Malta International Airport p.l.c.

C 12663

Annual Report and Financial Statements

31 December 2021

Contents

General Information

Year Ended 31 December 2021

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
Company registration number:	C 12663
Auditor:	Deloitte Audit Limited, Deloitte Place, Triq L-Intornjatur, Central Business District, Malta.
Legal advisors:	Camilleri Preziosi Advocates, Level 2 - Valletta Buildings, South Street, Valletta, Malta.

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

Principal Activities

Malta International Airport plc'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 plc, 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 plc 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 2021.

Review of the Business

Traffic Development

Malta International Airport registered an increase of 45.3% in passenger traffic for the period between January and December 2021 compared to 2020, with a total of 2,540,335 passenger movements registered during the year under review. This increase in passenger movements was registered on the back of an increase of 29.2% in aircraft movements and an improvement of 34.5% in seat capacity over 2020. Seat load factor (SLF) registered an improvement of 4.6 percentage points over 2020 to stand at 61.4%, but remained substantially lower than the 81.8% achieved in 2019. Whilst the traffic performance for 2021 marked an improvement over the previous year, passenger numbers for the year under review were still 65.2% below 2019 levels, as uncertainty and instability continued to characterise the year.

Q1 was very challenging as restrictions and lockdowns that came into force across Europe led to airlines deciding to operate a minimal schedule. This resulted in a drop of 86.5% in seat capacity and a corresponding drop of 90.2% in passenger movements. In the meantime, the roll-out of vaccination programmes in Europe was underway. However, vaccination uptake and vaccination coverage among the adult population varied heavily across Europe, with this situation extending into the first half of Q2.

The Maltese Government's announcement that June would mark the restart of tourism to the Maltese islands, together with the announcement of incentives for industry operators, led to expectations of a strong recovery in the second half of Q2. However, uncertainty regarding entry restrictions and the recognition of vaccination certificates, ultimately resulted in a delayed recovery. Nevertheless, June's improved flight schedule contributed to a significant increase of 884.3% in overall seat capacity for Q2 compared to the same period in the previous year. The increase seen during this quarter was so significant partly because airlines had not been operating scheduled flights in Q2 2020.

Malta's robust vaccination programme made headlines throughout Europe and led to Malta being added to the UK's green list on 30 June. This constituted a significant development, particularly given that the UK had been Malta's top market prior to the outbreak of the COVID-19 crisis. Another important development was the coming into force of the EU Digital Covid Certificate on 1 July 2021, allowing for a more uniform approach to travel restrictions among EU member states and more stability for travellers.

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Whilst the initial signs of recovery reported by Malta International Airport in the wake of these developments were encouraging, a downward trend was observed in mid-July when Malta changed its restrictions and became the first EU member state to close its borders to all but vaccinated passengers. Despite this decision, a number of airlines continued to resume operating routes and to increase the frequency of flights, with Q3 ending with a 113.2% increase in passengers compared to 2020.

Due to the delayed recovery, the demand for air travel peaked in October, rather than August as is traditionally the case, contributing to Q4's positive traffic result. Whilst a busier schedule for the 2021 – 2022 winter season was expected when compared to the previous season, more stringent travel restrictions were introduced across Europe in mid-quarter 4, in an effort to curb the spread of a new COVID-19 variant. This led to flight cancellations and drops in frequency on several routes, especially after the Christmas holiday peak, with the full impact of these decisions being experienced in Q1 2022.

Traffic Highlights

	2021	**2020**	**+/-**	**% Change**
Passenger Movements	**2,540,335**	1,748,050	792,285	45.3%
Aircraft Movements	**24,516**	18,982	5,534	29.2%
Seat Capacity	**4,135,138**	3,075,565	1,059,573	34.5%
Seat Load Factor	**61.4%**	56.8%		4.6 pp
MTOW (in tonnes)	**923,341**	710,754	212,587	29.9%
Cargo and Mail (in tonnes)	**15,997**	17,086	(1,089)	(6.4%)

	Q1 2021	**Q1 2020**	**% Change**	**Q2 2021**	**Q2 2020**	**% Change**
Passenger Movements	**98,493**	1,009,051	(90.2%)	**305,317**	8,799	3369.9%
Aircraft Movements	**1,563**	8,467	(81.5%)	**3,499**	822	325.7%
Seat Capacity	**196,154**	1,449,061	(86.5%)	**539,587**	54,817	884.3%
Seat Load Factor	**50.2%**	69.6%	(19.4 pp)	**56.6%**	16.1%	40.5 pp
MTOW (in tonnes)	**55,777**	331,475	(83.2%)	**125,673**	31,728	296.1%
Cargo and Mail (in tonnes)	**3,981**	4,360	(8.7%)	**3,888**	4,187	(7.1%)

	Q3 2021	**Q3 2020**	**% Change**	**Q4 2021**	**Q4 2020**	**% Change**
Passenger Movements	**1,137,600**	533,504	113.2%	**998,925**	196,696	407.9%
Aircraft Movements	**10,612**	6,388	66.1%	**8,842**	3,305	167.5%
Seat Capacity	**1,850,634**	1,069,903	73.0%	**1,548,763**	501,784	208.7%
Seat Load Factor	**61.5%**	49.9%	11.6 pp	**64.5%**	39.2%	25.3 pp
MTOW (in tonnes)	**403,030**	227,538	77.1%	**338,861**	120,013	182.4%
Cargo and Mail (in tonnes)	**4,020**	4,287	(6.2%)	**4,108**	4,253	(3.4%)

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Operational Performance Indicators

Malta International Airport has been participating in a survey developed and managed by Airports Council International (ACI) since 2005. Over the past 12 years, Malta International Airport has consistently ranked among the top five airports in Europe, being awarded the "Best Airport" title in the five to 15 million passenger category in both 2019 and 2020.

The Airport Service Quality (ASQ) departure survey gathers information from passengers just before they board their flight, providing airport operators with valuable feedback on 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 Malta International Airport to benchmark its results against the results achieved by other airports of different sizes and in different regions. Due to the continued impact of COVID-19, 2021 saw the number of participating airports worldwide drop from over 400 in 2019 to just around 300 airports during the year under review. The number of European airports participating in Q4 2021 amounted to 93.

Malta International Airport's scores for the four quarters of 2021 are tabulated below. Key performance indicators, including terminal cleanliness, waiting times and staff courtesy, are measured using a five-point range, with 5 being the highest score. The overall average satisfaction score for 2021 was 4.43, which is very encouraging particularly considering the challenges and circumstances faced throughout the year.

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

	2021	**2020**	**+/-**
1st Quarter	**4.45**	4.43	0.02
2nd Quarter	**4.46**	n.a.	n.a.
3rd Quarter	**4.40**	4.43	(0.03)
4th Quarter	**4.42**	4.53	(0.11)
Average for the year	**4.43**	**4.46**	**(0.03)**

In November 2021, Malta International Airport reached Level 3 of ACI's Customer Experience Accreditation Programme, becoming the first European airport to accomplish this. Moreover, so far, there are only three other airports worldwide that have reached the same level of this programme.

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 deliver a better customer experience. Reaching this next level of accreditation is a significant accomplishment for Malta International Airport as it testifies the Company's commitment to improving the customer experience as well as its relationship with stakeholders and the community it serves.

Infrastructural Investments

Soon after the outbreak of the COVID-19 crisis in Malta in 2020, the Group suspended all non-essential projects in an effort to preserve its liquidity.

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Subsequently, during the year under review, the Group focused its efforts on the expansion of the cargo village - works on which had already reached an advanced stage before the COVID-19 crisis, preparatory works for the relocation of the fuel station so as to pave the way for the SkyParks 2 development, and the complete overhaul of the food court. The overall capital expenditure during the year under review amounted to EUR 9.2 million.

At the end of the year under review, a new photovoltaic system was installed on the roof of Park East - the new multi-storey car park. This photovoltaic system can generate 760 KW peak per year and will support the Company in reaching net-zero status for emissions under its control by 2050.

In line with its commitment to provide a safe and secure airport environment, Malta International Airport modernised its firefighting vehicle fleet with a total investment of EUR 2.9 million in the procurement of three top-of-the-range fire trucks. The first of these trucks was delivered in summer 2020, while the remaining two trucks were delivered in 2021.

The Group also continued to prioritise digital transformation, mainly with the aim of increasing automation and providing an even better guest experience. The Company completed the upgrade programme of its Common User Terminal Equipment (CUTE) system, deploying certified digital equipment and modernising all servers and workstations. In addition to the investment in the digital infrastructure, a new handling system for persons with reduced mobility (PRM) was introduced during the year under review, facilitating the delivery of services to this passenger segment. Recognising that the guest experience extends beyond the terminal building to the online space, the Company launched a completely redesigned website, having a new customer interface for easier navigation combined with improved search functionalities.

In 2022, the Company will retain its focus on projects and works that are essential to the maintenance of the Company's assets; invest further in order to improve guest experience, including through the expansion of the customs area; continue to modernise the airfield infrastructure; and see through to completion major IT projects such as the comprehensive network upgrade and redesign. Strategic projects that are envisaged to support the Company's medium-term recovery, including the completion of the Cargo Village, the relocation of the fuel station and the overhaul of the food court, will see the Company invest around EUR 4.8 million in 2022 alone. Additionally, the Company will prioritise a number of long-term investments, including the development of the SkyParks 2 multi-purpose centre and business hotel and the construction of Apron X, which will improve aircraft parking capacity and cater for future growth.

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: The aviation environment is expected to remain difficult, with numerous factors bearing a direct impact on the industry's recovery. Several trends indicate that fierce competition and pressure on yields will persist.

Overcapacity may potentially result in market exits of competitors and declining airlines yields, negatively affecting the performance of the Group.

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Additionally, business travel is predicted to continue recovering at a much 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, can 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 may impact negatively 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 analyses and idoneity tests. Additionally, the Company maintains a close relationship with financial institutions to strengthen its liquidity position, should the need arise.

Long-Term Capacity Constraints: Malta International Airport recorded strong traffic growth in the run-up to the COVID-19 crisis , with significant growth rates for the four years rolling from 2016 to 2019. As a result, aprons and the terminal building had been operating at capacity during peak times. While the pandemic outbreak resulted in a major downturn in international travel demand, the Company aims to retain its focus on ensuring that current capacity remains sufficient not only to bridge short-term uncertainty but also to ensure that the terminal and airside infrastructure can cater for stabilised demand recovery and future growth over the longer term.

Given the envisaged investment amounts in terminal and airfield infrastructure, it is crucial that such projects are executed in a timely and cost-effective manner. Failure to develop the infrastructure to the right extent may result in poor airport experiences and customer dissatisfaction, as well as in facilities that are capacity-constrained shortly after their inauguration, or oversized if the expenditure is disproportionate to the growth rate. 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 329 employees during 2021, which average marks a drop of 12.7% over the previous year. This drop was primarily brought about by natural attrition, as a number of employees who left the Company were not immediately replaced. In total, the Group had 324 employees at year-end, including four employees working with SkyParks Business Centre and five employees working with Airport Parking Limited. This total translates in a decrease of 7.2% over the end-of-year headcount for 2020. Around 71% of employees were employed on a full-time basis for an indefinite period, whilst 20% were employed on a full-time basis for a definite period. Nine per cent of employees were employed on a part-time basis. The employee turnover rate for the Group in 2021 was 14.0%, whilst the average length of service was 10.8 years.

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Investment in employee training was once again limited during the year under review, as efforts to manage costs resulted in an exclusive focus on essential training related to safety and mandatory competency certification. The Company's investment in training during the year under review amounted to EUR 72,120, with increased efforts being made to provide in-house training whenever possible. In fact, 35% of the 7,028 hours of training delivered in 2021 were given by trained employees or through the Company's online training platform. The average hours of training delivered to each employee amounted to 21 hours.

Employees' safety and well-being was once more a priority, with special attention being placed on limiting the spread of COVID-19 at the workplace and ensuring that the team felt safe coming in to the office. Furthermore, 96% of staff benefitted from a total of EUR 66,552 in well-being allowances, which are guaranteed through the Company's Collective Agreement with the aim of encouraging employees to lead a healthy lifestyle. Moreover, the Company continued its collaboration with the Richmond Foundation, through which it ensures that employees needing counselling services are given free access to professional assistance. During the year under review, a number of employees availed themselves of 41 counselling sessions delivered by the team of professionals at the Richmond Foundation. In 2021, there were three reportable accidents at the workplace, none of which resulted in serious injuries.

	2021	**2020**	**+/-**	**% Change**
Headcount - 31 December	**324**	349	(25)	(7.2%)
Headcount - Average	**329**	377	(48)	(12.7%)
FTE - 31 December	**310**	329	(19)	(5.8%)
FTE - Average	**315**	356	(41)	(11.6%)
Average age (in years)	**39.7**	39.5	0	0.5%
Length of service (in years)	**10.8**	11.0	(0)	(1.8%)
Share of women in workforce	**35.2%**	35.2%	-	0.0 pp
Employee turnover rate	**14.0%**	13.9%		0.1 pp
Training expenses (EUR)	**72,120**	108,000	(35,880)	(33.2%)
Reportable accidents	**3**	6	(3)	(50.0%)

Corporate Responsibility

The Board of Directors is committed to achieving the highest standards of Corporate Responsibility (CR), empowering the company's Corporate Responsibility Committe to continue driving initiatives and identifying projects that have society's wellbeing and the environment at heart.

With timely and bold environmental decisions becoming increasingly important for the future of our planet, during the year under review, an Environmental Working Group was set up to focus exclusively on environmental matters. Malta International Airport's environmental key performance indicators (KPIs) are now being discussed and established within this dedicated Group, before being presented to the Corporate Responsibility Committee. The Company's performance in relation to environmental indicators, together with economic and social indicators established within the CR Committtee, is then transparently reported in detail in Malta International Airport's annual sustainability report. This report is prepared in line with the Global Reporting Initiative (GRI) standards and PricewaterhouseCoopers are engaged for a limited assurance engagement in respect of selected sustainability information. In 2021, Malta International Airport published its sixth sustainability report.

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One of 2021's most important milestones for Malta International Airport was the advancement to Level 2 of Airports Council International's Airport Carbon Accreditation Programme, where the Company will be expected to effectively manage its carbon emissions and show quantified reductions. In the last quarter of 2021, the airport's fourth photovoltaic system, having a capacity of 760 kWp, was commissioned. Featuring a new bifacial technology, this PV system will increase Malta International Airport's clean energy generation capacity by 60% as the Company continues to eye net-zero status for emissions under its control by 2050. During the same quarter, the Company also finalised works on a new Building Management System, whose superior levels of automation and integration with existing systems will contribute to enhanced energy efficiency.

In order to raise awareness on environmental issues and empower all employees to partake in the Company's sustainability efforts, the educational internal newsletter GREENews was launched in the second quarter of the year. Topics such as the importance of biodiversity and proper waste separation were explored in this newsletter, in parallel with the setting up of a second apiary along the airport perimeter and the introduction of organic waste bins at the airport offices. Coinciding with the introduction of organic waste collection, the Company organised a training session for employees, in collaboration with local NGO Friends of the Earth, which centered on vermiculture and composting.

As the Company ramped up its environmental efforts, the Corporate Responsibility Committee supported different organisations in realising their mission within the community. During the year under review, financial support enabled Dar Pirotta, a community home for persons with disabilities, to install Wi-Fi infrastructure as part of a wider renovation project, and Dar il-Kaptan, an NGO offering respite services, to procure a van with a lifter for persons with reduced mobility. The Victory Kitchen Project also benefitted from a donation, which helped it prepare and serve more hearty meals to persons who would have otherwise gone hungry.

In parallel with the above-mentioned initiatives which were driven internally, the independent Malta Airport Foundation focused on external projects that safeguard Malta's artistic, cultural and environmental heritage, whilst contributing to an elevated touristic offering.

Following several setbacks and delays arising from the COVID-19 crisis, in August 2021 the newly restored Combined Operations Room and ancillay war rooms in Valletta opened to the public. The Foundation's investment in this wartime project amounted to EUR 330,000, making it the organisation's largest investment in Malta's heritage to date. On the heels of the completion of this project, the Malta Airport Foundation announced that it was going to be supporting the restoration and conservation of a 345-year-old work of art by Baroque master Mattia Preti. This painting is housed inside the Żurrieq Parish Church, which is just a 10-minute drive away from Malta International Airport. The Foundation is currently exploring the possibility of investing in museum-grade lighting that would allow people to better appreciate this painting.

Smaller scale initiatives included the organisation of two underwater clean-ups in Marsaxlokk and Marsalforn, during which around 1.8 tonnes of marine litter were elevated from the sea-bed, and the continuation of Foundation Talks. During 2021, five such talks were broadcast, with the topics explored ranging from ocean governance and underwater cultural heritage, to the challenges faced by local NGOs as cultural sites closed down due to COVID-19 and how virtual museums enabled people to continue experiencing art despite these closures.

Financial Performance

Financial Results

The revenue generated by the Group during the year under review increased by EUR 15.2 million, from EUR 32.2 million in 2020 to EUR 47.4 million in 2021. This marked an increase of 47.4% in line with the increase in passenger movements.

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Earnings before interest, taxation, depreciation and amortisation (EBITDA) of the Group increased by EUR 18.5 million, from EUR 5.6 million in 2020 to EUR 24.1 million in 2021. EBITDA margin improved by 33.4 percentage points, from 17.4% to 50.8%. While the Group had registed a net loss of EUR 4.3 million in 2020, it closed off 2021 in the black with a net profit of EUR 7.0 million.

Continuation of initiatives to preserve liquidity and maintain financial stability

Due to the overall market situation and limited visibility in relation to the industry’s recovery, efforts to preserve liquidity and maintain the Group’s financial stability extended into the year under review. The implementation of cost-cutting measures in 2021 contributed to an overall reduction of 12% in operating costs compared to 2020.

Among other measures, the Board of Directors of the Company, including the Chief Executive Officer and the Chief Financial Officer, accepted a voluntary 15% reduction in their remuneration. Moreover, the management team accepted the proposed temporary salary reductions of 10%, which were effective from 1 February until 30 April 2021. In addition to the contributions of the Board of Directors and the management team, temporary salary reductions based on a four-and-a-half-day working week for the period from February to April were agreed to by the Unions representing the rest of the employees.

During the entire reporting period, the Company continued to benefit from the COVID-19 Wage Supplement introduced from March 2020, whereby EUR 800 per each full-time employee were received.

Revenues

The total revenue of the Group increased by 47.4% or EUR 15.2 million compared to 2020, up from EUR 32.2 million to EUR 47.4 million. Aviation-related revenues are the most important income stream of the Group. In 2021, the airport segment contributed a share of 58.6% of total revenues (2020: 55.5%), showing an increase of 55.7% or EUR 9.9 million over the previous year. Revenues from the Retail and Property segment totalled EUR 19.5 million (2020: EUR 14.0 million), which represents an increase of 39.2%. The remaining portion of EUR 0.1 million of revenues originated from the Other segment and contributed a 0.3% share.

Staff Costs

Staff costs of the Group amounted to EUR 6.8 million in 2021, representing a decrease of EUR 1.9 million or 21.7% over 2020. This decrease was the result of lower staff numbers (-11.6%) as well as the full-year effect of the COVID-19 Wage Supplement.

Other Operating Expenses

Costs for customer services, passenger screening, VIP and utilities, reflected the recovery in demand. The increase of these passenger-related costs was more than offset by the ongoing strict cost-saving programme, which was first implemented in 2020. This led the other operating expenses of the Group to decrease by 7.5% on a year-on-year basis; from EUR 17.7 million in 2020 to EUR 16.4 million in 2021.

Depreciation and Amortisation

Depreciation and amortisation amounted to EUR 11.3 million in the year under review, compared with EUR 9.6 million in the previous year. The increase of EUR 1.7 million resulted from the year-round operation of Park East as well as from the implementation of necessary airfield infrastructure investments and the completion of the fire-engine replacement programme.

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Comprehensive Income and Dividends

The financial results of the Group and the Company for the year ended 31 December 2021 are shown in the Statement of Comprehensive Income on page 31. The Group's total comprehensive profit for the year after taxation amounted to EUR 7.0 million (2020: net loss EUR 4.3 million).

Having carefully analysed the Group's accounts and external forces that are likely to continue affecting consumer confidence and air travel in the forseeable future, the Board of Directors believes that, with an aim to safeguard the best interests of the Company as a whole and its stakeholders for the long-term, it is not prudent to recommend the payment of dividend for the year ended 31 December 2021. The Board of Directors' decision to continue exercising caution in relation to the management of the Group's finances also stems from the slow start to 2022 in terms of passenger traffic and the limited visibility of the way ahead.

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 2021 of EUR 131.8 million and EUR 130.4 million for the Group and the Company, respectively. These totals were up from EUR 124.8 million and EUR 123.9 million, respectively, as at year-end 2020.

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 37 of the Financial Statements.

Financial Key Performance Indicators

Financial Indicators (EUR mn)	**2021**	**2020**	**Variance abs.**	**in %**
Total Revenue	**47.4**	32.2	15.2	47.4%
thereof Aviation Revenue	**27.8**	17.9	9.9	55.7%
thereof Non-Aviation Revenue	**19.6**	14.3	5.3	36.9%
EBITDA	**24.1**	5.6	18.5	n.a.
EBITDA Margin (in %)	**50.8%**	17.4%		33.3 pp
EBIT	**12.8**	(4.0)	16.8	n.a.
EBIT Margin (in %)	**27.0%**	(12.4%)		39.4 pp
Net Profit / (Loss)	**7.0**	(4.3)	11.2	n.a.
ROCE (in %)	**5.0%**	(1.8%)		6.7 pp
Cash (incl. term deposits)	**32.7**	31.0	1.7	5.4%
Equity	**131.8**	124.8	7.0	5.6%
Balance Sheet Total	**242.7**	235.0	7.7	3.3%
Capital Expenditure	**9.2**	16.3	(7.1)	(43.6%)
Taxes on Income	**4.1**	(1.5)	5.7	n.a.
Average Employees (No.)	**329**	377	(48)	(12.7%)

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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. It 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.

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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 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.

Auditor

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

[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.

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Outlook

Traffic Development

2021 was dominated by uncertainty and uneven recovery across Europe, with Malta International Airport recovering at an even slower pace than its Southern European counterparts. Nevertheless, the summer months highlighted the resilience of the travel industry as the demand for air travel started to gain momentum almost immediately after travel restrictions were eased and airlines started to operate more stable flight schedules. Travellers favoured point-to-point leisure destinations, which was an opportune situation for Malta.

Due to the uncertainty surrounding the industry and new developments in relation to restrictions and the epidemiological situation in Europe in Q4 2021, airlines have continued to plan for the short-term and to monitor demand. Factors such as vaccination roll-out, national travel policies and the standardisation of testing protocols will remain key components for recovery, whilst competition between destinations is expected to increase for the summer 2022 season. While a number of countries including the UK, France and Italy have announced that they will be easing their restrictions in February, at the time of writing, the Maltese authorities have not yet announced the easing of national restrictions in relation to travel.

Malta International Airport and the Malta Tourism Authority have remained in active discussions with partner airlines to work on rebuilding connectivity. A combination of flag and low-cost carriers are expected to operate several primary routes to Malta throughout 2022, in line with the Company's aim to strike a balanced business mix, with the possibility of increasing their schedules once demand allows.

Whilst gaps in certain strategic markets remain, talks are currently ongoing with new and existing carriers regarding the potential launch of new services for the upcoming summer season.

Financial Performance

Given the fluidity of the current situation and the limited visibility of the way ahead, the company does not have sufficient data to provide the market with reliable guidance at this time.

Approved by the Board of Directors on 22 February 2022 and signed on its behalf by:

Nikolaus Gretzmacher	**Alan Borg**	**Karl Dandler**
Chairman	**Chief Executive Officer**	**Chief Financial Officer**

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,

- 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 2021 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.

Karl Dandler
Chief Financial Officer

obo/directors

Introduction

Pursuant to the Capital Market Rules issued by MFSA, 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 Market Rules (the "Code"). In terms of Capital Market 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 2021.

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.

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.

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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.

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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
Mr 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

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 Mr 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.

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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)
- Mr Martin Dalmas (Airport Operations and Business Continuity)
- Mr George Mallia (Retail and Property)
- Mr Ian Maggi (Innovation and Technology)
- Mr Patrick Murgo (Security Services)
- Ms Tina Lombardi (Human Resources, Strategy, Marketing & Brand Development)
- Mr Alex Cardona (Traffic Development and Customer Services)
- Mr Kevin Alamango (Technical Services)
- Mr Robert Mizzi (Aerodrome Safety & Compliance)

The Executive Committee has met 36 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.

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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 Market Rules. The principal roles of the Audit Committee are in line with the requirements of Capital Market 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 2021 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 Market 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.

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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.

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 2021
Mr Nikolaus Gretzmacher	6/6
Ms Rita Heiss	6/6
Dr Cory Greenland	6/6
Mr 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.

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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.

During the course of the year under review the directors attended a training session dealing with legal and practical issues on governance and the duties of directors in complying with the requisite standards of conduct and governance under the Capital Market Rules, including the continuing listing obligations of the company.

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. <u>Remuneration Committee</u>

The Company has no performance-related remuneration payable to its Non-Executive Directors and accordingly, as allowed by Code Provision 8A.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 Market Rule 12.26 and contains the information required by Appendix 12.1 of the Capital Market Rules.

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.

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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 487,988 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 557,258.

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 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 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. 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.

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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.

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 32 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.

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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.
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.

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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".

(continued)

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 15.

The information required by:

(a) Capital Market Rule 5.97.5 is found in the Directors' Report;
(b) Capital Market Rule 12.26 and Appendix 12.1 will be found in the Remuneration Report.

Approved by the Board of Directors on 22 February 2022 and signed on its behalf by:

Nikolaus Gretzmacher	***Alan Borg***	***Karl Dandler***
Chairman	***Chief Executive Officer***	***Chief Financial Officer***

Remuneration Report

This Report on the remuneration of Malta International Airport plc'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 2021 was set at € 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 also approved by the shareholders at the 28th annual general meeting held on 11th November 2020. This Policy requires the publication of an annual Remuneration Report, with the first year being published in the year 2021 for the year 2020.

Accordingly, this is the second year that the Company is publishing a Remuneration Report in line with the Remuneration Policy adopted by shareholders at the 28th AGM, and therefore comparable figures refer to the financial year 2020 for comparability.

(continued)

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 non-executive 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 below shows the overall remuneration of the Chairman and non-executive directors for the financial year ended 31 December 2021.

Office	Fixed Honorarium	Remuneration for sitting on subcommittees	Total	**Remuneration 2021**	Remuneration 2020
Mr. Nikolaus Gretzmacher	€ 23,294		€ 23,294	**€ 22,420**	€ 20,964
Ms. Rita Heiss	€ 9,318	€ 2,329	€ 11,647	**€ 11,210**	€ 10,482
Dr. Cory Greenland	€ 9,318	€ 2,329	€ 11,647	**€ 11,210**	€ 10,482
Mr. Wolfgang Koeberl	€ 9,318		€ 9,318	**€ 8,969**	€ 8,386
Mr. Florian Nowotny	€ 9,318	€ 2,329	€ 11,647	**€ 11,210**	€ 10,482
Total	**€ 60,566**	**€ 6,987**	**€ 67,553**	**€ 65,019**	**€ 60,796**

Table 1: Remuneration of non-executive directors

During 2020, due to the events occasioned by the COVID-19 crisis 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. Due to the ongoing COVID-19 crisis the non-executive directors offered again a salary reduction of 15% between February and April 2021. These reductions in remuneration are shown in Table 1.

(continued)

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 2021 of €201,210. 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 €193,696 (2020: €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 of €157,054 for the financial year ended 31 December 2021. 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 €151,184 (2020: €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 2021, the CEO received a bonus of €50,070 (2020: €98,844), whilst the CFO received a bonus of €23,468 (2020: €46,316), both in respect of the year 2020.

The foregoing Remuneration Report is being put forward to an advisory vote of the 2022 AGM in accordance with the requirements of the MFSA Capital Markets Rule 12.26 L.

This remuneration report has been prepared by the directors and is signed by the Chairman as authorised by the board.
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.

Nikolaus Gretzmacher
Chairman

22 February 2022

Statements of Comprehensive Income

Year Ended 31 December 2021

Income Statements

(in EUR)	Notes	The Group 2021	The Group 2020	The Company 2021	The Company 2020
Revenue	6	**47,433,032**	32,189,163	**43,510,486**	29,354,278
Staff costs	11	**(6,774,849)**	(8,648,592)	**(6,556,906)**	(8,426,437)
Other operating expenses	9	**(16,371,370)**	(17,694,929)	**(15,928,350)**	(17,387,472)
Impairment losses on financial assets	21	**(208,132)**	(237,499)	**(61,471)**	(203,388)
Depreciation	15/16	**(11,267,027)**	(9,593,969)	**(9,389,448)**	(8,543,222)
Release of deferred income arising on the sale of terminal buildings and fixtures	23	**283,603**	283,603	**283,603**	283,603
Investment income	7	**15,431**	25,485	**633,059**	567,601
Finance cost	8	**(2,000,814)**	(2,096,333)	**(2,099,272)**	(2,096,333)
Profit / (Loss) before tax		**11,109,874**	(5,773,071)	**10,391,701**	(6,451,370)
Income tax (expense) / credit	13	**(4,135,920)**	1,522,641	**(3,897,306)**	1,823,486
Profit / (Loss) for the year attributable to the ordinary equity holders of the Company, net of tax		**6,973,954**	(4,250,430)	**6,494,395**	(4,627,884)
Earnings / (Loss) per share attributable to the ordinary equity holders of the Company	29	**0.052**	(0.031)	**0.048**	(0.034)

Statements of Comprehensive Income

(in EUR)	Notes	The Group 2021	The Group 2020	The Company 2021	The Company 2020
Profit / (Loss) for the year attributable to the ordinary equity holders of the Company, net of tax		**6,973,954**	(4,250,430)	**6,494,395**	(4,627,884)
Total comprehensive income / (loss) for the year attributable to the ordinary equity holders of the Company, net of tax		**6,973,954**	(4,250,430)	**6,494,395**	(4,627,884)

Statements of Financial Position

As at 31 December 2021

(in EUR)	Notes	The Group 2021	The Group 2020	The Company 2021	The Company 2020
Assets					
Property, plant and equipment	15	**169,640,302**	**171,757,898**	**152,558,288**	**154,638,308**
Investment property	16	**15,297,885**	**15,279,512**	**320,553**	**327,522**
Investment in subsidiaries	17	**-**	**-**	**2,004,800**	**2,004,800**
Loans receivable	18	**-**	**-**	**27,824,038**	**25,531,758**
Other receivables	21	**1,928,319**	**1,341,670**	**1,737,155**	**1,664,340**
Deferred tax assets	19	**6,320,729**	**7,763,643**	**5,594,763**	**6,974,976**
Non-current assets		**193,187,235**	**196,142,723**	**190,039,597**	**191,141,704**
Inventories	20	**885,064**	**834,888**	**885,064**	**834,888**
Loans receivable	18	**-**	**-**	**1,290,720**	**1,290,720**
Trade and other receivables	21	**15,866,734**	**6,973,317**	**19,205,573**	**10,265,900**
Term deposits	27	**10,500,000**	**5,000,000**	**10,500,000**	**5,000,000**
Cash and cash equivalents	28	**22,215,002**	**26,047,282**	**17,506,837**	**21,927,521**
Current assets		**49,466,800**	**38,855,487**	**49,388,194**	**39,319,029**
Total Assets		**242,654,035**	**234,998,210**	**239,427,791**	**230,460,733**
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		**97,941,580**	**90,967,626**	**96,579,782**	**90,085,387**
Total Equity		**131,766,580**	**124,792,626**	**130,404,782**	**123,910,387**
Lease liability	33	**53,644,065**	**53,168,052**	**53,644,065**	**53,168,052**
Deferred income	23	**5,856,812**	**6,127,652**	**5,696,794**	**6,010,671**
Other payables	22	**607,538**	**2,340,067**	**607,538**	**903,968**
Provision for retirement benefit plan	24	**3,954,173**	**3,920,722**	**3,954,173**	**3,920,722**
Provision for MIA benefit fund	25	**337,437**	**319,851**	**337,437**	**319,851**
Non-current liabilities		**64,400,025**	**65,876,344**	**64,240,007**	**64,323,264**
Trade and other payables	22	**43,885,907**	**43,992,610**	**42,265,903**	**42,014,828**
Current tax liabilities		**2,601,523**	**336,630**	**2,517,099**	**212,254**
Current liabilities		**46,487,430**	**44,329,240**	**44,783,002**	**42,227,082**
Total Liabilities		**110,887,455**	**110,205,584**	**109,023,009**	**106,550,346**
Total Equity and Liabilities		**242,654,035**	**234,998,210**	**239,427,791**	**230,460,733**

Statements of Financial Position

As at 31 December 2021

These financial statements were approved and authorised for issue by the Board of Directors on 22 February 2022 and signed on its behalf by:

Nikolaus Gretzmacher	**Alan Borg**	**Karl Dandler**
Chairman	**Chief Executive Officer**	**Chief Financial Officer**

Statements of Changes in Equity

Year Ended 31 December 2021

The Group

(in EUR)	Share capital	Retained earnings	Total
	Equity attributable to ordinary equity holders of the Company		
Balance at 1 January 2020	**33,825,000**	**95,218,056**	**129,043,056**
Loss for the year	-	(4,250,430)	(4,250,430)
Total comprehensive expense for the year	-	**(4,250,430)**	**(4,250,430)**
Balance at 31 December 2020	**33,825,000**	**90,967,626**	**124,792,626**
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**

The Company

(in EUR)	Share capital	Retained earnings	Total
	Equity attributable to ordinary equity holders of the Company		
Balance at 1 January 2020	**33,825,000**	**94,713,271**	**128,538,271**
Loss for the year	-	(4,627,884)	(4,627,884)
Total comprehensive expense for the year	-	**(4,627,884)**	**(4,627,884)**
Balance at 31 December 2020	**33,825,000**	**90,085,387**	**123,910,387**
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**

Statements of Cash Flows

Year Ended 31 December 2021

		The Group		The Company	
(in EUR)	Notes	2021	2020	2021	2020
Cash flows from operating activities					
Profit / (Loss) before tax		**11,109,874**	**(5,773,071)**	**10,391,701**	**(6,451,370)**
Adjustments for:					
Depreciation	15/16	11,267,027	9,593,969	9,389,448	8,543,222
Investment income	7	(15,431)	(25,485)	(633,059)	(567,601)
Finance cost	8	2,114,256	2,096,333	2,114,256	2,096,333
Loss/(gain) on sale of PPE		(16,430)	(17,900)	(16,430)	(17,900)
Release of deferred income arising on the sale of the terminal building and fixtures	23	(283,603)	(283,603)	(283,603)	(283,603)
Amortisation of grants	23	(40,255)	(50,246)	(40,255)	(50,246)
Provision for retirement benefit plan	24	33,451	40,645	33,451	40,645
Provision for MIA benefit plan	25	25,186	44,054	25,186	44,054
Provision for impairment of trade receivables	21	208,132	237,499	61,471	203,388
		24,402,207	**5,862,195**	**21,042,166**	**3,556,922**
Working capital movements:					
Movement in inventories	20	(50,176)	37,354	(50,176)	37,354
Movement in trade and other receivables	21	(9,698,183)	9,018,985	(8,802,403)	5,855,101
Movement in trade and other payables	22	(1,672,959)	1,566,673	116,507	(698,142)
Cash flows from operations		**12,980,889**	**16,485,207**	**12,306,094**	**8,751,235**
Lease interest paid	33	(1,794,466)	(536,912)	(1,794,466)	(536,912)
Income taxes paid		(428,181)	(1,825,731)	(212,315)	(1,717,567)
Retirement benefit paid	24	(7,600)	(18,000)	(7,600)	(18,000)
Net cash flows from operating activities		**10,750,642**	**14,104,564**	**10,291,714**	**6,478,756**
Cash flows from investing activities					
Receipts of deposit from tenant	23	43,037	6,626	-	-
Payments for PPE	15	(8,355,741)	(16,115,852)	(7,326,029)	(7,250,821)
Payments for investment property	16	(835,634)	(178,956)	-	-
Proceeds from sale of property, plant & equip.	15	40,000	17,900	40,000	17,900
Payments for term deposits	27	(5,500,000)	-	(5,500,000)	-
Payments for intracompany loans	18	-	-	(3,583,000)	(5,706,000)
Repayments of intracompany loans	18	-	-	1,290,720	1,290,720

Statements of Cash Flows

Year Ended 31 December 2021

Interest received	7	25,416	38,020	365,911	405,690
Net cash flows used in investing activities		**(14,582,922)**	**(16,232,262)**	**(14,712,399)**	**(11,242,511)**
Net movement in cash and cash equivalents		**(3,832,280)**	**(2,127,698)**	**(4,420,684)**	**(4,763,755)**
Cash and cash equivalents at the beginning of the year		**26,047,282**	**28,174,981**	**21,927,521**	**26,691,276**
Cash and cash equivalents at the end of the year	28	**22,215,002**	**26,047,282**	**17,506,837**	**21,927,521**

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 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 39.

Covid-19 Impact

In the first months of 2021 the effects of the Covid-19 pandemic continued to take their toll on the travel industry across the globe. In order to mitigate the spread of Covid-19, stringent travel restrictions were still being enforced across the board, hence reluctancy to travel was still strong. The ramp up in vaccination rates and the subsequent relaxation of travel restrictions in May and June 2021 started to increase consumer confidence in travelling again. Nonetheless a drop in passenger movements for the first half of the year was recorded when compared to the comparative period.

Nevertheless, the drop in revenues was not as significant as the drop in passenger movements mainly due to increases in the non-aviation revenues of the Group.

In July passenger movements started to pick up but the number of positive Covid-19 cases also increased. As a result of the increase in positive cases the Health Authorities introduced a new measure whereby non-vaccinated people have to quarantine upon arrival. Although this new restriction might have deterred certain passengers from travelling to Malta the passenger movements in the second half of the year was significantly better when compared to the same period last year.

During the reporting period the Group and the Company registered an increase in revenues over the previous year of 47.3% and 48.0% respectively.

2. Basis of preparation (continued)

Although when comparing with the year 2020 revenue figures increased, when these are compared to 2019 pre-Covid figures, a decrease of 52.7% is recorded.

Thus, keeping in mind that the Group and the Company is still far from reaching 2019 revenue levels, various cost cutting measures were taken and only costs necessary to the smooth operation of the airport were incurred. During the year EUR 16.4 million of operational costs were incurred whereas in the prior year EUR 17.7 million were recorded a decrease of 7.5%. When compared to 2019 operating costs were down by 36.9%.

Between February and April of the current reporting period a further reduction in salaries came into effect. 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, between April and July 2020, the Board of Directors, the Chief Executive Officer and the Chief Financial Officer agreed to a reduction in their remuneration equivalent to 30%, whereas members of management had 25% of their salary deducted. A four-day working week, corresponding to a 20% salary reduction, was also agreed with the remaining employees.

During the entire reporting period the Company continued to benefit from the Covid Wage Supplement (which was introduced from March of 2020) whereby EUR 800 per each full-time employee were received (see note 12). Similar to the comparative year, the Group, excluding Sky Parks Development Ltd, also benefitted from the Tax Deferral Scheme whereby tax payments were delayed to the following year.

To preserve the cash reserves of the Group, the Company also revised its original capital expenditure programme for 2021 by postponing certain non-essential projects to future years. Nonetheless other major projects like the expansion of the cargo village are still underway while also starting works on new projects like the fuel station relocation and upgrade of the food court area. During the year a new photovoltaic system was installed on the roof of the new multi-storey car park, “Park East”.

Furthermore, the Board of Directors decided that no interim dividend will be paid out for the current reporting period in order to preserve the cash reserves of the Group (see note 14).

All of the afore-mentioned measures ensured that the Group met all its obligations that arose during the year and will be able to meet those arising in the coming year.

As a result, the group managed to maintain a strong cash position at the end of 2021 amounting to EUR 32.7 million (2020 – EUR 31.0 million).

The outbreak of Covid-19 and the consequent reduction to air traffic constituted a triggering event in terms of IAS 36 *Impairment of Assets* at 31 December 2021 and 31 December 2020 on the group of assets which generates cash inflows attributable to those activities which are usually carried out by an airport or that support the airport operations. Such cash inflows are largely independent of the cash inflows from the Group’s investment property. For the Group, this refers to the assets of the Company and its subsidiary Airport Parking Limited classified as property, plant and equipment and for the Company this refers to the assets classified as property, plant and equipment and the investment in and the receivable from Airport Parking Limited, together with any attributable corporate assets. During 2021 the revenues and earnings before interest tax and depreciation generated by this group of assets amounted to EUR 44.6 million (2020 – EUR 29.7 million) and EUR 22.0 million (2020 – EUR 3.6 million) respectively.

2. Basis of preparation (continued)

An impairment assessment on these assets was carried out as at 31 December 2021 and as at 31 December 2020.

The carrying value of assets tested for impairment at 31 December 2021 amounted to EUR 169.7 million (2020 – EUR 171.8 million) (Group) and EUR 166.7 million (2020 – EUR 167.1 million) (Company).

The year-end impairment assessment considered the Group's and the Company's five-year business plan as approved by the Board, together with a discounted cash flow projection up to 2067 which coincides with the concession granted by the Government. The forecasting of future cash flows has been based on various assumptions such as long-term growth rate, discount rate used to discount future cash flows and assumptions around economic recovery of the industry in a post Covid-19 environment. The impairment assessment indicated no need for impairment provisions.

Due to the uncertainties around forecasting, various sensitivity analyses were carried out on the year-end impairment assessment to reflect, amongst others, an increase in the weighted average cost of capital, a reduction in growth rate and a reduction in revenues, with all such scenarios resulting in no need for impairment provisions. The company has concluded that these sources of estimation uncertainty do not have a significant risk of a material adjustment to the carrying amounts of the assets tested for impairment.

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 the 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, apart from the disclosures in connection with impairment testing in note 2, 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 states that for arrangements falling within its 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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

The Company and the Group's business activities and operations are governed under a 65-year concession which was granted by the Government in July 2002. The directors have conducted a detailed analysis to determine the applicability of IFRIC 12. Based on the Company's and the Group's proportion of regulated and unregulated activities, the directors have determined that the extent of unregulated business activities cannot be deemed as insignificant. Accordingly, the directors have concluded that IFRIC 12 does not apply to the Company and the Group.

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 at 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 at 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. The selection of the applicable incremental borrowing rate has a significant effect on these financial statements. An decrease/(increase) of 50 basis points would have resulted in a increase/(decrease) in lease liabilities and right-of-use assets of EUR 5.6 million/(EUR 4.8 million) as at 1 January 2019.

4. Application of new and revised IFRS

4.1. New IFRS applicable in the current year

IFRS 16 Leases Amendment – Covid-19 – Related Rent Concessions beyond 30 June 2021

As at 31 December 2021, the Group and the Company did not receive any Covid-19 related rent concessions and therefore the amendment did not impact the Group's or the Company's Financial Statements.

4. Application of new and revised IFRS (continued)

4.1 New IFRS applicable in the current year (continued)

This amendment to IFRS 16 Leases is the same as the one issued on 28 May 2020 Covid-19 – Related Rent Concessions with changes including the fact that:

- The lessee can apply the Covid-19 related rent concessions amendment to rent concessions for payments due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021)

Interest Rate Benchmark Reform – Phase 2

The Interest Rate Benchmark Reform – Phase 2 issued in August 2020 is effective for annual periods beginning on or after 1 January 2021. Interest rate benchmark reform refers to the market-wide reform of interest rate benchmarks, which includes the replacement of an interest rate benchmark with alternative benchmark rates. Under IFRS 9 – Financial Instruments, modifying a financial contract can require recognition of a gain or loss in the income statement. However, the amendment introduces a practical expedient whereby if a change is a direct consequence of the IBOR reform and the new basis for determining the contractual cash flows is 'economically equivalent' to the basis immediately preceding the change, changes will be accounted for by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes.

As disclosed in Note 18, the interest rate on the Company's loans receivables comprises a margin which is over and above the EURIBOR. The calculation methodology of Euribor changed during 2019. In July 2019, the Belgian Financial Services and Markets Authority granted authorisation with respect to Euribor under the European Union Benchmarks Regulation. This allows market participants to continue to use Euribor for both existing and new contracts and the Company expects that Euribor will continue to exist as a benchmark rate for the foreseeable future. Accordingly, the IBOR reform did not give rise to any accounting impacts in the Company's financial statements.
This reform did not have an effect on the consolidated financial statements as none of the Group's financial instruments or leases are linked to an IBOR rate.

4.2. 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.

4. Application of new and revised IFRS (continued)

4.2. New and revised IFRS in issue but not yet effective (continued)

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.

The Group is in the process of assessing whether these changes to IAS 12 will have an impact on its financial statements.
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 and fixtures (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 and fixtures and income tax are managed on a Group and Company basis and are not allocated to operating segments.

5. Operating Segments (continued)

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.
The results of the operating segments are reported below:

2021 (in EUR)	**Airport**	**Retail & Property**	**Other**	**The Group**
Revenue (external)	27,804,885	19,494,291	133,856	47,433,032
Staff costs	(5,539,758)	(1,035,091)	-	(6,574,849)
Other operating costs	(13,225,878)	(3,345,492)	-	(16,571,370)
Impairment losses on financial assets	(44,874)	(163,258)	-	(208,132)
EBITDA	**8,994,375**	**14,950,450**	**133,856**	**24,078,681**
Depreciation	(6,740,411)	(4,526,616)	-	(11,267,027)
EBIT	**2,253,964**	**10,423,834**	**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 and fixtures				283,603
Profit before tax				**11,109,874**

2020 (in EUR)	**Airport**	**Retail & Property**	**Other**	**The Group**
Revenue (external)	17,855,481	14,008,815	324,867	32,189,163
Staff costs	(7,253,719)	(1,394,874)	-	(8,648,593)
Other operating costs	(14,879,893)	(2,815,036)	-	(17,694,929)
Impairment losses on financial assets	(148,475)	(89,025)	-	(237,500)
EBITDA	**(4,426,606)**	**9,709,880**	**324,867**	**5,608,141**
Depreciation	(6,190,023)	(3,403,946)	-	(9,593,969)
EBIT	**(10,616,629)**	**6,305,934**	**324,867**	**(3,985,828)**
Investment income				25,485
Finance cost				(2,096,333)
Release of deferred income arising on the sale of terminal buildings and fixtures				283,603
Loss before tax				**(5,773,073)**

5. Operating Segments (continued)

Airport segment revenues generated from two clients with each generating 10% or more of revenues amounted to EUR 10,094,407 and EUR 6,380,431 (2020: EUR 6,826,951 and EUR 3,572,619).

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 **2021** (in EUR)	**Airport**	**Retail and Property**	**Other**	**Total**
Revenue from Services provided Over Time				
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	**-**	**14,299,061**	**-**	**14,299,061**
Total Revenue	**27,804,885**	**19,494,291**	**133,856**	**47,433,032**

The Group **2020** (in EUR)	**Airport**	**Retail and Property**	**Other**	**Total**
Revenue from Services provided Over Time				
Regulated revenue	15,660,467	-	-	**15,660,467**
Unregulated revenue	2,195,014	4,198,308	324,867	**6,718,189**
Revenue from Contracts with Customers	**17,855,481**	**4,198,308**	**324,867**	**22,378,656**
Revenue from Leases	**-**	**9,810,507**	**-**	**9,810,507**
Total Revenue	**17,855,481**	**14,008,815**	**324,867**	**32,189,163**

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

The Company (in EUR)	**2021**	**2020**
Revenue from Services provided Over Time		
Regulated revenue	**25,358,535**	15,660,467
Unregulated revenue	**7,131,904**	6,664,407
Revenue from Contracts with Customers	**32,490,439**	**22,324,874**
Revenue from Leases	**11,020,047**	**7,029,404**
Total Revenue	**43,510,486**	**29,354,278**

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 note 32 and 34.

6. Revenue (continued)

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.

7. Investment Income

	The Group		The Company	
(in EUR)	**2021**	**2020**	**2021**	**2020**
Interest income on loans receivable	-	-	617,628	542,116
Interest income on term deposits	15,431	25,485	15,431	25,485
Investment income	**15,431**	**25,485**	**633,059**	**567,601**

8. Finance Cost

	The Group		The Company	
(in EUR)	**2021**	**2020**	**2021**	**2020**
Lease interest	2,000,814	2,096,333	2,099,272	2,096,333
Finance cost	**2,000,814**	**2,096,333**	**2,099,272**	**2,096,333**

9. Other Operating Expenses

(in EUR)	Notes	The Group 2021	The Group 2020	The Company 2021	The Company 2020
Air traffic services	34	**929,611**	929,611	**929,611**	929,611
Cleaning		**856,127**	900,213	**798,361**	832,685
Ground handling services	34	**506,431**	608,728	**506,431**	608,728
Insurance		**364,888**	388,593	**348,605**	372,682
IT Expenses		**2,340,687**	2,426,086	**2,340,687**	2,426,086
Legal and professional fees		**941,181**	664,228	**911,661**	644,328
Lease payments on low-value items	33	**7,492**	20,210	**7,492**	20,210
Marketing and communication costs		**2,766,183**	4,145,975	**2,977,514**	4,349,618
Miscellaneous operating expenses		**1,175,207**	1,142,417	**1,038,494**	1,054,557
Other security services		**98,505**	193,950	**54,650**	159,293
Passenger security service		**1,138,978**	826,781	**1,138,978**	826,781
Repairs and maintenance		**1,505,123**	1,663,522	**1,142,710**	1,388,892
Net exchange differences		**14,926**	10,007	**14,747**	9,343
Restricted areas security service	34	**1,549,998**	1,778,125	**1,549,998**	1,778,125
Telecommunications		**102,590**	124,954	**100,599**	122,939
Utilities		**2,073,443**	1,871,529	**2,067,812**	1,863,594
Other operating expenses		**16,371,370**	**17,694,929**	**15,928,350**	**17,387,472**

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 note 32 and 34.

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

(in EUR)	The Group 2021	The Group 2020	The Company 2021	The Company 2020
Audit of the financial statements	**119,500**	64,700	**100,000**	51,200
Other assurance	**15,500**	13,000	**15,500**	13,000
Tax services	**31,300**	27,350	**24,000**	19,500

10. Key Management Personnel Compensation

Directors' compensation	The Group		The Company	
(in EUR)	**2021**	**2020**	**2021**	**2020**
Short-term benefits:				
Fees	**65,019**	60,797	**65,019**	60,797
Management remuneration	**398,578**	477,084	**398,578**	477,084
Social security costs	**2,526**	2,499	**2,526**	2,499
	466,123	**540,380**	**466,123**	**540,380**

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 24,391 (2020: EUR 23,702). 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 (2020: EUR 15,060). These amounts are included with other operating expenses.

11. Staff Costs and Employee Information

Staff Costs	The Group		The Company	
(in EUR)	**2021**	**2020**	**2021**	**2020**
Wages and salaries	6,146,183	7,431,657	5,944,098	7,226,229
Recharge from parent	200,000	-	200,000	-
Social security costs	370,029	485,787	354,171	469,060
Retirement benefit costs	58,637	84,699	58,637	84,699
Other retirement benefit costs	-	646,449	-	646,449
	6,774,849	**8,648,592**	**6,556,906**	**8,426,437**

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:

Average No. of Employees	The Group		The Company	
(Number)	**2021**	**2020**	**2021**	**2020**
Business development, operations and marketing	192	221	183	212
Finance, IT and IM	24	25	24	25
Firemen	46	48	46	48
Met office	13	15	13	15
Technical and engineering	54	68	54	68
	329	**377**	**320**	**368**

12. Government Assistance

In the previous year the Maltese Government announced the Covid Wage Supplement Scheme which was still in effect in the current year. 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 December 2021.

During the reporting period, the Company received EUR 2,851,899 (2020: EUR 2,552,277) 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.

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 amounting to EUR 414,582 (2020: EUR 471,083) were deferred for payment until 2022.

13. Income Tax Expense

Income tax recognised in profit or loss is as follows:

	The Group		The Company	
(in EUR)	**2021**	**2020**	**2021**	**2020**
Current tax expense	2,693,006	336,628	2,517,093	212,253
Deferred tax	1,442,914	(1,859,269)	1,380,213	(2,035,739)
Income tax expense/(credit) for the year	**4,135,920**	**(1,522,641)**	**3,897,306**	**(1,823,486)**

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)	**2021**	**2020**	**2021**	**2020**
Profit/(Loss) before Tax	11,109,874	(5,773,073)	10,391,701	(6,451,370)
Tax at applicable rate of 35 %	3,888,456	(2,020,575)	3,637,095	(2,257,980)
Tax effect of:				
Depreciation charges not deductible by way of capital allowances in determining taxable income	352,519	329,066	293,777	270,324
Other net difference between accounting and tax deductible items of expenditure	(53,232)	(4,690)	(4,925)	(4,690)
Other differences	(51,823)	173,558	(28,641)	168,860
Income tax expense/(credit) for the year	**4,135,920**	**(1,522,641)**	**3,897,306**	**(1,823,486)**

14. Dividends

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

Taking into consideration the fluidity of the current situation and the limited visibility of the way ahead, the Board of Directors believes that, with a view to manage the Company's cash reserves, it is prudent not to recommend a dividend payment for the year 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
	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			
Cost								
At 1 January 2020	**17,986,515**	**58,567,090**	**10,746,985**	**15,638,014**	**61,266,075**	**78,063,873**	**1,599,993**	**243,868,545**
Additions	-	-	-	429,511	1,216,125	13,945,717	524,498	16,115,852
Disposals	-	-	-	-	-	-	(71,580)	(71,580)
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 31 December 2021	**17,986,515**	**58,567,090**	**10,746,985**	**16,669,023**	**63,906,516**	**98,293,814**	**1,948,104**	**268,118,047**
Accumulated depreciation								
At 1 January 2020	**2,483,541**	**9,491,105**	**221,587**	**6,529,857**	**23,423,615**	**36,015,047**	**1,272,907**	**79,437,659**
Provision for the year	268,757	1,095,492	221,587	359,844	1,018,869	5,677,451	146,839	8,788,839
Eliminated on disposal	-	-	-	-	-	-	(71,580)	(71,580)
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
Eliminated on disposal	-	-	-	-	-	-	(126,940)	(126,940)
At 31 December 2021	**3,026,714**	**11,670,677**	**664,761**	**7,305,991**	**25,621,174**	**48,773,855**	**1,414,573**	**98,477,745**
Carrying amount								
At 31 December 2020	**15,234,217**	**47,980,493**	**10,303,811**	**9,177,824**	**38,039,716**	**50,317,092**	**704,745**	**171,757,898**
At 31 December 2021	**14,959,801**	**46,896,413**	**10,082,224**	**9,363,032**	**38,285,342**	**49,519,959**	**533,531**	**169,640,302**

No depreciation is being charged on assets not yet available for use amounting to EUR 5,572,173 (2020: EUR 10,280,992).

15. Property, Plant and Equipment (continued)

The Company	Land held on temporary emphyteusis		Related Aerodrome Licence	Buildings		Furniture, fixtures, plant and equipment	Motor vehicles	Total
(in EUR)	Subject to operating leases - The Group as lessor	Not subject to operating leases		Subject to operating leases - The	Not subject to operating leases			
Cost								
At 1 January 2020	**26,314,185**	**50,239,420**	**10,746,985**	**15,349,348**	**55,060,503**	**75,271,136**	**1,577,638**	**234,559,215**
Additions	-	-	-	25,920	94,081	6,606,322	524,498	7,250,821
Disposals	-	-	-	-	-	-	(71,580)	(71,580)
At 1 January 2020	**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 31 December 2021	**26,314,185**	**50,239,420**	**10,746,985**	**15,405,770**	**55,265,295**	**89,016,571**	**1,925,749**	**248,913,975**
Accumulated depreciation								
At 1 January 2020	**3,833,085**	**8,141,562**	**221,587**	**6,529,774**	**23,423,318**	**35,235,596**	**1,250,553**	**78,635,475**
Provision for the year	436,696	927,553	221,587	290,249	1,053,496	5,459,833	146,839	8,536,253
Eliminated on disposals	-	-	-	-	-	-	(71,580)	(71,580)
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
Eliminated on disposal	-	-	-	-	-	-	(126,940)	(126,940)
At 31 December 2021	**4,735,745**	**9,961,647**	**664,761**	**7,118,672**	**25,560,799**	**46,921,843**	**1,392,220**	**96,355,687**
Carrying amount								
At 31 December 2020	**22,044,404**	**41,170,305**	**10,303,811**	**8,555,245**	**30,677,770**	**41,182,029**	**704,744**	**154,638,308**
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**

No depreciation is being charged on assets not yet available for use amounting to EUR 4,366,208 (2020: EUR 6,057,346).

In addition, the cost of fully depreciated plant and equipment amounts to EUR 19,469,702 (2020: EUR 18,314,731) for both the Group and the Company.

15. Property, Plant and Equipment (continued)

Included in the additions for the reporting period is an amount of capitalised lease interest of EUR 113,442 and EUR 14,984 for the Group and the Company respectively.

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 Group includes the cost of construction and the cost of items that are an integral part of the building. With effect from 1 January 2019, the carrying amount of the Group and the Company 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 33.

(in EUR)	The Group	The Company
Cost		
At 1 January 2020	**21,701,590**	**341,460**
Additions from subsequent expenditure	178,956	-
At 1 January 2021	**21,880,546**	**341,460**
Additions from subsequent expenditure	835,634	-
At 31 December 2021	**22,716,180**	**341,460**
Accumulated depreciation		
At 1 January 2020	**5,795,904**	**6,969**
Provision for the year	805,130	6,969
At 1 January 2021	**6,601,034**	**13,938**
Provision for the year	817,261	6,969
At 31 December 2021	**7,418,295**	**20,907**
Carrying amount		
At 31 December 2020	**15,279,512**	**327,522**
At 31 December 2021	**15,297,885**	**320,553**

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 327,522 at 1 January 2021 (2020: EUR 334,491) less depreciation charge for the year of EUR 6,969 (2020: EUR 6,969) resulting in the carrying amount of EUR 320,553 at 31 December 2021 (2020: EUR 327,522).

During the year, direct operating expenses of EUR 968,088 (2020: EUR 801,732), 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 33.

Fair Value

Based on an internal valuation carried out by the directors of the Company, the fair value of the investment property was in the region of EUR 37 million at the balance sheet date (2020: EUR 36 million).

16. Investment Property (continued)

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 2022 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:

Share Capital	The Company	
(in EUR)	2021	2020
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% (2020: 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% (2020: 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% (2020: 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% (2020: 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

17. Investment in Subsidiaries (continued)

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

The following table shows financial information for the consolidated subsidiaries:

Airport Parking Ltd (in EUR)	**2021**	**2020**
(Loss)/Profit for the year	**(186,405)**	15,120
Share Capital	**1,200**	1,200
Retained earnings	**1,587,525**	1,773,930
Total Equity	**1,588,725**	1,775,130

Sky Parks Development Ltd (in EUR)	**2021**	**2020**
Profit for the year	**491,536**	469,567
Share Capital	**2,001,200**	2,001,200
Accumulated Losses	**(1,711,097)**	(2,202,633)
Total Equity	**290,103**	(201,433)

Sky Parks Business Centre Ltd. (in EUR)	**2021**	**2020**
Profit for the year	**75,966**	40,956
Share Capital	**1,200**	1,200
Retained earnings	**1,529,074**	1,453,108
Total Equity	**1,530,274**	1,454,308

18. Loans Receivable

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 (in EUR)	Loans to subsidiary
Amortised cost	
At 31 December 2020	26,822,478
Less: Amount expected to be settled within 12 months (shown under current assets)	(1,290,720)
Amount expected to be settled after 12 months	25,531,758

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 current reporting period (EUR 3.6 million) and previous years (EUR 10.6 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 10.3 million (2020: EUR 11.6 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 (2020: EUR 4.6 million) will commence in 2030.

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 2019	**22,407,198**
Additions	5,706,000
Repayments	(1,290,720)
At 31 December 2020	**26,822,478**
Additions	3,583,000
Repayments	(1,290,720)
At 31 December 2021	**29,114,758**

19. Deferred Taxation

The Group (in EUR)	31.12.2019	Movement for the year	31.12.2020	Movement for the year	31.12.2021
Arising on:	*Recognised in Total Comprehensive Income:*				
Accelerated tax depreciation	(2,145,238)	930,722	(1,214,516)	(1,960,185)	**(3,174,701)**
Provision for pension costs	1,198,018	96,728	1,294,746	17,845	**1,312,591**
Deferred income	1,638,518	(73,066)	1,565,452	(73,068)	**1,492,384**
Unabsorbed capital allowances	1,684,958	447,340	2,132,298	211,174	**2,343,472**
Leases	2,219,485	535,563	2,755,048	369,595	**3,124,643**
Future deductions of refinancing costs	800,256	(82,078)	718,178	(82,077)	**636,101**
Other temporary differences	302,173	4,060	306,233	73,802	**380,035**
Subtotal	5,698,170	1,859,269	7,557,439	(1,442,914)	**6,114,525**
Arising on:	*Other movements:*				
Provision for pension costs	206,204	-	206,204	-	**206,204**
Subtotal	206,204	-	206,204	-	**206,204**
Total	**5,904,374**	**1,859,269**	**7,763,643**	**(1,442,914)**	**6,320,729**

The Company (in EUR)	31.12.2019	Movement for the year	31.12.2020	Movement for the year	31.12.2021
Arising on:	*Recognised in Total Comprehensive Income:*				
Accelerated tax depreciation	(627,141)	1,478,693	851,552	(1,783,008)	**(931,456)**
Provision for pension costs	1,198,018	96,728	1,294,746	17,845	**1,312,591**
Deferred income	1,638,519	(73,067)	1,565,452	(73,068)	**1,492,384**
Leases	2,219,486	535,563	2,755,049	436,502	**3,191,551**
Other temporary differences	304,151	(2,178)	301,973	21,516	**323,489**
Subtotal	4,733,033	2,035,739	6,768,772	(1,380,213)	**5,388,559**
Arising on:	*Other movements:*				
Provision for pension costs	206,204	-	206,204	-	**206,204**
Subtotal	206,204	-	206,204	-	**206,204**
Total	**4,939,237**	**2,035,739**	**6,974,976**	**(1,380,213)**	**5,594,763**

No movement was recorded in total comprehensive income during the current year and prior year for both the Group and the Company in connection with defined benefit plans.

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)	2021	2020	2021	2020
Consumables	885,064	834,888	885,064	834,888

The cost of inventories recognised as an expense during the year was of EUR 328,095 (2020: EUR 368,019).

21. Trade and Other Receivables

	The Group		The Company	
(in EUR)	2021	2020	2021	2020
Short-term receivables				
Trade receivables	9,134,723	2,260,977	8,062,368	1,980,265
Receivables from other related parties	4,342,368	2,196,490	4,289,493	2,177,191
Receivables from subsidiaries	-	-	4,923,117	4,597,302
Other receivables	282,175	1,748,887	137,632	950,090
Prepayments and accrued income	2,107,468	766,963	1,792,963	561,052
	15,866,734	6,973,317	19,205,573	10,265,900
Long-term receivables				
Other receivables	1,928,319	1,341,670	1,737,155	1,664,340
Total receivables	17,795,053	8,314,987	20,942,728	11,930,240

The terms and conditions of the receivables from subsidiaries and related parties are disclosed in Note 32. 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 4,342,368 (2020: EUR 2,196,490) and EUR 4,289,493 (2020: EUR 2,177,191) respectively, is made up entirely from balances owed from entities under government control.

Impairment of Trade Receivables

For details on the accounting policies with respect to trade receivables and impairment of trade receivables refer to Note 39.

21. Trade and Other Receivables (continued)

The movement in the allowance for impairment in respect of trade receivables during the year for the Group and the Company was as follows:

The Group (in EUR)	Loss Allowance Individual Assessment	Collective Assessment	Total
At 1 January 2020	265,480	180,953	446,433
Impairment loss	34,111	203,390	237,501
At 31 December 2020	299,591	384,343	683,934
Impairment loss	-	208,132	208,132
At 31 December 2021	**299,591**	**592,475**	**892,066**

The Company (in EUR)	Individual Assessment	Collective Assessment	Total
At 1 January 2020	252,473	180,953	433,426
Impairment loss	-	203,390	203,390
At 31 December 2020	252,473	384,343	636,816
Impairment loss	-	61,471	61,471
At 31 December 2021	**252,473**	**445,814**	**698,287**

The Group LT-ECL (in EUR)	Collective (not credit-impaired)	Collective (credit-impaired, but not POCI)	Individual (credit-impaired, but not POCI)	Total
Balance as at 1 January 2020	112,772	68,181	265,480	**446,433**
Addition	109,484	93,904	34,111	**237,499**
Balance as at 31 December 2020	222,256	162,085	299,591	**683,932**
Addition	198,480	9,652	-	**208,132**
Balance as at 31 December 2021	**420,736**	**171,737**	**299,591**	**892,064**

The Company LT-ECL (in EUR)	Collective (not credit-impaired)	Collective (credit-impaired, but not POCI)	Individual (credit-impaired, but not POCI)	Total
Balance as at 1 January 2020	112,772	68,181	252,473	**433,426**
Addition	109,484	93,904	-	**203,388**
Balance as at 31 December 2020	222,256	162,085	252,473	**636,814**
Addition	94,906	(33,435)	-	**61,471**
Balance as at 31 December 2021	**317,162**	**128,650**	**252,473**	**698,285**

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.

22. Trade and Other Payables

	The Group		The Company	
(in EUR)	**2021**	**2020**	**2021**	**2020**
Short-term payables				
Trade payables	2,604,257	2,223,453	2,314,970	2,124,153
Other payables	736,493	318,952	706,156	336,742
Payables due to other related party	1,624,175	1,543,382	1,624,175	1,543,382
Payables due to subsidiaries	-	-	559,685	559,685
Contract liabilities	165,384	195,037	165,384	195,037
Deferred income & related payables	2,479,082	2,419,499	2,135,956	2,271,063
Other Deferred income	323,878	333,859	323,878	333,859
Accruals	35,952,638	36,958,428	34,435,699	34,650,907
	43,885,907	**43,992,610**	**42,265,903**	**42,014,828**
Long-term payables				
Other payables	607,538	2,340,067	607,538	903,968
	44,493,445	**46,332,677**	**42,873,441**	**42,918,796**

Contract liabilities represent prepayments from contracts with customers in relation to VIP services. The balance as at 31 December 2020 of EUR 195,037 was fully recognised as revenue during the reporting period and the balance as at 1 January 2020 of EUR 383,158 was fully recognised as revenue during the comparative period.

Accruals at the end of the year, amounting to EUR 14.3 million (2020: EUR 14.9 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 32.

All the above amounts are unsecured.

23. Other Deferred Income

The Group (in EUR)	2020	Movement for the year Additions	Amortisation	2021
Deferred income arising from the gain on the sale and leaseback of the buildings and fixtures upon privatisation	6,062,725	-	(283,603)	**5,779,122**
European Commission grant	281,805	-	(40,255)	**241,550**
Government grant	-	-	-	**-**
Deposit received from tenant	116,981	43,037	-	**160,018**
Total deferred income as at 31 December	**6,461,511**	**43,037**	**(323,858)**	**6,180,690**
Less amounts included in trade and other payables	(333,859)			**(323,878)**
Amounts included in non-current liabilities	**6,127,652**			**5,856,812**

The Group (in EUR)	2019	Movement for the year Transfer	Amortisation	2020
Deferred income arising from the gain on the sale and leaseback of the buildings and fixtures upon privatisation	6,346,328	-	(283,603)	6,062,725
European Commission grant	322,060	-	(40,255)	281,805
Government grant	9,991	-	(9,991)	-
Deposit received from tenant	110,355	6,626	-	116,981
Total deferred income as at 31 December	**6,788,734**	**6,626**	**(333,849)**	**6,461,511**
Less amounts included in trade and other payables	(333,849)			(333,859)
Amounts included in non-current liabilities	**6,454,885**			**6,127,652**

23. Other Deferred Income (continued)

The Company (in EUR)	2020	Movement for the year Additions	Amortisation	2021
Deferred income arising from the gain on the sale and leaseback of the buildings and fixtures 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 Company (in EUR)	2019	Movement for the year Transfer	Amortisation	2020
Deferred income arising from the gain on the sale and leaseback of the buildings and fixtures upon privatisation	6,346,328	-	(283,603)	6,062,725
European Commission grant	322,060	-	(40,255)	281,805
Government grant	9,991	-	(9,991)	-
Total deferred income as at 31 December	**6,678,379**	**-**	**(333,849)**	**6,344,530**
Less amounts included in trade and other payables	(333,849)			(333,859)
Amounts included in non-current liabilities	**6,344,530**			**6,010,671**

The deferred income arising from the gain on the sale and leaseback of the buildings and fixtures 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 39.

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. The Government grant is related to the installation of the photovoltaic system and was received in 2011.

24. Provision for the Retirement Benefit Plan

(in EUR)	The Group 2021	The Group 2020	The Company 2021	The Company 2020
Non-current provision	**3,954,173**	3,920,722	**3,954,173**	3,920,722

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 39 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)	2021	2020
Present value of the provision for retirement benefits at 1 January	**3,920,722**	3,880,077
Payments effected	**-**	-
Recognised in Staff costs		
Charge for the year	**33,451**	40,645
thereof Service costs	33,183	40,320
thereof Interest costs	268	325
Present value of the provision for retirement benefits at 31 December	**3,954,173**	**3,920,722**

The year-end obligation includes EUR 3,954,173 (2020: EUR 3,494,556) 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.

24. Provision for the Retirement Benefit Plan (continued)

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

	2021	2020
Discount rate(s)	**0.8%**	0.8%
Mortality rate(s) in years		
- Males	**79**	79
- Females	**83**	83

The sensitivity analyses below are 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 analyses presented below are 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 analyses, 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 analyses 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 38,139 (increases by EUR 39,128) (2020: decreases by EUR 48,848 (increases by EUR 50,267)).

- 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 200,938 (decreases by EUR 208,673) (2020: increases by EUR 226,854 (decreases by EUR 230,929)).

The weighted average duration of the defined benefit obligation at 31 December 2021 is 11 years (2020: 11 years) in relation to retired employees.

25. Provision for the MIA Benefit Plan

	The Group		The Company	
(in EUR)	2021	2020	2021	2020
Non-current provision	**337,437**	319,851	**337,437**	319,851

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 39 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.

25. Provision for the MIA Benefit Plan (continued)

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

The Group & The Company (in EUR)	2021	2020
Present value of the provision for MIA benefit plan at 1 January	**319,851**	293,797
Payments effected	**(7,600)**	(18,000)
Recognised in Staff costs		
Charge for the year	**25,186**	44,054
Present value of the provision for MIA benefit plan at 31 December	**337,437**	**319,851**

26. Share Capital

The Company (in EUR)	As at 31.12.2021 and 31.12.2020 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	19.01.2022	01.10.2021	Change
1-500 shares	577	561	16
501-1,000 shares	853	822	31
1,001-5,000 shares	3,620	3,566	54
5,001 and over	1,479	1,456	23
	6,529	**6,405**	**124**

27. Term Deposits

During the reporting period the Company deposited another EUR 5.5 million into a fixed term deposit account having a fixed interest rate. The account has a maturity date of one year and carries a fixed interest rate.

The EUR 5.0 million which were deposited into a fixed term account in the past years was also renewed for a period of one year ending in January 2022.

28. 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)	2021	2020	2021	2020
Cash and cash equivalents	**22,215,002**	26,047,282	**17,506,837**	21,927,521

29. Earnings / Loss per Share

Earnings / Loss per ordinary share for the Group and the Company have been calculated by dividing the net profit for the year (net loss in the comparative period) after taxation attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	The Group		The Company	
	2021	2020	2021	2020
Profit / (Loss) for the year attributable to ordinary equity holders of the company (in EUR)	**6,973,954**	(4,250,432)	**6,494,395**	(4,627,884)
Weighted average number of A and B shares	**135,299,990**	135,299,990	**135,299,990**	135,299,990
Earnings / (Loss) per share attributable to ordinary equity holders of the Company (in EUR)	**0.052**	(0.031)	**0.048**	(0.034)

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

30. Capital Commitments

	The Group		The Company	
(in EUR)	2021	2020	2021	2020
Property, plant and equipment:				
Contracted but not provided for	**3,357,089**	1,903,944	**3,357,089**	1,903,944
Authorised but not contracted for	**18,747,993**	10,242,915	**17,262,993**	10,242,915
Investment property:				
Authorised but not contracted for	**826,000**	550,000	**-**	-

The impact of Covid-19 on the Group's capital expenditure programme is disclosed in more detail in Note 2.

The amount of PPE contracted but not provided for, which will be leased out amounts to €1,270,960 whereas the amount of PPE authorised but not contracted for, which will be leased out amounts to €4,753,441.

31. 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 claim filed by former CEO for unfair dismissal, the amount of which has not been determined;

(iii) 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 (2020: EUR 6.3 million).

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

32. 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:

	2021			2020		
The Group (in EUR)	**Related party activity**	**Total activity**	**%**	**Related party activity**	**Total activity**	**%**
Revenue						
Related party transaction with:						
Entities controlled by Government *	8,097,978			6,438,124		
	8,097,978	**47,433,032**	**17**	**6,438,124**	**32,189,163**	**20**
Other operating costs						
Related party transaction with:						
Entities controlled by Government *	3,971,933			4,013,395		
Key management personnel of the Group	503,639			579,142		
Entities that control the Company's parent	243,080			44,241		
	4,718,652	**16,371,370**	**29**	**4,636,778**	**17,694,929**	**26**

32. Related Party Disclosures (continued)

The Company (in EUR)	2021 Related party activity	2021 Total activity	2021 %	2020 Related party activity	2020 Total activity	2020 %
Revenue						
Related party transaction with:						
Entities controlled by Government *	7,518,118			6,001,387		
Subsidiaries	2,193,769			1,497,548		
Entities that control the Company's parent	-			-		
	9,711,887	**43,510,486**	**22**	**7,498,935**	**29,354,278**	**26**
Other operating costs						
Related party transactions with:						
Entities controlled by Government *	3,971,933			4,007,636		
Key management personnel of the Company	503,639			579,142		
Subsidiaries	225,000			225,000		
Entities that control the Company's parent	243,080			44,241		
	4,943,652	**15,928,350**	**31**	**4,856,019**	**17,387,472**	**28**

* This balance is exclusive of material contracts shown in Note 34.

The Company has earned interest income amounting to EUR 617,628 (2020: EUR 542,116) on the loans granted to subsidiaries (see Note 18).

The amounts due to/from related parties are disclosed in Note 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 2021 with its substantial shareholders and their related parties are disclosed in Note 34.

Right-of-use assets presented in the Statement of Financial Position within Property, plant and equipment and Investment Property and recognised on 1 January 2019 in terms of IFRS 16 include the Group's right to use the land and the buildings held on temporary emphyteuses with annual ground rents payable to Malita Investments plc (previously to the Government of Malta) and the corresponding licence payable to the Government of Malta, as further disclosed in Note 34. The annual depreciation is recognised as an expense over the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The interest expense on the lease liability is recognised using the effective interest method.

33. Lease Arrangements

The Group and the Company as lessee

Upon the initial adoption of IFRS 16 with effect from 1 January 2019, 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 Company to Malita Investments plc (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 remain unchanged from IAS 17 and 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.

Right-of-use assets also comprise applicable amounts in relation to leases of motor vehicles with a lease contract commencing in 2014 and ended in 2020. The motor vehicle lease contract includes termination and purchase options, both of which were not exercised by the Company. There are no residual value guarantees in this respect.

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.

33. Lease Arrangements (continued)

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 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**

The Group & The Company (in EUR)	Carrying amount 1 Jan 2020	Depreciation charge for the year	Carrying amount 31 Dec 2020
Land held on temporary emphyteusis	64,578,959	(1,357,279)	63,221,680
Related aerodrome licence	10,525,398	(221,586)	10,303,812
Buildings	24,099,829	(1,074,702)	23,025,127
Motor vehicles	21,650	(21,650)	-
Total right-of-use assets classified as property, plant and equipment	**99,225,836**	**(2,675,217)**	**96,550,619**

The interest expense for the year on lease liabilities amounts to EUR 2,099,272 and EUR 2,000,814 for the Company and the Group respectively (2020: EUR 2,096,333) and is included in Note 8. Expenses relating to low value assets for which the recognition exemption is applied are presented in Note 9. Total cash outflows during the year in relation to leases amounted to EUR 1,794,466 (2020: EUR 536,912).

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.

33. Lease Arrangements (continued)

The Group and the Company as lessor

	The Group		The Company	
(in EUR)	2021	2020	2021	2020
Lease income under operating leases recognised as income for the year	6,421,115	4,688,975	3,081,004	2,965,947
Lease income under operating leases relating to variable lease payments that do not depend on an index or a rate	7,877,946	4,479,325	7,939,043	4,128,886
Total lease income under operating leases recognised as income for the year	**14,299,061**	**9,168,300**	**11,020,047**	**7,094,833**

	The Group		The Company	
(in EUR)	2021	2020	2021	2020
Year 1	3,859,588	3,943,157	1,296,399	1,282,266
Year 2	2,628,770	3,727,516	1,302,064	1,296,399
Year 3	2,151,866	2,525,518	1,324,798	1,302,064
Year 4	1,773,020	2,151,866	1,341,895	1,324,798
Year 5	1,337,971	1,773,020	1,357,318	1,341,895
Year 6 and onwards	17,169,353	18,507,325	19,311,165	20,668,483
	28,920,568	**32,628,402**	**25,933,639**	**27,215,905**

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 4 months and 28 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 3 months and 7 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 44 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 3 month to 28 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.

33. Lease Arrangements (continued)

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 2,864,164 (2020: EUR 2,609,414) generated by the Group in relation to the business centre classified as investment property as well as an amount of EUR 75,443 (2020: 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 11,434,897 and EUR 10,944,604 (2020: EUR 6,558,886 and EUR 7,019,390), 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.

34. Material Contracts

The material contracts entered into by the Company in the year ended 31 December 2021 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 plc for EUR 1,157,111 (2020: EUR 1,150,960);

(ii) Licence Fee payable to the Government of Malta for the airport operation amounting EUR 496,157 (2020: EUR 496,157);

(iii) The contract for contribution to the Malta Tourism Authority for EUR 232,937 (2020: EUR 232,937); the contracts for contributions payable towards the Route Development Fund that is administered by the Malta Tourism Authority for EUR 1,150,000 (2020: EUR 3,300,000). No contract for the contribution for a calendar of events was in place for the reporting year (2020: EUR 8,000);

(iv) The contract with the Armed Forces of Malta for the security of the restricted areas at the Airport for an expense of EUR 1,549,998 (2020: EUR 1,778,125);

(v) The provision of Air Navigation Services and other services by Malta Air Traffic Services Limited for an expense of EUR 929,611 (2020: EUR 929,611);

(vi) The provision of Meteorological Services and other services to Malta Air Traffic Services Limited for revenue of EUR 743,688 (2020: EUR 743,688);

(vii) The contract with Enemalta Corporation for fuel throughput charges generated the amount of EUR 229,300 (2020: EUR 170,020) in revenue;

(viii) The ground handling and concession agreements with Air Malta p.l.c. and its subsidiaries that generated income of EUR 1,433,447 (2020: EUR 1,283,037); and

(ix) The contracts with Indis Malta Ltd. for the lease of land that generated income of EUR 1,082,385 (2020: EUR 1,082,385).

35. 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.

36. Fair Values of Financial Assets and Financial Liabilities

At 31 December 2021 and 2020, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively, comprising trade and other receivables, cash and cash equivalents, term deposits, 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).

37. 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 (other than investments in subsidiaries) are trade receivables, loans receivable, term deposits and cash and cash equivalents.

The carrying amount of principal financial instruments (other than investments in subsidiaries) are as follows:

	The Group		The Company	
(in EUR)	**2021**	**2020**	**2021**	**2020**
Loans receivable	**-**	-	**29,114,758**	26,822,478
Trade and other receivables	**15,683,772**	7,548,022	**19,145,953**	11,369,188
Term deposit	**10,500,000**	5,000,000	**10,500,000**	5,000,000
Cash and cash equivalents	**22,215,002**	26,047,282	**17,506,837**	21,927,521
Financial liabilities at amortised cost	**95,164,518**	96,484,401	**93,887,641**	93,282,241

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

	The Group		**The Company**	
(in EUR)	**2021**	**2020**	**2021**	**2020**
Recorded in profit or loss:				
Loans receivable	**-**	-	**617,628**	542,116
Trade and other receivables	**(208,132)**	(237,500)	**(61,471)**	(203,390)
Term deposit	**15,431**	25,485	**15,431**	25,485
Financial liabilities at amortised cost	**(2,000,814)**	(2,096,333)	**(2,099,272)**	(2,096,333)

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 term deposits as disclosed in Note 27 and cash at bank balances as disclosed in Note 28. 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.

	Increase or Decrease (basis points)	**Effect on Profit before tax** The Group (in EUR)	The Company (in EUR)
2021	**+ 25**	**81,788**	**142,804**
	- 25	**(81,788)**	**(142,804)**
2020	+ 25	77,618	134,375
	- 25	(77,618)	(134,375)

37. Financial Risk Management (continued)

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

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:

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

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 and 28 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 39.

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.

37. Financial Risk Management (continued)

Trade receivables – tested individually:

LT-ECL (credit-impaired but not POCI) (in EUR)	The Group 2021	The Group 2020	The Company 2021	The Company 2020
Internal rating grades				
Performing	-	-	-	-
In default	299,591	299,591	252,473	252,473
Gross carrying amount at 31 December 2021	**299,591**	**299,591**	**252,473**	**252,473**
Loss allowance at 31 December 2021	(299,591)	(299,591)	(252,473)	(252,473)
Net carrying amount at 31 December 2021	**-**	**-**	**-**	**-**

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 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 Group **31 December 2020** (in EUR)	**Expected Credit Loss Rate**	**Gross Carrying Amount**	**LT-ECL**	**Net Carrying Amount**
Current (not past due)	0.3%	2,547,717	7,643	2,540,074
30 to 90 Days	0.4%	1,040,315	4,161	1,036,154
91 to 180 Days	7.0%	409,958	28,697	381,261
181 to 270 Days	18.3%	493,185	90,253	402,932
271 to 360 Days	43.1%	176,878	76,235	100,643
> 360 Days	100.0%	177,352	177,352	-
		4,845,405	**384,341**	**4,461,064**

The same ECL Rates are applied to the Company's debtors with a gross carrying amount of EUR 16,923,121 (2020: EUR 9,142,636), resulting in a net carrying amount of EUR 16,477,311 (2020: EUR 8,754,758) and a collective LT-ECL of EUR 445,814 (2020: EUR 384,341) of which an amount of EUR 128,650 (2020: EUR 177,352) is in relation to trade debtors that are more than 360 days past due.

37. Financial Risk Management (continued)

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 3.4 million (2020: EUR 1.5 million) of the Group's trade and other receivables at year end and 13% (2020: 19%) 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 3.4 million (2020: EUR 1.1 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.

Cash and cash equivalents

The cash at bank balances held by the Group and the Company are disclosed in Note 28. Currently the Group holds its cash at bank balances with reputable and investment grade rated banking institutions.

12m-ECL	The Group		The Company	
(in EUR)	**2021**	**2020**	**2021**	**2020**
External rating grades				
BBB (negative) (Fitch), BBB- (negative) (S&P)	19,713,468	24,047,222	15,005,303	19,927,462
A+ (negative) (Fitch), A- stable (S&P)	2,001,534	2,000,060	2,001,534	2,000,060
A stable (S&P)	500,000	-	500,000	-
Gross/Net Carrying Amount at 31 December 2021	**22,215,002**	**26,047,282**	**17,506,837**	**21,927,521**

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.

12m-ECL	**The Group**		**The Company**	
(in EUR)	**2021**	**2020**	**2021**	**2020**
External rating grades				
BBB (negative) (Fitch), BBB- (negative) (S&P)	5,000,000	5,000,000	5,000,000	5,000,000
A stable (S&P)	5,500,000	-	5,500,000	-
Gross/Net Carrying Amount at 31 December 2021	**10,500,000**	**5,000,000**	**10,500,000**	**5,000,000**

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.

37. Financial Risk Management (continued)

12m-ECL (in EUR)	The Company 2021	2020
Internal rating grades		
Performing	29,114,758	26,822,478
Gross/Net Carrying Amount at 31 December 2021	**29,114,758**	**26,822,478**

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 12m-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 12m-ECL in terms of IFRS 9 are not considered to be material.

Liquidity Risk

The tables below summarise the maturity profile of the Group's and Company's financial liabilities as at 31 December 2021 and 2020 based on contractual undiscounted payments.

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 Group 31 December 2020 (in EUR)	Carrying Amount	Gross Cash Flows	< 1 year	1-5 Years	> 5 years
Lease Liability	53,168,052	135,777,282	1,653,267	7,178,114	126,945,901
Other payables	2,591,086	2,591,086	2,591,086		
Accruals	36,958,428	36,958,428	36,958,428		
Trade payables	3,766,835	3,766,835	3,766,835		
	96,484,401	179,093,631	44,969,616	7,178,114	126,945,901

37. Financial Risk Management (continued)

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 Company 31 December 2020 (in EUR)	Carrying Amount	Gross Cash Flows	< 1 year	1-5 Years	> 5 years
Lease liability	53,168,052	135,777,282	1,653,267	7,178,114	126,945,901
Other payables	1,236,062	1,236,062	1,236,062		
Accruals	34,650,907	34,650,907	34,650,907		
Trade payables	4,227,220	4,227,220	4,227,220		
	93,282,241	175,891,471	41,767,456	7,178,114	126,945,901

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 2021 and 31 December 2020.

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. The impact of Covid-19 on the capital management of the Group and the Company is disclosed in more detail in Note 2.

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

38. 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 2021 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.

The spread of the Omicron variant delt a severe blow in the travel industry as travel confidence decreased due to fear of quarantine. Nonetheless, the future outlook is improving as travel restrictions and quarantine rules are being eased or scrapped altogether in countries around Europe. However, the situation remains unpredictable, and developments are being monitored closely, on a continuous basis, by Management.

39. 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 (2020: under EUR 3,000). Kirkop PV Farm Limited did not commence to trade by the balance sheet date.

The 2021 and 2020 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 2021 and 2020 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.

39. Significant Accounting Policies (continued)

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.

With effect from 1 January 2019, upfront payments in relation to the temporary emphyteusis of the leasehold land and buildings are reclassified to right-of-use assets. With effect from 1 January 2019, property, plant and equipment also include 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'.

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.

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.

39. Significant Accounting Policies (continued)

Investment Property

With effect from 1 January 2019, 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

With effect from 1 January 2019, property, plant and equipment and investment property also include 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'. 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.

39. 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 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.

Other 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.

39. Significant Accounting Policies (continued)

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.

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.

Other Financial Assets

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

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

The significant accounting policies for other 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.

39. Significant Accounting Policies (continued)

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, 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.

Impairment of Other 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.

39. Significant Accounting Policies (continued)

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.

39. Significant Accounting Policies (continued)

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.

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.

39. Significant Accounting Policies (continued)

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.

39. Significant Accounting Policies (continued)

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.

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.

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.

39. Significant Accounting Policies (continued)

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 accounting policies for this revenue stream are addressed 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 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 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 gross of any such contributions. The amounts payable by the Company and the Group to the Fund are 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.

39. Significant Accounting Policies (continued)

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 over 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’.

39. Significant Accounting Policies (continued)

- **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.

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 gain on disposal of the buildings and fixtures 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.

39. Significant Accounting Policies (continued)

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.

39. 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.

39. Significant Accounting Policies (continued)

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.

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.

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.

39. Significant Accounting Policies (continued)

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.

Deloitte Audit Limited
Deloitte Place,
Triq L-Intornjatur,
Central Business District,
CBD 3050
Malta

Tel: +356 2343 2000, 2134 5000
Fax: +356 2133 2606
info@deloitte.com.mt
www.deloitte.com/mt

Company Ref No: C51312
VAT Reg No: MT2013 6121
Exemption number: EXO2155

Independent Auditor's Report

to the members of
Malta International Airport p.l.c.

Report on the Audit of the Financial Statements

Opinion
We have audited the individual financial statements of Malta International Airport p.l.c. (the Company) and the consolidated financial statements of the Company and its subsidiaries (together, the Group), set out on pages 31 to 94, which comprise the Statements of Financial Position of the Company and the Group as at 31 December 2021, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Company and the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2021, and of the Company's and the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

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 are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants including International Independence Standards* (IESBA Code) together with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* (Maltese Code) that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In conducting our audit, we have remained independent of the Company and the Group and have not provided any of the non-audit services prohibited by article 18A(1) of the Maltese Accountancy Profession Act (Cap. 281).

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. The key audit matter described below pertains to the audit of both the individual and the consolidated financial statements. This matter was addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Deloitte.

Independent Auditor's Report (continued)

to the members of
Malta International Airport p.l.c.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Impairment assessment of assets following outbreak of Covid-19
The Covid-19 pandemic and the consequent reduction in air traffic constituted a triggering event in terms of IAS 36 *Impairment of Assets* as at 31 December 2021 for the relevant group of assets described in more detail in note 2 to the financial statements. An impairment assessment was carried out on these assets, whose carrying value at 31 December 2021 amounted to EUR166.7mn (Company) and EUR169.7mn (Group). This year end impairment assessment, including sensitivity analyses carried out by the Company as explained in more detail in note 2, indicated no need for impairment provisions.

The Company's year-end impairment assessment was significant to our audit given the significance of the impact of Covid-19 on the Company's and the Group's results for the year ended 31 December 2021, and also because the impairment assessment relies heavily on forecasting future cash flows in the present environment which remains highly uncertain. The forecasting of future cash flows has been based on various assumptions such as long term growth rate, the rate used to discount future cash flows, and assumptions around economic recovery of the industry in a post Covid-19 environment.

Furthermore, the assets tested for impairment represent 70% or more of the Company's and the Group's total assets.

Our audit procedures included:

- Involving an internal valuation specialist to assist us in evaluating the year end impairment methodology in connection with the discount rate used together with the mathematical accuracy of the model;
- Involving an internal valuation specialist to assist us with performing a sensitivity analysis to changes in the key inputs with a special focus on the forecasted passenger numbers taking into account available independent forecasts published by the airline industry;
- Assessing the directors' capability in forecasting through a retrospective review of actual performance in the past five years against previous forecasts;
- Reviewing the appropriateness of the disclosures in the financial statements in connection with the impairment assessment.

Other Information
The directors are responsible for the other information. The other information comprises:

(i) the General information, the Directors' Report, the Statement of Directors' responsibilities, the Corporate Governance Statement of Compliance and the Remuneration Report required under Rule 12.26K of the Capital Markets Rules, which we obtained prior to the date of this auditor's report.

(ii) the Chairman's Message, the Chief Executive Officer's Review, information on strategy and employees, the Aviation Report, the Retail & Property Report, the Sustainability Report, and supporting key data, investments and outlook information, which is expected to be made available to us after the date of this audit report.

However, the other information does not include the individual and consolidated financial statements, our auditor's report and the relevant tagging applied in accordance with the requirements of the European Single Electronic Format, as defined in our *Report on Other Legal and Regulatory Requirements*.

Except for our opinions on the Directors' Report in accordance with the Maltese Companies Act (Cap. 386) and on the Corporate Governance Statement of Compliance and on the Remuneration Report in accordance with the Capital Markets Rules issued by the Malta Financial Services Authority, our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

Deloitte.

Independent Auditor's Report (continued)

to the members of
Malta International Airport p.l.c.

Other Information (continued)
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 on the other information that we obtained prior to the date of this auditor's report and set out in paragraph (i) above, 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.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosure requirements of article 177 of the Companies Act (Cap. 386), and the statement required by Rule 5.62 of the Capital Markets Rules on the Company's and the Group's ability to continue as a going concern.

When we read the other information expected to be made available to us after the date of this audit report and set out in paragraph (ii) above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and, if necessary, to take appropriate action, considering our legal rights and obligations, to seek to have an uncorrected material misstatement appropriately brought to the attention of users for whom the auditor's report is prepared, for example by addressing the matter in a general meeting of shareholders.

In accordance with the requirements of sub-article 179(3) of the Maltese Companies Act (Cap. 386) in relation to the Directors' Report on pages 3 to 14, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the individual and consolidated financial statements are prepared is consistent with those financial statements; and

- the Directors' Report has been prepared in accordance with the applicable legal requirements

In the light of the knowledge and understanding of the Company, the Group and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities of the Directors and the Audit Committee for the Financial Statements
As explained more fully in the Statement of Directors' Responsibilities on page 15, 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 European Union and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and the Group'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 Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors have delegated the responsibility for overseeing the Company's and the Group's financial reporting process to the Audit Committee.

Auditor's Responsibilities for the Audit of the Financial Statements
This report, including the opinions set out herein, has been prepared for the Company's members as a body in accordance with articles 179, 179A and 179B of the Companies Act (Cap. 386).

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 opinions in accordance with articles 179, 179A and 179B of the Companies Act (Cap. 386). 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.

Deloitte.

Independent Auditor's Report (continued)

to the members of
Malta International Airport p.l.c.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
In terms of article 179A(4) of the Maltese Companies Act (Cap. 386), the scope of our audit does not include assurance on the future viability of the Company and the Group or on the efficiency or effectiveness with which the directors have conducted or will conduct the affairs of the Company and the Group. The financial position of the Company and/or the Group may improve, deteriorate, or otherwise be subject to change as a consequence of decisions taken, or to be taken, by the management thereof, or may be impacted by events occurring after the date of this opinion, including, but not limited to, events of force majeure.

As such, our audit report on the Company's and the Group's historical financial statements is not intended to facilitate or enable, nor is it suitable for, reliance by any person, in the creation of any projections or predictions, with respect to the future financial health and viability of the Company and/or the Group, and cannot therefore be utilised or relied upon for the purpose of decisions regarding investment in, or otherwise dealing with (including but not limited to the extension of credit), the Company and/or the Group. Any decision-making in this respect should be formulated on the basis of a separate analysis, specifically intended to evaluate the prospects of the Company and/or the Group and to identify any facts or circumstances that may be materially relevant thereto.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Company and the Group'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 Company's and the Group'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 Company and/or the Group to cease to continue as a going concern. Accordingly, in terms of generally accepted auditing standards, the absence of any reference to a material uncertainty about the Company's and/or the Group's ability to continue as a going concern in our auditor's report should not be viewed as a guarantee as to the Company's and/or the Group's ability 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.

For the avoidance of doubt, any conclusions concerning the adequacy of the capital structure of the Company, including the formulation of a view as to the manner in which financial risk is distributed between shareholders and/or creditors cannot be reached on the basis of these financial statements alone and must necessarily be based on a broader analysis supported by additional information.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
We communicate with the Audit Committee 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 the Audit Committee 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, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the individual and consolidated 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 of the Annual Financial Report with the requirements of the European Single Electronic Format Regulatory Technical Standard as specified in the Commission Delegated Regulation (EU) 2019/815 (the "ESEF RTS")

Pursuant to Capital Markets Rule 5.55.6 issued by the Malta Financial Services Authority, we have undertaken a reasonable assurance engagement in accordance with the requirements of *the Accountancy Profession (European Single Electronic Format) Assurance Directive* issued by the Accountancy Board in terms of the *Accountancy Profession Act (Cap. 281)*, hereinafter referred to as the "ESEF Directive 6", on the annual financial report of the Company and the Group for the year ended 31 December 2021, prepared in a single electronic reporting format.

Solely for the purposes of our reasonable assurance report on the compliance of the annual financial report with the requirements of the ESEF RTS, the "Annual Financial Report" comprises the Directors' Report, the Statement of Directors' responsibilities, the Corporate Governance Statement of Compliance, General Company Information, the annual financial statements, the prescribed disclosures of material contracts, and the Independent auditor's report, as set out in Capital Markets Rules 5.55.

Responsibilities of the Directors for the Annual Financial Report
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,
- 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.

Auditor's responsibilities for the Reasonable Assurance Engagement
Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tags therein comply, 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.

Deloitte.

Independent Auditor's Report (continued)

to the members of
Malta International Airport p.l.c.

Auditor's responsibilities for the Reasonable Assurance Engagement (continued)
The nature, timing and extent of procedures we performed, including the assessment of the risks of material non-compliance with the requirements of the ESEF RTS, whether due to fraud or error, were based on our professional judgement and included:

- Obtaining an understanding of the Company's and the Group's internal controls relevant to the financial reporting process, including the preparation of the Annual Financial Report, in accordance with the requirements of the ESEF RTS, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- 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 tags therein have been applied and evaluating the appropriateness, in all material respects, of the use of such tags 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 reasonable assurance opinion.

Reasonable Assurance Opinion
In our opinion, the Annual Financial Report for the year ended 31 December 2021 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

This reasonable assurance opinion only covers the transfer of the information in Annual Financial Report into a single electronic reporting format as required by the ESEF RTS, and therefore does not cover the information contained in the Annual Financial Report.

Report on Corporate Governance Statement of Compliance
Pursuant to Rule 5.94 of the Capital Market Rules issued by the Malta Financial Services Authority, the directors are required to include in the Company's Annual Financial Report a Corporate Governance Statement of Compliance explaining the extent to which they have adopted the Code of Principles of Good Corporate Governance set out in Appendix 5.1 to Chapter 5 of the Capital Markets Rules, and the effective measures that they have taken to ensure compliance with those principles. The Corporate Governance Statement of Compliance is to contain at least the information set out in Rule 5.97 of the Capital Markets Rules.

Our responsibility is laid down by Rule 5.98 of the Capital Markets Rules, which requires us to include a report to shareholders on the Corporate Governance Statement of Compliance in the Company's Annual Financial Report.

We read the Corporate Governance Statement of Compliance and consider the implications for our report if we become aware of any information therein that is materially inconsistent with the financial statements or our knowledge obtained in the audit, or that otherwise appears to be materially misstated. We also review whether the Corporate Governance Statement of Compliance contains at least the information set out in Rule 5.97 of the Capital Markets Rules.

We are not required to, and we do not, consider whether the directors' statements on internal control 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 Corporate Governance Statement of Compliance set out on pages 16 to 27 has been properly prepared in accordance with the requirements of Rules 5.94 and 5.97 of the Capital Markets Rules.

Deloitte.

Independent Auditor's Report (continued)

to the members of
Malta International Airport p.l.c.

Report on Remuneration Report

Pursuant to Rule 12.26K of the Capital Markets Rules issued by the Malta Financial Services Authority, the directors are required to draw up a Remuneration Report, whose contents are to be in line with the requirements listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules.

Our responsibility is laid down by Rule 12.26N of the Capital Markets Rules, which requires us to check that the information that needs to be provided in the Remuneration Report, as required in terms of Chapter 12 of the Capital Markets Rules, including Appendix 12.1, has been included.

In our opinion, the Remuneration Report set out on pages 28 to 30 includes the information that needs to be provided in the Remuneration Report in terms of the Capital Markets Rules.

Matters on which we are required to report by exception under the Companies Act

Under the Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

- proper accounting records have not been kept;
- proper 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; or
- we have been unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

We have nothing to report to you in respect of these responsibilities.

Auditor tenure

We were first appointed by the members of the Company to act as statutory auditor of the Company and the Group, following the Company's equity listing in December 2002, on 9 July 2003 for the financial year ended 31 March 2004, and were subsequently reappointed as statutory auditor by the members of the Company on an annual basis. The period of total uninterrupted engagement as statutory auditor including previous reappointments of the firm since the Company became a public interest entity covers financial periods totalling 18 years and 9 months.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee in accordance with the provisions of article 11 of the EU Audit Regulation No. 537/2014.

Annabelle Zammit Pace as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Central Business District, Birkirkara, Malta

22 February 2022