

COMPANY ANNOUNCEMENT

Malta International Airport plc (the “Company”)

Announces the Approval of the Group’s Interim Financial Statements

Date of Announcement	27 July 2022
Reference	370/2022
In terms of Chapter 5 of the Capital Market Rules	

QUOTE

APPROVAL OF THE GROUP’S FINANCIAL STATEMENTS

Malta International Airport Plc’s Board of Directors approved the Group’s interim financial statements for the six months ended on the 30th of June 2022, during a board meeting held on Wednesday 27th July 2022. The full financial statements are attached with this announcement and are also available for viewing at the registered office of the Company, as well as on maltaairport.com.

CURRENT LANDSCAPE

Malta International Airport welcomed 2.3 million passengers in the first half of 2022, which figure roughly equals the airport’s full-year passenger traffic for 2021. Revenues for the same six-month period amounted to €37.3 million, with Q2 revenues contributing 71 per cent of this total, in line with the strong traffic recovery registered in this quarter.

While Malta International Airport started witnessing encouraging signs of recovery in the second quarter of 2022, it continues to navigate a very challenging global aviation landscape characterised by industrial actions, staff shortages and other operational constraints, all of which could deal consumer confidence new blows.

In addition to industry-specific challenges, a combination of economic and geopolitical factors, including the steep rise in inflation rates, rising fuel costs, diminished disposable income and the ongoing war in Ukraine, may have an impact on the demand for travel during the upcoming winter season, and determine a shift in airline pricing.

OUTLOOK

Amid the abovementioned challenges, Malta International Airport and the Malta Tourism Authority remain in close contact with partner airlines with the aim of continuing to restore connectivity for the Maltese Islands, whilst analysing new opportunities and addressing gaps in strategic markets.

Given that some existing routes remain underserved, Malta International Airport is also working towards securing increased flight frequencies on these routes and extensions of the operating periods.

Considering Malta International Airport's positive performance for the first six months of the year and the flight schedule that has been secured for the upcoming winter season, the Company expects to end the year 2022 with approximately 5.4 million passengers.

INTERIM DIVIDEND

This is the first time in two years that the Company feels it has enough visibility of the way ahead to issue a reliable forecast to the market. To ensure that this forecast is achieved by the Company, despite the spate of new economic challenges that have arisen, the Board of Directors of Malta International Airport Plc is not recommending the payment of an interim dividend. The Company will be in a position to reassess this recommendation at the end of the year when it would know if its traffic and financial targets have been reached.

UNQUOTE

Signed:



Louis de Gabriele
Company Secretary

About Malta International Airport

2022 marks 30 years since the new Malta International Airport terminal building was inaugurated, ushering in an exciting era for tourism and the local aviation industry. Between 2002 – the year when the airport was privatised – and 2021, more than 75 million passengers travelled through the terminal building.

The building, which was originally designed with the aim of eventually handling 2.5 million passengers annually, saw a record 7.3 million passengers in 2019 alone, before COVID-19 slashed this number in 2020.

The terminal's continuous evolution, particularly through an investment of more than €30 million in two extensions together with a more recent €12 million reconfiguration, and the Company's vision of service excellence, led to Malta International Airport being awarded the 'Best Airport in Europe' accolade by Airports Council International in 2018, 2019 and 2020.

Malta International Airport p.l.c.

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Interim Report

Interim Condensed Consolidated Financial Statements
and Directors' Report

30 June 2022

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Interim Directors' Report

Period Ended 30 June 2022

These interim condensed consolidated financial statements comprise the financial statements of Malta International Airport plc and its subsidiaries: Airport Parking Limited, Sky Parks Development Limited, and Sky Parks Business Centre Limited.

Performance Review

Traffic Development

Malta International Airport welcomed 2,345,296 passengers in the first half of 2022 compared to just 403,810 passengers in the same half of 2021. Despite this improvement in passenger numbers, traffic for the first half of 2022 remained 27.9% below 2019 levels.

Consumer confidence and air travel demand remained particularly low in the winter months as stringent travel restrictions remained in place for passengers travelling to Malta. This led Malta International Airport to recover at a slower pace than many of its European peers.

Q1 traffic amounted to 672,965 passenger movements, translating to a 44.1% drop compared to 2019. The seat load factor stood at 65.5% - 10 percentage points lower than what had been registered pre-pandemic.

Q2 brought more positive results, with April registering a recovery of 78.7% of pre-COVID passenger numbers. These results were attributed to the launch of the summer flight schedule, with more than 80% of 2019's seat capacity recovered, along with the Easter holiday period.

This positive trend extended into the month of May, which recouped 82.3% of pre-pandemic figures, and June, which registered a recovery of 83.6%. June also saw the return of the cruise and fly operations serving the UK and German markets.

The top markets for Q2 were Italy, the UK, France, Germany and Poland, with a very strong load factor recovery registered by all five markets.

The overall seat load factor (SLF) for the first half of the year was 76.2%, just 3.6 percentage points below what had been achieved in 2019.

Interim Directors' Report

Period Ended 30 June 2022

	Q 1 20 22	Q 1 20 21	% Change	Q 1 20 19	% Change
Passenger Movements	672,965	98,495	583.2%	1,202,983	(44.1%)
Aircraft Movements	5,990	1,562	283.5%	9,540	(37.2%)
Seat Capacity	1,028,045	196,154	424.1%	1,590,196	(35.4%)
Seat Load Factor	65.5%	50.2%	15.2pp	75.7%	(10.2pp)
MTOW (in tonnes)	230,583	55,706	313.9%	362,080	(36.3%)
Cargo and Mail (in tonnes)	3,716	3,980	(6.6%)	4,435	(16.2%)
	Q 2 20 22	Q 2 20 21	% Change	Q 2 20 19	% Change
Passenger Movements	1,672,331	305,317	447.7%	2,048,924	(18.4%)
Aircraft Movements	11,639	3,499	232.6%	14,366	(19.0%)
Seat Capacity	2,048,569	539,587	279.7%	2,481,493	(17.4%)
Seat Load Factor	81.6%	56.6%	25.0pp	82.6%	(0.9pp)
MTOW (in tonnes)	446,684	125,673	255.4%	542,361	(17.6%)
Cargo and Mail (in tonnes)	4,145	3,888	6.6%	4,453	(6.9%)
	H 1 20 22	H 1 20 21	% Change	H 1 20 19	% Change
Passenger Movements	2,345,296	403,812	480.8%	3,251,907	(27.9%)
Aircraft Movements	17,629	5,061	248.3%	23,906	(26.3%)
Seat Capacity	3,076,614	735,741	318.2%	4,071,689	(24.4%)
Seat Load Factor	76.2%	54.9%	21.3pp	79.9%	(3.6pp)
MTOW (in tonnes)	677,267	181,379	273.4%	904,441	(25.1%)
Cargo and Mail (in tonnes)	7,861	7,868	(0.1%)	8,889	(11.6%)

Financial Performance

The total revenue for the period from January to June 2022 increased by EUR 24.7mn; from EUR 12.6mn in H1 2021 to EUR 37.3mn in H1 2022. Revenues from the airport segment saw an increase from EUR 5.8mn in the first half of 2021 to EUR 24.4mn in the reporting period, resulting from the strong recovery in passenger traffic. On the other hand, the retail and property segment recorded an increase from EUR 6.8mn to EUR 12.8mn, representing a share of 34% of the total revenue.

The increase in revenues for the first half of the year was mainly driven by a strong Q2 in terms of traffic, contributing 71.3% of the total passengers for the reporting period. Total revenues for the first half 2022 amounted to EUR 37.3mn, which is equivalent to a recovery of 83.7% compared to pre-COVID figures. While revenues from the airport segment of EUR 24.4mn were still 21.2% below 2019, the retail and property segment generated revenues of EUR 12.8mn, translating into a slight shortfall of 4.1%.

Interim Directors' Report

Period Ended 30 June 2022

(in EUR)	Q 1 2022	Q 1 2021	% Change	Q 1 2019	% Change
Airport	6,065,949	2,056,831	194.9%	9,785,634	(88.0%)
Retail and Property	4,797,372	3,001,980	59.8%	5,610,711	(4.5%)
Other	81,444	25,373	221.0%	161,461	(49.6%)
	Q 2 2022	Q 2 2021	% Change	Q 2 2019	% Change
Airport	18,375,892	3,745,189	390.7%	21,239,257	(13.5%)
Retail and Property	7,971,334	3,755,370	112.3%	7,710,098	3.4%
Other	13,168	38,893	(66.1%)	62,085	(78.8%)
	H1 2022	H1 2021	% Change	H1 2019	% Change
Airport	24,441,841	5,802,020	321.3%	31,024,891	(21.2%)
Retail and Property	12,768,706	6,757,350	89.0%	13,320,809	(4.1%)
Other	94,612	64,266	47.2%	223,546	(57.7%)
Total Revenue	37,305,159	12,623,636	195.5%	44,569,246	(16.3%)
Staff Costs	(3,978,651)	(2,907,518)	36.8%	(4,978,621)	(20.1%)
Other Operating Costs	(10,065,834)	(7,333,396)	37.3%	(12,618,865)	(20.2%)
EBITDA	23,260,674	2,382,722	876.2%	26,971,760	(13.8%)
Profit / (Loss) Before Tax	16,657,708	(3,934,863)	-	21,706,315	(23.3%)
Profit / (Loss) After Tax	10,694,526	(2,693,975)	-	13,952,238	(23.3%)

During the reporting period, operating costs increased by EUR 2.8mn (37.3%) compared to 2021. While variable costs were in line with passenger numbers, the increase in fixed costs was disproportionate, showing the strong commitment to cost efficiency. Overall cost discipline was maintained to further strengthen the Group's prospects of a sharp recovery as the demand for travel continues to increase.

The total expenditure during the reporting period amounted to EUR 14.0mn, translating into an increase of EUR 3.8mn compared to H1 2021 (+37.1%).

EBITDA of the Group registered an increase of EUR 20.9mn over the previous year; from EUR 2.4mn in 2021 to EUR 23.3mn in 2022, resulting in a net profit of EUR 10.7mn.

European Commission State Aid

On 28th June 2022, the European Commission approved a €12 million Maltese aid measure to compensate Malta International Airport for the losses suffered due to the coronavirus pandemic. This measure aims at compensating Malta International Airport plc for the material losses suffered during the period between 21st March and 30th June 2020 due to the coronavirus pandemic and the travel ban imposed by Malta to limit the spread of the virus, together with the closure of non-essential shops, which had an impact on the Company's retail and property segment. Malta International Airport is now awaiting further information from the Government of Malta in relation to the application process to receive the compensation for the losses caused directly by the pandemic, as stipulated in the EU Article 107(2)(b).

Operational Preparedness and Capital Expenditure

The measures that had been introduced at the onset of the pandemic to secure liquidity and financial stability were eased as traffic started to pick up. Following a hiring freeze triggered by the pandemic, the company once again started to recruit employees, with a focus on customer-oriented and operational areas ahead of a busy summer period. A total of 356 employees were employed as of 30th June 2022, compared to 322 on 30th June 2021.

Staff costs during the reporting period amounted to EUR 4.0mn, representing an increase of EUR 1.1mn compared to H1 2021 (+36.8%). Between January and May of the reporting period, the Company continued to benefit from the COVID Wage Supplement, which had been introduced in March of 2020, with Malta International Airport qualifying for a monthly wage supplement of EUR 800 per full-time employee.

Interim Directors' Report

Period Ended 30 June 2022

The Group's capital expenditure programme continues to focus on works that are essential to the maintenance or renewal of the Group's assets as well as on projects delivering a sustainable future return to the Group. These projects include the expansion of the Cargo Village as well as the modernisation and extension of the food court. The Food Court project has been largely completed, with six food and beverage outlets currently operating from the area. Works on the relocation of the fuel station have continued apace, with the completion of this relocation slated for year-end 2022.

The Group's capital expenditure increased from EUR 4.0mn in the first half of 2021 to a total of EUR 6.5mn during the reporting period.

Shareholder Dividend

This is the first time in two years that the Company feels it has enough visibility of the way ahead to issue a reliable forecast to the market. To ensure that this forecast is achieved by the Company, despite the spate of new economic challenges that have arisen, the Board of Directors of Malta International Airport plc is not recommending the payment of an interim dividend. The Company will be in a position to reassess this recommendation at year end, when it would know if its traffic and financial targets have materialised.

Outlook / Guidance

While the aviation industry's recovery has so far been strong, airline and airport operators continue to navigate a very challenging landscape characterised by industrial actions, staff shortages and other operational constraints, all of which may deal consumer confidence new blows. As flight cancellations and disruptions across Europe make the headlines more often, the Malta International Airport team remains committed to working with all stakeholders to ensure that the operation continues to run as smoothly as possible throughout the summer months and beyond.

In addition to industry-specific challenges, a combination of economic and geopolitical factors, including the steep rise in inflation rates, rising fuel costs, diminished disposable income and the ongoing war in Ukraine, may have an impact on travel demand during the upcoming winter season and determine a shift in airline pricing.

Changes in consumer behaviour brought about by the pandemic are still being observed, with some passengers still opting for short booking windows, particularly in markets such as Italy and Spain. Whilst this has improved, shorter planning cycles also continue to be favoured by airlines, with this trend possibly extending into the medium term.

Amid these challenges, Malta International Airport and the Malta Tourism Authority remain in close contact with partner airlines with the aim to continue to restore connectivity for the Maltese Islands, analyse new opportunities and address gaps in strategic markets. Since some existing routes remain underserved, Malta International Airport is also working towards securing increased flight frequencies on these routes and extensions of the operating periods.

Interim Directors' Report

Period Ended 30 June 2022

Considering the strong start to summer, which bodes well for the rest of the season and beyond, Malta International Airport expects to close off 2022 with:

Traffic: > 5.4mn passengers

Revenue: > €82mn

EBITDA: > €50mn

Net Profit: > €23mn

CAPEX: > €15mn



Alan Borg

Chief Executive Officer

By Order of the Board

27 July 2022

Condensed Consolidated Statement of Comprehensive Income

Period Ended 30 June 2022

The Group unaudited in EUR	Notes	H1 2022	H1 2021
Revenue	7	37,305,159	12,623,636
Staff costs	8	(3,978,651)	(2,907,518)
Other operating expenses		(9,976,872)	(7,272,782)
Impairment losses on financial assets		(88,962)	(60,614)
Depreciation		(5,681,378)	(6,410,023)
Release of deferred income arising on the sale of terminal buildings and fixtures		141,802	141,802
Investment income		725	7,764
Finance cost		(1,064,115)	(1,057,128)
Profit / (Loss) before tax		16,657,708	(3,934,863)
Income tax (expense) / credit	10	(5,963,182)	1,240,888
Profit / (Loss) for the period attributable to the ordinary equity holders of the Company, net of tax		10,694,526	(2,693,975)
Profit / (Loss) per share attributable to the ordinary equity holders of the Company		0.079	(0.020)

Condensed Consolidated Statement of Financial Position

30 June 2022

The Group in EUR	Notes	30 June 2022 unaudited	31 December 2021 audited
Assets			
Property, plant and equipment	11	169,646,490	169,640,302
Investment property		16,078,674	15,297,885
Other Receivables		1,903,495	1,928,319
Deferred tax assets		6,495,821	6,320,729
Non-current assets		194,124,479	193,187,235
Inventories		950,681	885,064
Trade and other receivables	12	24,247,058	15,866,734
Term deposits	12	9,500,000	10,500,000
Cash and short term deposits	12	28,899,143	22,215,002
Current assets		63,596,882	49,466,800
Total - Assets		257,721,361	242,654,035
Equity and liabilities			
Equity attributable to ordinary equity holders of the Company			
Share capital		33,825,000	33,825,000
Retained earnings		108,636,106	97,941,580
Total - Equity		142,461,106	131,766,580
Lease liability	13	53,881,547	53,644,065
Deferred income		5,575,109	5,856,812
Other Payables		810,915	607,538
Provision for retirement benefit plan		3,972,385	3,954,173
Provision for MA benefit fund		365,790	337,437
Non-current liabilities		64,605,746	64,400,025
Trade and other payables	12	44,567,636	43,885,907
Current tax liabilities		6,086,873	2,601,523
Current liabilities		50,654,509	46,487,430
Total - Liabilities		115,260,255	110,887,455
Total - Equity and Liabilities		257,721,361	242,654,035

Condensed Consolidated Statement of Changes in Equity

Period Ended 30 June 2022

The Group unaudited in EUR	Equity attributable to ordinary equity holders of the Company		
	Share capital	Retained earnings	Total
Balance at 1 January 2022	33,825,000	97,941,580	131,766,580
Income for the period	-	10,694,526	10,694,526
Total comprehensive income for the period	-	10,694,526	10,694,526
Balance at 30 June 2022	33,825,000	108,636,106	142,461,106

The Group unaudited in EUR	Equity attributable to ordinary equity holders of the Company		
	Share capital	Retained earnings	Total
Balance at 1 January 2021	33,825,000	90,967,626	124,792,626
Loss for the period	-	(2,693,975)	(2,693,975)
Total comprehensive loss for the period	-	(2,693,975)	(2,693,975)
Balance at 30 June 2021	33,825,000	88,273,651	122,098,651

Condensed Consolidated Statement of Cash Flows

Period Ended 30 June 2022

The Group unaudited in EUR	Notes	H1 2022	H1 2021
Cash flows from operating activities			
Profit/ (Loss) before tax		16,657,708	(3,934,863)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		5,681,378	5,410,023
Release of deferred income arising on the sale of the terminal building		(4,1802)	(4,1802)
Amortisation of European Commission Grant		(20,128)	(20,128)
Impairment Loss		88,962	60,614
Finance cost		1,064,115	1,057,128
Gain on sale of property, plant and equipment		(18,000)	(16,430)
Investment income		(725)	(7,764)
Provision for retirement benefit plan		18,212	18,674
Provision for MA benefit plan		28,353	27,200
Operating items		6,700,365	6,387,515
<i>Working capital movements:</i>			
Movement in inventories		65,617	45,188
Movement in trade and other receivables		(8,444,462)	(6,206,747)
Movement in trade and other payables and other financial liabilities		2,273,996	158,458
Working capital movements		(6,236,083)	(5,003,101)
Cash flows from operations		17,121,991	(2,550,448)
Lease interest paid	13	(4,922,255)	(4,165,911)
Income taxes paid		(2,652,918)	(336,690)
Retirement benefit paid		-	(7,600)
Net cash flows from operating activities		12,546,818	(4,060,649)
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		18,000	40,000
Payments for property, plant and equipment	11	(6,737,078)	(6,722,257)
Payments for investment property		(4,167,311)	(4,046,665)
Receipts / (Payments) of deposit from tenant		10,750	(10,300)
Receipts from term deposits		1,000,000	-
Interest received		12,963	25,417
Net cash flows used in investing activities		(5,862,677)	(7,071,805)
Net movement in cash and cash equivalents		6,684,141	(1,132,454)
Cash and cash equivalents at the beginning of the period		22,215,002	26,047,282
Cash and cash equivalents at the end of the period		28,899,143	14,914,827

Notes to the Interim Condensed Consolidated Financial Statements

Period Ended 30 June 2022

1. Reporting Entity and Consolidation Range

The interim condensed consolidated financial statements (“Interim Financial Statements”) of the Group for the six months ended 30 June 2022 (“H1”) were authorised for issue in accordance with a resolution of the directors on 27 July 2022.

Malta International Airport p.l.c. (the “Company”) is a public company incorporated and domiciled in Malta whose shares are publicly listed and traded on the Malta Stock Exchange.

The principal activities of the Company and its subsidiaries (the “Group”) are the development, operation and management of Malta’s airport. The Group also operates a business centre within the limits of the airport.

2. Basis of Preparation

These Interim Financial Statements for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and the Capital Markets Rules issued by the Malta Financial Services Authority.

The financial information of the Group as at 30 June 2022 and for the six months then ended reflect the financial position and the performance of Malta International Airport p.l.c. and its subsidiaries; Airport Parking Limited, Sky Parks Development Limited and Sky Parks Business Centre Limited. The comparative amounts reflect the position of the Group as included in the audited financial statements ended 31 December 2021 and the unaudited results for the period ended 30 June 2021.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2021, which form the basis for these Interim Financial Statements. These Interim Financial Statements are intended to provide an update on the latest complete set of annual financial statements and accordingly they focus on new activities, events and circumstances, including further developments related to the Covid-19 outbreak.

In terms of Capital Markets Rules 5.75.5, this interim report has not been audited by the Group’s independent auditors.

Covid-19 Impact

Due to the spread of the Omicron variant the number of passengers who passed through the terminal in January and February was lower than expected, but much higher than the comparative period in 2021. As restrictions started to be eased around Europe and Malta in the months from March to June, the number of passengers rose significantly resulting in an increase of 480.8% over H1 2021.

As a result, an increase of 195.5% in revenue was recorded, from EUR 12.6 million in H1 2021 to EUR 37.3 million in H1 2022.

Operating costs in H1 2022 increased when compared to the same period last year mainly due to the busier operation in the current year along with the cost-cutting measures that were taken in H1 2021. This resulted in operating costs going up from EUR 7.3 million in H1 2021 to EUR 10.0 million in H1 2022, translating into an increase of 37.2%.

Notes to the Interim Condensed Consolidated Financial Statements

Period Ended 30 June 2022

2. Basis of Preparation (continued)

In the comparative period, between February and April, a reduction in salaries was introduced. 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.

During the reporting period the Company continued to benefit from the Covid Wage Supplement in the months January to May (which was introduced from March of 2020). The Company received EUR 800 per each full-time employee (see note 9). In the comparative period the Group, excluding Sky Parks Development Ltd, benefitted from the Tax Deferral scheme where taxes due in H1 2021 were paid in 2022. However, in the reporting period the Group did not benefit from such scheme.

The European Commission has approved a €12mn aid measure to compensate Malta International Airport p.l.c. for part of the losses suffered due to the coronavirus pandemic. This measure aims at compensating Malta International Airport p.l.c. for the material losses suffered during the period between 21 March and 30 June 2020 due to the coronavirus pandemic and the travel ban imposed by Malta to limit the spread of the virus, together with the closure of non-essential shops, which had an impact on the Company's retail and property segment. Malta International Airport p.l.c. is now awaiting further information from the Government of Malta in relation to the application process to receive the compensation for the losses directly caused by the pandemic, as stipulated in the EU Article 107(2)(b).

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

3. Judgments and Key Sources of Estimation Uncertainty

In preparing these Interim Financial Statements, management has made judgements and estimates that affect the application of accounting policies and that can significantly affect the amounts recognised. The significant judgements made in applying the Group's accounting policies and the key sources of estimation uncertainty in respect to service concession arrangements in terms of IFRIC 12 and leases in terms of IFRS 16 were the same as those described in the last annual financial statements.

4. Application of new and revised IFRS

International Financial Reporting Standards 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.

Notes to the Interim Condensed Consolidated Financial Statements

Period Ended 30 June 2022

4. Application of new and revised IFRS (continued)

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.

The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

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. Significant Accounting Policies

The condensed Interim Financial Statements as of 30 June 2022 have been prepared using the same accounting policies and methods of computation as those on which the preceding annual consolidated financial statements as of 31 December 2021 were based.

Notes to the Interim Condensed Consolidated Financial Statements

Period Ended 30 June 2022

6. Operating Segments

Airport Segment

The Airport Segment comprises 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 aprons.

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 and Sky Parks Business Centre Limited are also allocated within the Retail & Property Segment.

Other Segment

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

The results of the Group's operating segments are as follows:

Notes to the Interim Condensed Consolidated Financial Statements

Period Ended 30 June 2022

H1 20 22 (in EUR)	Airport	Retail and Property	Other	The Group
Revenue (external)	24,441,841	12,768,706	94,612	37,305,159
Staff costs	(3,364,877)	(613,774)	-	(3,978,651)
Other operating costs	(8,072,344)	(1,904,528)	-	(9,976,872)
Impairment losses on financial assets	(90,999)	2,037	-	(88,962)
EBITDA	12,913,621	10,252,441	94,612	23,260,674
Depreciation	(3,476,155)	(2,205,223)	-	(5,681,378)
EBIT	9,437,466	8,047,218	94,612	17,579,296
Investment income				725
Finance cost				(1,064,115)
Release of deferred income arising on the sale of terminal buildings and fixtures				14,1802
Profit before tax				16,657,708
H1 20 21 (in EUR)	Airport	Retail and Property	Other	The Group
Revenue (external)	5,802,020	6,757,350	64,266	12,623,636
Staff costs	(2,447,513)	(160,005)	-	(2,607,518)
Other operating costs	(6,882,228)	(1,390,554)	-	(8,272,782)
Impairment losses on financial assets	(14,248)	(16,366)	-	(30,614)
EBITDA	(2,571,969)	4,890,425	64,266	2,382,722
Depreciation	(3,259,984)	(2,150,039)	-	(5,410,023)
EBIT	(5,831,953)	2,740,386	64,266	(3,027,301)
Investment income				7,764
Finance cost				(1,057,128)
Release of deferred income arising on the sale of terminal buildings and fixtures				14,1802
(Loss) before tax				(3,934,863)

Notes to the Interim Condensed Consolidated Financial Statements

Period Ended 30 June 2022

7. Revenue

In the following table, revenue is disaggregated by revenue category. The table also includes a reconciliation of the disaggregated revenue with the Group's operating segments (see Note 6).

H1 2022 (in EUR)	Airport	Retail and Property	Other	The Group
Revenue from Services provided OverTime				
Regulated revenue	22,590,985	-	-	22,590,985
Unregulated revenue	1,850,856	3,238,980	94,612	5,184,448
Revenue from Contracts with Customers	24,441,841	3,238,980	94,612	27,775,433
Revenue from Leases	-	9,529,726	-	9,529,726
Total Revenue	24,441,841	12,768,706	94,612	37,305,159

H1 2021 (in EUR)	Airport	Retail and Property	Other	The Group
Revenue from Services provided OverTime				
Regulated revenue	5,078,850	-	-	5,078,850
Unregulated revenue	723,170	2,151,903	64,266	2,939,339
Revenue from Contracts with Customers	5,802,020	2,151,903	64,266	8,018,189
Revenue from Leases	-	4,605,447	-	4,605,447
Total Revenue	5,802,020	6,757,350	64,266	12,623,636

The qualitative impact of Covid-19 on the Group's net income, including revenue, is disclosed in Note 2.

8. Number of Employees

The number of persons employed at the end of the reporting period, including Executive Directors was as follows:

	30 June 2022	30 June 2021
Employees	356	322

9. Government Assistance

The Maltese Government announced a number of measures to financially support businesses whose operation was impacted by the Covid-19 pandemic. 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. Between January and May of the reporting period, the Company continued to benefit and received EUR 1.1 million (H1 2021 – EUR 1.4 million) in government grants. These amounts were deducted from the line item 'Staff Costs' in the Consolidated Statement of Comprehensive Income.

In the comparative period the Group also benefitted from the Tax Deferral scheme where taxes due in H1 2021 amounting to EUR 17,321 were paid in May 2022. However, in the reporting period the Group did not benefit from such scheme.

Notes to the Interim Condensed Consolidated Financial Statements

Period Ended 30 June 2022

10. Income Tax

The interim period income tax is based on the Maltese corporate tax rate of 35%. Income taxes for the interim reporting period represent a best estimate of the weighted average annual income tax rate expected for the full financial year.

11. Property, Plant and Equipment

During the first six months of the year, additions by the Group on investment projects within the terminal and to the airfield, as well as on car park infrastructure amounted to EUR 6.5 million (H1 2021: EUR 4.0 million).

12. Financial Assets and Financial Liabilities

The Group's financial assets and financial liabilities of a current nature comprise trade and other receivables, term deposits, and cash; as well as trade and other payables. The Group's financial liabilities which are non-current comprise other payables and lease liabilities. All of these financial liabilities are classified as measured at amortised cost (AC). The lease liabilities are measured in terms of the Group's accounting policy.

Fair Values

At 30 June 2022 and 31 December 2021 carrying amounts of the Group's current financial assets and current financial liabilities approximated their fair values due to the short-term maturities of these financial instruments. The carrying amount of the non-current other payables also approximated their fair values as at 30 June 2022. For the lease liabilities, disclosure of fair value is not required.

13. Lease Arrangements

The Group as lessee

Lease arrangements where the Group is a lessee remain unchanged from the last Annual Financial Statements and primarily include 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, with no renewal option included in the contracts. The term of the leases ranges from 58 years to 65 years and the lease payments on the temporary emphyteusis are adjusted upwards periodically by a specified rate.

The Group

Lease Liability (in EUR)	Carrying Amount	Gross Cash Flows	< 1 year	1-5 Years	> 5 years
H1 2022	53,881,547	133,297,382	1,812,688	7,279,043	124,205,650
H1 2021	53,413,571	134,950,650	1,653,268	7,264,898	126,032,484

Notes to the Interim Condensed Consolidated Financial Statements

Period Ended 30 June 2022

13. Lease Arrangements (continued)

The Group as lessor

Lease arrangements where the Group is a lessor remain unchanged from the last Annual Financial Statements. These primarily consist of lease agreements for portions of land held on temporary emphyteusis, commercial property situated in the terminal building as well as commercial property within Sky Parks Business Centre and Park East.

The Group (in EUR)	H1 2022	H1 2021
Lease income under operating leases recognised as income for the year	3,313,839	2,994,584
Lease income under operating leases relating to variable lease payments that do not depend on an index or rate	6,215,887	1,610,863
Total lease income under operating leases recognised as income for the year	9,529,726	4,605,447

(in EUR)	H1 2022	H1 2021
Year 1	3,414,021	4,000,764
Year 2	2,290,413	3,274,213
Year 3	2,097,563	2,198,051
Year 4	1,505,900	2,049,765
Year 5	1,375,631	1,456,666
Year 6 and onwards	17,076,627	17,831,632
	27,760,155	30,811,091

14. Contingencies and Commitments

There were no major changes in contingent liabilities, and they remain in essence as reported in the Group's annual financial statements of 2021.

At 30 June 2022, the Group had capital commitments of approximately EUR 727,960 (31 December 2021: EUR 119,095) in respect of the terminal and airfield infrastructure.

Notes to the Interim Condensed Consolidated Financial Statements

Period Ended 30 June 2022

15. Related Party Disclosures

During the course of the period, the Group 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:

(in EUR)	H1 20 22			H1 20 21		
	Related party activity	Total activity	%	Related party activity	Total activity	%
Revenue						
<i>Related party transaction with:</i>						
Entities controlled by Government	6,530,074			2,299,258		
	6,530,074	37,305,159	18	2,299,258	12,623,636	18
Other operating costs						
<i>Related party transaction with:</i>						
Entities controlled by Government	1,820,372			1,832,470		
Key management personnel of the Group	233,830			210,792		
Entities that control the Company's parent	100,002			143,080		
	2,154,204	9,976,872	22	2,186,342	7,272,782	30

Further to the above, the government assistance is disclosed in Note 9.

In addition to the above, the details of the material contracts entered into by the Group in the period ended 30 June 2022 and 30 June 2021 with its substantial shareholders and their related parties are listed below:

The Government of Malta

- (i) The terminal and other land lease agreements with Malita Investments plc for EUR 578,555 (H1 2021: EUR 578,555);
- (ii) The aerodrome licence fee payable to the Government of Malta for the airport operation amounting to EUR 248,078 (H1 2021: EUR 248,078);
- (iii) The contract for contribution to the Malta Tourism Authority (MTA) for EUR 116,468 (H1 2021: EUR 116,468);
- (iv) The contract with the Armed Forces of Malta for the security of the restricted areas at the Airport for an expense of EUR 276,368 (H1 2021: EUR 810,000);
- (v) The provision of Air Navigation Services and other services by Malta Air Traffic Services Limited for an expense of EUR 464,806 (H1 2021: EUR 464,806);
- (vi) The provision of Meteorological Services and other services to Malta Air Traffic Services Limited for revenue of EUR 371,844 (H1 2021: EUR 371,844);
- (vii) The contract for fuel throughput charges with Enemed Company Ltd. generated the amount of EUR 161,195 (H1 2021: EUR 55,495) in revenue;
- (viii) The ground handling and concession agreements with Air Malta plc and its subsidiaries that generated income of EUR 823,043 (H1 2021: EUR 329,135);
- (ix) The contracts with Indis Malta Ltd. for the lease of land that generated income of EUR 541,192 (H1 2021: EUR 541,192).

Notes to the Interim Condensed Consolidated Financial Statements

Period Ended 30 June 2022

15. Related Party Disclosures (continued)

Right-of-use assets 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 above. 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.

16. Dividends

During the current interim period and the comparative period, no dividend was paid to the shareholders of the company.

17. Seasonality

The revenue and earnings of the first six months generally represent around 44% and 41% of the total annual revenue and earnings of the Group, respectively. However, this year due to the pandemic, revenue and earnings are not representative of the general seasonality of the Group's operations.

18. 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 30 June 2022 – 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 Interim Financial Statements.

Statement pursuant to Capital Markets Rule 5.75.3

Period ended 30 June 2022

I confirm that to the best of my knowledge:

- a) the condensed consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2022, and the financial performance and cash flows for the period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34); and
- b) the Interim Directors' Report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.



Karl Dandler
Chief Financial Officer
27 July 2022