant manual controls, mainly cash reconciliations performed by car park attendants and members of the finance team, relating to parking revenue which includes revenue collected through cash. • We tested a sample of other revenue transactions by agreeing the revenue to supporting documentation including contracts, invoices and cash receipts and ensuring that revenue is recognised appropriately. • We performed testing surrounding revenue recognised in the last few days of 2022 and initial days of 2023 to ensure that revenue is recognised in the correct period. Based on work carried out as detailed in the paragraphs above, we found revenue recognition to be appropriate and in line with the expected treatment of IFRS 15 'Revenue from contracts with customers' and IFRS 16 'Leases'.

How we tailored our group audit scope

The Group is composed of 4 components: Malta International Airport p.l.c. (the parent company) and its three wholly owned subsidiaries. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The group audit team performed all of this work by applying the overall Group materiality, together with additional procedures performed on the consolidation. This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises all of the information in the Annual Financial Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent 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 the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the Annual Financial Report of Malta International Airport p.l.c. for the year ended 31 December 2022, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the Annual Financial Report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tagging therein, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Annual Financial Report, in accordance with the requirements of the ESEF RTS.
- Obtaining the Annual Financial Report and performing validations to determine whether the Annual Financial Report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Annual Financial Report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

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

Opinion

In our opinion, the Annual Financial Report for the year ended 31 December 2022 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Other reporting requirements

The *Annual Financial Report and Financial Statements 2022* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Financial Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the Annual Financial Report and Financial Statements 2022 and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Area of the Annual Financial Report and Financial Statements 2022 and the related Directors' responsibilities	Our responsibilities	Our reporting
Corporate Governance – Statement of Compliance The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare and include in the Annual Financial Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Capital Markets Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.	We are required to report on the Statement of Compliance by expressing an opinion as to whether, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified any material misstatements with respect to the information referred to in Capital Markets Rules 5.97.4 and 5.97.5, giving an indication of the nature of any such misstatements. We are also required to assess whether the Statement of Compliance includes all the other information required to be presented as per Capital Markets Rule 5.97. We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.	In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority. We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Area of the Annual Financial Report and Financial Statements 2022 and the related Directors' responsibilities	Our responsibilities	Our reporting
Remuneration report The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare a Remuneration report, including the contents listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules.	We are required to consider whether the information that should be provided within the Remuneration report, as required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets Rules, has been included.	In our opinion, the Remuneration report has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

Area of the Annual Financial Report and Financial Statements 2022 and the related Directors' responsibilities	Our responsibilities	Our reporting
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit. We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.	We have nothing to report to you in respect of these responsibilities.

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Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company by directors' resolution on 11 May 2022 for the period ended 31 December 2022.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

STEPHEN MAMO
Partner
22 February 2023

NOTES

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