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# OUR STORY

The Shannon Airport Group owns and operates Shannon Airport and a large property portfolio. Our team are focused on the delivery of a vibrant economy for the people of our region. We do this by providing vital international air connectivity which supports tourism and business operators across our region, and by devising property solutions that attract FDI and indigenous companies to locate to our Shannon Campus.

We are proud of our role as a key economic driver and are on a continuous journey to maximise the potential of our airport and our surrounding lands and property, while embedding sustainability across the business.

Innovation is in our DNA and is the foundation of our business strategy. We are excited by the important partnerships we are forging to help further innovation.

Building a region full of opportunities in which to live, work, learn and visit is important to us, and we believe everything we do should have a positive and sustainable impact.

## OUR VISION

*“Our vision is to reach further to build a thriving, connected place.”*

## OUR MISSION

*“Our mission is to build sustainable livelihoods and a vibrant economy for our people and the region. We do this by shaping opportunities in aviation and property”*



# OUR VALUES

Putting our focus on our people, our partnerships, the pride in what we do and our ability to persevere, are all key to how we will succeed together.



PEOPLE

Supporting and empowering our people is vital to our success as a Group. Our expertise, character and passion are who we are, and how we strive to stand out from the rest.



PARTNERSHIP

Partnership is about working together for the greater good. It's what allows us to reach new heights and deliver new opportunities, that benefit our customers and colleagues.



PRIDE

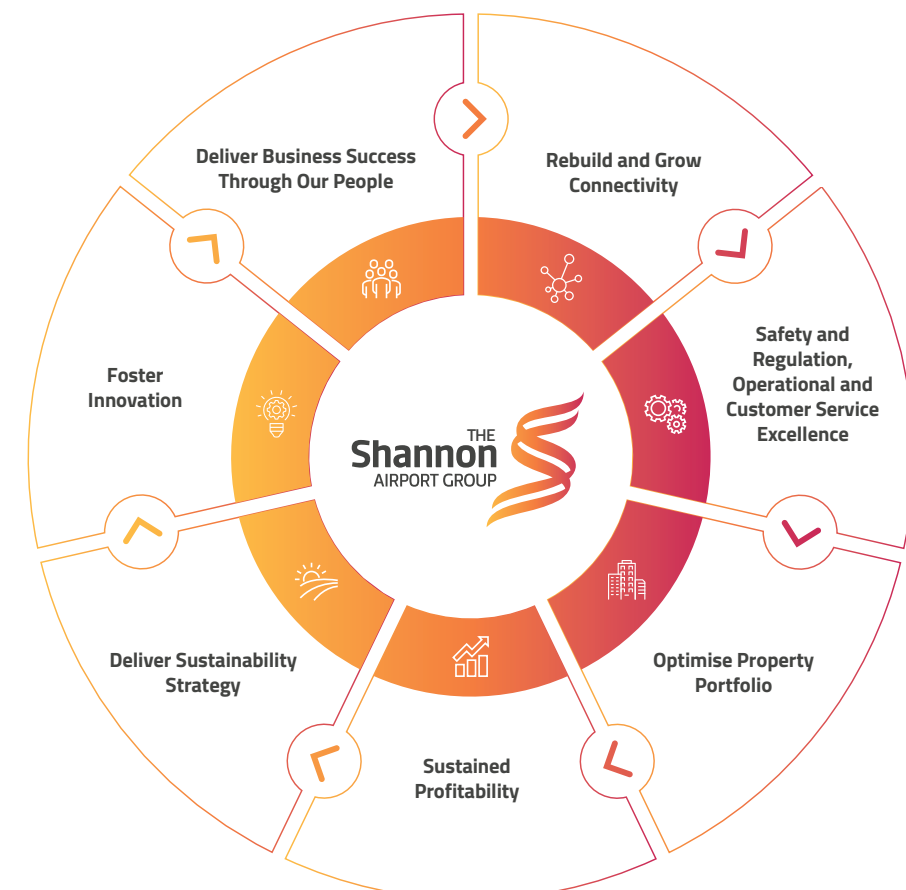
We are inspired by our past achievements and the communities that we have built together. As a Group, we show our pride through our interactions with customers, and developing a sustainable strategy that ensures our region thrives.



PERSEVERANCE

We move forward together, uniting as one Group. Our can-do attitude and focus on the future ensures we remain a key driving force in the success of our region.

# STRATEGIC PRIORITIES







## A FOREWORD FROM OUR CHAIR





# A FOREWORD FROM OUR CHAIR



**CONAL HENRY, Chair, The Shannon Airport Group**

## The Shannon Airport Group, a major economic asset

I was honoured last year to have been appointed Chair of the Board of The Shannon Airport Group. Since that time, I have had an opportunity to see first-hand the positive impact it has on the lives of the people it serves.

It is the heartbeat of economic prosperity, not only in the Mid-West but right across the entire Atlantic corridor, and the importance of the Group in supporting the regional and national economy should not be taken for granted.

Its aviation and property activities are the life blood of the region, and at its core is Shannon Airport, a key national strategic asset

providing essential air connectivity that supports businesses and the livelihoods of thousands of people.

As a primary catalyst for economic growth, we fully understand that our business performance stimulates economic benefits both regionally and nationally.

Throughout 2022, our team worked tremendously hard to rebuild global air connectivity at Shannon Airport following the devastation caused by the pandemic. This is an achievement not to be taken lightly, as these endeavours support jobs in the tourism and international trade sectors, and allows people to take to the skies once again for business, holidays or to reunite with family and friends. The Group continued to provide state-of-the-art property options in our Shannon Campus for overseas and indigenous companies.

Essential projects to futureproof the airport took place over the course of 2020 and 2021 and continued through 2022. The provision by Government of capital funding under the Regional Airports Programme has enabled us to undertake these

necessary infrastructural projects which are critical to the future success of the Airport.

If we have learnt anything from the pandemic, it is that we need strong regions to avoid an over concentration of industry and population in one part of the country. All parts of Ireland must thrive if we are to prosper. The economic over reliance on Dublin is damaging our regions and the country as a whole. Continuation of this trend unchecked will seriously inhibit the Government's ability to achieve the goals it set itself in the Ireland 2040 strategy, especially balanced economic development across the country.

The ability of our region to continue to rebuild and flourish is reliant on a strong and resilient airport and improved connectivity is central to unlocking the economic and social potential of the region.

The Shannon Airport Group has achieved much but I believe it can achieve even more, however, it will require Government investment in this national state asset. The

temporary inclusion of Shannon Airport in the Regional Airports Programme for 2023 was very important, but to achieve its full potential, the airport needs to be included permanently in this programme. Accessing this funding will ensure that Shannon Airport can continue to invest in safety and security projects, decarbonise its operations and ultimately continue to grow connectivity to deliver economic benefits for Ireland.

The review of National Aviation Policy, scheduled to take place in 2023, provides a unique opportunity to address the current imbalance that clearly exists in the aviation landscape and support further growth in connectivity into the regions. We look forward to fully engaging with Government at all stages of the review process.

The key role of The Shannon Airport Group in supporting economic activity and growth for Ireland must be recognised and supported. For our part, we are committed to investing in the long-term future of our business, to maximise the benefits we deliver to the communities in our catchment area, and the regions we serve.

I would like to take this opportunity to acknowledge the warm welcome

I received on joining the Board and to thank its members for their support over the year. On behalf of the Board, I would like to thank The Shannon Airport Group CEO, Mary Considine, her management team and all our employees for their hard work and dedication.

I look forward to working together to ensure the Group continues to deliver successfully in the years ahead.

**Conal Henry,  
Chair,  
The Shannon Airport Group**







## CHIEF EXECUTIVE OFFICER'S REVIEW





# CHIEF EXECUTIVE OFFICER'S REVIEW



MARY CONSIDINE, Chief Executive Officer

## ACCELERATED RECOVERY IN 2022

I am pleased to report that The Shannon Airport Group accelerated its recovery in 2022 with passenger numbers at Shannon Airport exceeding our expectations and our property development activities remaining on track. Our business is dependent on many parties working together, and thanks to the efforts of our employees and the support of our customers and stakeholders, we enjoyed an improved performance last year.

We refreshed our brand during the year and are now called *The Shannon Airport Group*. Our updated brand is more closely aligned to our mandate and energises our journey as we embark on the next chapter to promote and facilitate air transport and aviation services in and around Shannon Airport, and optimise the return on our land and property.

On the tourism side, visitor numbers to our Shannon Heritage sites also experienced a strong recovery in 2022 as a result of the resumption of international travel, with day

visitor numbers back to over 80% of pre-pandemic levels. In April, we oversaw the seamless transfer of King John's Castle to Limerick City and County Council. I would like to thank the staff at King John's Castle for their tremendous work over the years and wish them every success.

Considerable work was undertaken with Clare County Council during 2022 on the transfer of the Shannon Heritage business to the local authority. We are pleased that, subject to the formal consent of the Minister, Clare County Council will be the next custodian of these nationally



important visitor sites. I would like to sincerely thank our Shannon Heritage staff for their dedication and loyalty to the business over the years, to wish them and the Council every success in the years ahead. We look forward to maintaining an important relationship with them into the future. We will do this by continuing to grow vital air services that bring international tourists to these visitor sites and Ireland.

## POSITIVE FINANCIAL PERFORMANCE

Our improved performance across our business is reflected in our 2022 financial results with an increase of over 76% in Group turnover from continuing operations to €60.7 million (2021: €34.5 million). Operating costs from continuing activities increased as a result of increased business activity. Cost of sales increased by 119% to €8.0 million, with total administrative costs increasing by 49% to €44.5 million. EBITDA for the Group increased to €16.5 million from €8.6 million in 2021. This positive operational performance is reflected

in the Group profit for the year from continuing operations of €18.9 million (before tax).

Consistent with 2021, the Group availed of the Government supports made available to businesses impacted by COVID. The airport also benefitted from a specific Government funding package to assist with rebuilding vital connectivity post COVID, in addition to its inclusion in the Regional Airports Programme (RAP) in 2022. The capital and operational support received under this programme allowed us to undertake critical safety and security projects. The work we did, supported by the RAP, demonstrates how important it is for Shannon to remain in the programme as we rebuild in the aftermath of COVID.

While we are looking ahead to a positive performance in 2023, the inevitable fluctuations in the global economy and macroeconomic challenges will continue to be a



factor as we continue our journey to full recovery. We remain confident that the Group is well placed for a full recovery of pre-pandemic passenger levels in 2023 and growth beyond this level over the following years.

## STRONG RECOVERY IN PASSENGER NUMBERS

Aviation continued to be impacted by the pandemic in early 2022, but by the second quarter, we returned to more normal operations and the preparatory work we put in place during the pandemic greatly assisted us in our recovery. The introduction of our new, faster, airport security screening facility, had a positive impact. Thanks to it we have seen an increase in people from all over the country using Shannon Airport, as they now realise how 'easy' it is.

The pent-up desire for international travel following the lifting of pandemic travel restrictions was reflected in an 88% recovery on 2019 passenger levels and a 300% increase on 2021, with over 1.51 million passengers welcomed through our airport during 2022.

Our UK and European services recovered strongly in 2022 with over 1.17 million passengers travelling through Shannon. After an absence of almost two years, our transatlantic services returned in March 2022 with almost 240,000 passengers on services to New York (JFK), Boston and Newark.

Prospects at Shannon look bright for 2023 and this year we are operating 35 routes to 11 countries. We are delighted to provide our customers with more destinations to choose from. In fact, we will have more routes this year than in 2019, with five new European destinations to Naples, Beziers, Newcastle, Porto and Liverpool, while our transatlantic services will be enhanced with the addition of a daily nonstop seasonal service to Chicago starting in May. By the end of 2023, we expect traffic volumes to have exceeded 2019 levels.







We continue to see the impact our investment programme is having on Irish and overseas companies. Improved connectivity, the delivery of our property investment strategy across the Shannon Campus and developments like Ryanair's €10 million investment in their maintenance facility at Shannon, have all copper-fastened our recovery.

### COMMITTED TO INVESTMENT

The Group operates a significant property portfolio, much of which is centred around the Shannon Campus. The Campus is home to one of Ireland's largest multi-sectoral business parks and houses businesses from a range of sectors including aviation, aerospace, pharmaceuticals, MedTech, Internet of Things (IoT) development, manufacturing, IT and logistics. Shannon also supports a growing aerospace and aviation ecosystem.

We continued to support the work of Future Mobility Campus Ireland (FMCI), completing the handover of a new building for their full-scale development centre and test-bed for mobility technologies (land and air) and enabled their delivery of Smart City infrastructure across the Shannon Campus.

In 2022, we invested over €21 million across our campus to improve our airport operation and provide property solutions for our business customers. Investment in the airport included commencement of our airbridge replacement programme and the upgrade and rehabilitation of our airfield.

Coming on stream this year we have over 100,000 sq ft of new commercial properties. A new 60,000 sq ft multi-use industrial unit ideal for warehousing, manufacturing or logistics, and which sits in the heart

of our Shannon Campus is close to completion. We will bring a further 40,000 sq ft manufacturing and office facility to the market later this year.

These exciting developments provide ready to go solutions for companies looking to locate and expand their operations in Ireland.



### EMBEDDING SUSTAINABILITY

Embedding sustainability was a key focus for the Group in 2022 and we were pleased to publish our new sustainability strategy. We are committed to embedding sustainability into our DNA, greening our operations, building a sustainable Shannon Campus and creating community impact. This strategy will enable the Group to play its part in delivering on the Government's climate action plan and we are focused on establishing the actions we will take to achieve our goals and how we will measure progress.

During the year we delivered a number of programmes, from employee wellbeing, diversity and inclusion training to energy saving, carbon reduction and recycling initiatives.

We are committed to ensuring our workforce feels valued. We want to reflect the diversity of the communities we work with and

support, and we are developing a culture that champions, attracts and retains diverse talent.

Our people are essential to unlocking the full potential of the Group. They provide energy, enthusiasm and ingenuity that drives our success. They are guided by purpose, not just in terms of financial goals, but in the context of our larger contributions to society. For many years, they have had a fundraising programme in place to support charitable endeavours and in 2022 undertook a variety of fundraising initiatives which raised €70,000 for Clare Cancer Support (Sláinte an Chláir) and Children's Health Foundation.

We are proud to have been designated an Age Friendly airport by the World Health Organisation (WHO), another world first for the airport. This latest achievement by our employees is just one of a number of ways we are living our brand promise to make the experience of passengers' travelling through our airport easy and inclusive for all.

Working collaboratively with our stakeholders, and providing support where we can, will continue to be a key focus for us, particularly in addressing the challenge to decarbonise. We are committed to creating a more sustainable future and last year we signed a Memorandum of Understanding (MoU) with the ESB to explore the development of a hydrogen refuelling station on our Shannon Campus.

The recent work of the Shannon Estuary Economic Taskforce (SEET), of which I am a member, has highlighted the significant opportunity for the Shannon Estuary to be the lead location for Atlantic

offshore wind. This abundant supply of green energy offers the potential to produce green hydrogen to develop Sustainable Aviation Fuel (SAF). As an island nation critically reliant upon air connectivity, producing SAF within the estuary creates an opportunity to decarbonise Ireland's aviation sector.

### ACKNOWLEDGEMENTS

I wish to thank our employees for the pivotal role they have played in our recovery. Their steadfast commitment has been so important as we exit what has been the most turbulent period in global aviation history. Without this determination and commitment, we would not be in the position we are today.

We welcomed the appointment of Conal Henry as our new Chair in March 2022. I would like to thank all our Board members for their collective and individual contributions to the Group over the year. Our special thanks to Board members Liam O'Shea, Mike Quinn, Linda Tynne and Kevin McCarthy who have completed their term. They demonstrated commitment and dedication during an extremely challenging period. I extend a warm welcome to our new employee representative Board members Audrey Costelloe and Alan Donohoe.

During the year we received valuable support from our Shareholder,

the Department of Transport and I would like to thank Ministers Ryan, Naughton and Chambers for their encouragement and assistance.

My thanks again to our many loyal customers and business partners for their continued use of Shannon, I am most appreciative.



### GUIDED BY PURPOSE

Even against the backdrop of COVID-19, our determination to rebuild a thriving connected place remained steadfast. Through it all, we have never lost sight of what we are about - connecting people and helping businesses to find the perfect place to establish, expand and grow.



With new routes coming online and a strong ramp-up in our investment strategy, we are confident of continued value creation for our stakeholders.

I look forward to working with our team members, and all our partners, during the year ahead.

**Mary Considine,**  
CEO,  
The Shannon Airport Group



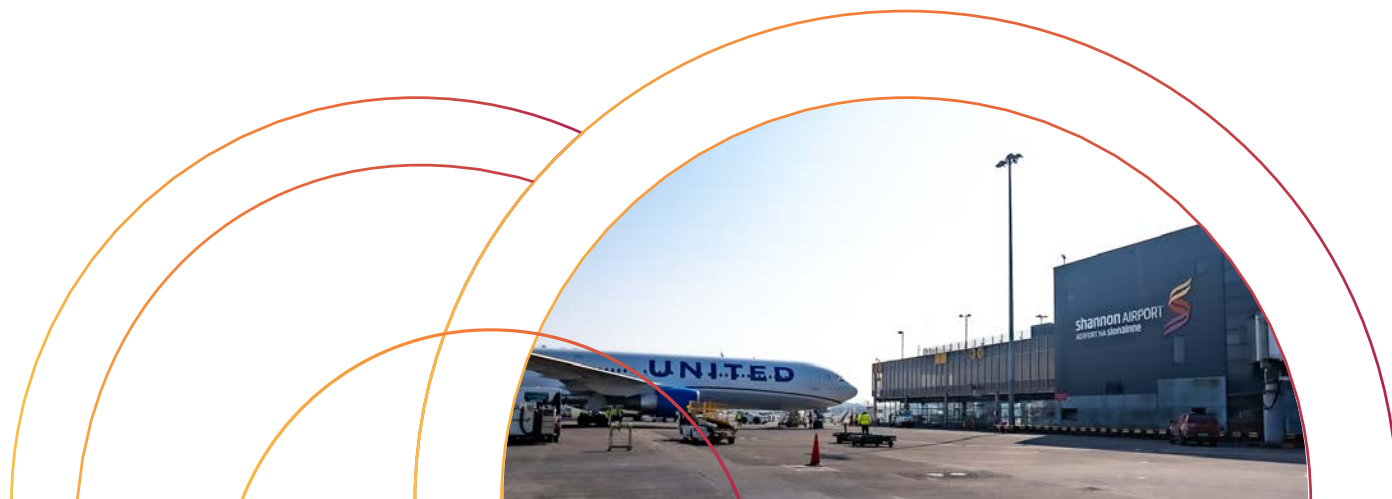


## BUILDING A THRIVING, CONNECTED PLACE





# BUILDING A THRIVING, CONNECTED PLACE



At The Shannon Airport Group our people are passionate about delivering an exceptional experience for our airport passengers and offering them even more choice of destinations. Equally, delivering property solutions to entice FDI and indigenous investment to our region is a key focus. All of which are helping to make our region a thriving connected place to live, work, learn and spend leisure time.

We are pleased that passenger numbers at our airport rebounded strongly in 2022, following the impact of the pandemic, while we continued our investment strategy at our Shannon Campus by investing €21 million.



In January, The Shannon Airport Group's property development plans got off to a promising start as the Group embarked on its first major construction project of 2022 at the Shannon Campus. The €4 million project involved the refurbishment of two existing buildings (Bays 135 and 137) next to the new MeiraGTx facility.

One hundred jobs were created during the construction and fit-out phase of the project, which consisted of combined square footage of 33,000 sq.ft.

Pictured (l-r) Mary Considine, CEO of The Shannon Airport Group, David McInerney, Director at Jada Projects Limited, and Gerry Dillon, The Shannon Airport Group Property Director.



After almost two years, transatlantic flights resumed at Shannon Airport in March, restoring crucial connectivity to the region, and boosting the region's economy. Aer Lingus resumed their daily services to Boston and New York/JFK from Shannon, while United resumed their daily seasonal service to Newark (New York). The 10th of March marked the first transatlantic flight between the Midwest and the USA since March 21st 2020, due to the pandemic.

Pictured (l-r) are Donal Moriarty, Chief Corporate Affairs Officer at Aer Lingus, Minister Hildegarde Naughton, our CEO Mary Considine and Aer Lingus crew members.



Holiday options from Shannon Airport received a boost with a bumper summer season at the airport which saw flights to 27 destinations with 108 weekly departures. On the 27th of March, the first ever scheduled Ryanair service to Malta from Shannon Airport took flight, following the inaugural flight of Ryanair's newly launched Barcelona Girona service from Shannon. While in May the airline's new service to Marseille in the South of France also commenced.

Pictured (l-r) Girona (Italy), Marseille (France).



In April, the sod was turned on an €8 million development on the Shannon Campus for a multi-use industrial space spanning over 60,000 sq. ft. The new building, which generated 100 jobs during its construction phase, was designed for both FDI and Irish enterprises seeking high-end multi-functional space, and suitable for manufacturing, industrial and R&D use.

Pictured (l-r) are Group Property Director, Gerry Dillon, our Chief Operations Officer, Ray O'Driscoll, our CEO, Mary Considine, MD Nautic, Jason Quirke, Quantity Surveyor Nautic, Cathal Gleeson, Contracts Manager Nautic, Pious Collins, and Site Manager, Diarmuid Griffin.



Shannon Airport welcomed a larger number of passengers during the Easter period 2022 than in the previous three years. Over 50,000 passengers came through its doors. For many, it was the opportunity to enjoy an overseas break since the easing of travel restrictions.

Pictured (l-r) at Shannon Airport with the Easter Bunny are Airport Search Unit Security Officer, Katie Duggan Hastings; Safety Compliance & Environment Manager, Paul Hennessy; and Marketing Assistant, Amanda Gavin.







In May, we secured Ryanair as the new tenant for our 5,220 m<sup>2</sup> hangar known as Hangar 5, with the airline investing €10 million in the state-of-the-art three-bay facility. The new facility, which created 200 jobs within the region, supports the maintenance of Ryanair's fleet as it grows to 600 aircraft by 2026. The resulting jobs and investment are consistent with our strategic plan to increase economic growth and retain skills and talent in the region.

Pictured (l-r) is our CEO, Mary Considine, Neal McMahon, Ryanair Director of Operations and our Chief Operations Officer, Ray O'Driscoll.



The first of three new airbridges was installed at Shannon Airport as part of a €1.8 million investment in July. The installation of three 60 tonne airbridges forms phase one of the airbridge plan, which will see the airport's six airbridges replaced by 2025.

The installation at the airport took over two days, using multiple cranes to fit it to the terminal building. The airbridge can accommodate over 22 types of large aircraft.



In November, we broke ground on a €6 million commercial property development of a 40,000 sq ft. research and development technology facility on the Shannon Campus. The high-spec development is designed to suit manufacturing, industrial and R&D needs for FDI or Irish enterprises, and generated up to 70 jobs during the construction phase.

Pictured (l-r) Rob Power, Project Manager The Shannon Airport Group, Grainne McInerney, Head of Engineering, The Shannon Airport Group, John O'Connell, OCC Construction, Ray O'Driscoll, Chief Operating Officer The Shannon Airport Group, Mary Considine, CEO The Shannon Airport Group, Garret Nestor, OCC Construction Manager, John Obande, Site Manager OCC Construction, Gerry Dillon, The Shannon Airport Group Property Director.



In September, we celebrated the official opening of the MeiraGTx Shannon facility. The new leading-edge facility was developed by The Shannon Airport Group and stretches over 150,000 sq ft. It is the first commercial-scale gene therapy manufacturing site in Ireland.

Pictured (l-r) is Head of Engineering at The Shannon Airport Group, Grainne McInerney, Stephen Price, Director of Pod 7 Consulting, Group Property Director at The Shannon Airport Group, Gerry Dillon, David McClelland from A&L Goodbody (Projects and Construction Solicitor), and Company Secretary and Head of Legal of The Shannon Airport Group, Rachael Leahy.



In October, Ryanair announced two new routes and a third based aircraft, creating an additional 30 direct jobs at the Airport. Exciting new destinations were announced for Béziers in the South of France and Newcastle in the UK – both operating from Shannon in summer 2023. The announcement came as Shannon celebrated 35 years of the airline's service which has carried over 18 million passengers at the airport.

Pictured (l-r) are Ryanair crew members Adrian Kozickil and Arianna Niccoli, Mary Considine, CEO of The Shannon Airport Group, Jason McGuinness, Ryanair Director of Commercial, Declan Power, Head of Aviation Development at Shannon Airport, Ray Kelliher, Ryanair's Director of Route Development and Dan Irvine, Aviation Development Manager at Shannon Airport.



Also in October, United Airlines announced a new daily nonstop seasonal service to Chicago from Shannon for summer '23. United previously operated a Shannon/Chicago service from 2013 to 2017. The 2023 service expands to a seven-day-a-week service, bringing a welcome uplift for the regional economy.







# THE SHANNON AIRPORT GROUP MANAGEMENT TEAM



Mary Considine  
Chief Executive Officer



Paul MacNamara  
Chief Financial Officer



Ray O'Driscoll  
Chief Operating Officer



Rachael Leahy  
Company Secretary and Head of Legal



Niall Kearns  
Airport Director



Gerry Dillon  
Group Property Director



Chris O'Donovan  
HR Director



# THE SHANNON AIRPORT GROUP 2022 FINANCIAL OVERVIEW

	2022 €'000	2021 €'000
Revenue from continuing operations	60,681	34,484
Group Operating Profit^	21,899	27,895
Investment properties revaluation losses / (gains)	(4,920)	(9,927)
Other income/expense (gains/losses on disposal of assets)	24	(10,451)
Grant funding	(7,599)	(6,185)
Adjusted operating profit	9,404	1,332
Depreciation and amortisation	7,111	7,239
Group EBITDA	16,515	8,571

^Group operating profit reflects profit from continuing operations (as reported) and discontinued operations (Page 82)







## THE SHANNON AIRPORT GROUP BOARD OF DIRECTORS



### CONAL HENRY, CHAIR

Conal Henry was appointed as Chair in March 2022. Conal is the founder and Chair of Fibrus. Before co-founding Fibrus, Conal was CEO of Enet taking it from start up to its £200m acquisition by the Irish Infrastructure Fund in 2017. As CEO of Enet, Conal also led what is now known as NBI to become the winning bidder for the €2bn Irish National Broadband Plan. Prior to Enet, Conal was Commercial Director at Ryanair having previously been Head of Finance for Non-Food and George Clothing at Asda in the UK.

Conal graduated in Law from QUB in 1991 and is a Chartered Management Accountant.



### MARY CONSIDINE, CHIEF EXECUTIVE OFFICER

Mary is the Chief Executive Officer of The Shannon Airport Group. Mary has extensive experience in the areas of aviation and commercial within the Company. She was formerly Deputy CEO and CFO/Company Secretary and in her previous role as Airport Director she led the successful separation of Shannon Airport from daa leading to Shannon Airport becoming independent in 2012 and to the formation of the Group in 2014.

Mary is President of the Ibec Midwest Regional Committee and sits on IBEC's national council. Mary is a member of the Governing Authority of Mary Immaculate College and a former director and past President of Shannon Chamber of Commerce.

Mary is a qualified accountant.



### AUDREY COSTELLOE

Audrey Costelloe was appointed to the Board in January 2023 as an Employee Representative.

Audrey has worked in Shannon Airport for 37 years and currently works in the retail department. She is also a trustee of the company pension scheme and was a member of the team that established the Duty Free in Moscow.



### ALAN DONOHOE

Alan Donohoe was appointed to the Board in January 2023 as an Employee Representative.

Alan has over 26 years' experience in the Airport Police and Fire service, joining Dublin Airport in 1996 and moving to Shannon Airport in 2004 where he now holds the position of Sergeant/Station Officer.



### TOM KELLY

Tom Kelly was appointed to the Board in 2017. He chairs the Audit and Risk Committee.

Tom has a substantial aircraft leasing and financial services background. He was the Chief Executive Officer of AerCap Ireland from 2010 to 2021, having previously served as its Chief Financial Officer.

Previously, Tom spent ten years with GECAS in roles as Chief Financial Officer and Director of GECAS Limited, GECAS's Irish operation. He also served as global controller for GECAS in his role as Senior Vice President & Controller. Prior to joining GECAS, he spent over eight years with KPMG in London, where his last role was Senior Manager in their financial services practice.

Tom is a Chartered Accountant and holds a Bachelor of Commerce degree from University College Dublin.



### AMBROSE LOUGHLIN

Ambrose Loughlin was appointed to the Board in May 2019. Ambrose was a partner for 22 years with McCann FitzGerald, one of Ireland's leading law firms where in addition to client advisory work on financial services, he served in several senior management roles involving finance and risk.

He is a Board member of the National Museum of Ireland since 2016 and chairs its Audit and Risk Committee. He is a member of the Finance HR and Asset Management Committee of the University of Limerick. From 2013 to 2019, he chaired the Audit Committee of the Department of Finance. He has particular expertise in the areas of risk management and corporate governance.



### STEPHEN RAE

Stephen Rae was appointed to the Board in May 2019. Stephen is the founder of KOBN Cybersecurity, Climate and Compliance Advisory. He is chair of AML Intelligence, the global Anti-Financial Crime and Compliance publication. He is a co-founder of Callaway Climate Insights, the climate and ESG business intelligence site. Stephen serves on the Supervisory Board of the World Association of News Publishers, WAN-IFRA. He has served as a member of the European Commission's High-Level Expert Group on Online Disinformation and on the Board of the World

Editors Forum.

He was the first Group Editor-in-Chief at Independent News & Media, Ireland's largest media group, where he oversaw the group's online operations and four national newspapers. Previously, he was the editor of two national newspapers and Independent.ie. Stephen is a qualified barrister and holds the Award in Business & Leadership from the Directors Course at Cranfield University.





## OUR JOURNEY TO A SUSTAINABLE FUTURE





# OUR JOURNEY TO A SUSTAINABLE FUTURE



Throughout the year, The Shannon Airport Group has continued to demonstrate our commitment to sustainability. In September we launched our Sustainability Strategy “Reaching Further for Good”, which sets out our vision, goals, and actions for the 2022-2024 period under four pillars. The pillars are the foundation that will help us achieve our vision to embed sustainability into the heart of our people, our business and the community. This plan will ensure we achieve our targets to reduce carbon emissions by 51% by 2030 and achieve Net Zero by 2050.



## THE FOUR PILLARS ARE:

-  EMBEDDING SUSTAINABILITY INTO OUR DNA
-  GREENING OUR OPERATIONS
-  BUILDING A SUSTAINABLE SHANNON CAMPUS
-  CREATING COMMUNITY IMPACT
-  EMBEDDING SUSTAINABILITY INTO OUR DNA

Our people are the most valued asset to the Group, and we understand that they are key to our success. This year we delivered a number of staff initiatives including recruitment campaigns, programmes to support employee’s development, promote health, wellbeing, energy efficiency and climate action.

We delivered a program of monthly staff webinars with guest speakers covering various topics such as general health, environmental sustainability, mental health and financial wellbeing.

We also offered climate change awareness training by an external provider to all our staff.

Part of embedding sustainability across the company included the Group’s sign-up to the **Reduce Your Use** campaign which aims to promote energy-saving initiatives and behavioural changes across the organisation, supported by the Government of Ireland, SEAI and OPW.

We were also delighted to deliver nine sessions to over seventy staff members on Environmental Awareness in conjunction with our waste contractor – Panda. The training covered meaningful topics such as: Why recycling is better for the environment and the economy, the recycling journey, how can we do our bit to help the environment, and recycling and recovery facilities explained.

## GREENING OUR OPERATIONS

We know how important it is to reduce the impact our business has on the environment, and we are committed to reaching Net Zero by 2050 at the latest.



In February, Shannon Airport was a signatory to the ACI (Airport Council International) Net Zero 2050 pledge, joining 200 other airports in signing the ground-breaking Toulouse Declaration which reinforces our commitment to a net zero future.

In April, Shannon Airport received globally recognised accreditation for our efforts in tackling carbon emissions through certification by the ACI for level 1 of the Europe’s Airport Carbon Accreditation programme.

As part of our commitment to meet our 51% emission reduction and 50% energy efficiency targets for 2030 and Net Zero by 2050, we signed up to the SEAI EXEED (Excellence in

Energy Efficient Design) certification program. The programme is aimed at helping us to achieve optimum energy performance by applying a standardised approach to project design and implementation for new or upgraded buildings and processes.

We undertook a detailed study and energy audit of all airport buildings. This has informed a decarbonisation plan for our airport operations and will involve a multi-annual programme of work to upgrade our buildings.

For our decarbonisation plan, we have commenced a transition programme to electrify our fleet of airport police, operation and medical response vehicles. We are committed to transitioning 50% of our eligible fleet to EV by 2024.

As part of our Waste Management Programme for 2022, we rolled out new segregated waste stations across the company to encourage staff, tenants and customers to reduce their waste and recycle more. In addition to general and recycling

initiatives, food and liquid waste collection was introduced in public areas of the airport. As part of our waste management programme to reduce single use plastics, we also installed water refill stations across all public areas of the airport.

During 2022, we recycled over 30 tonnes of recyclable materials, including approximately 8.5 tonnes of cardboard and packaging waste, and 2.1 tonnes of waste electrical and electronic equipment (WEEE).

The waste recycling rate for the Group in 2022 was 23% and we are committed to achieving our target of 40% by 2024.







#### BUILDING A SUSTAINABLE SHANNON CAMPUS

Throughout 2022, we continued the sustainable transformation of our commercial properties across the campus, building high quality energy efficient property solutions for our clients.



Earlier in the year, we started to roll out our programme for Electric Vehicle (EV) charging infrastructure across the campus in a bid to help reduce carbon emissions. Work was completed on a substation to supply a charging hub as part of a wider programme, providing several ultra-fast charging points for the public across the Shannon Campus.

Being able to provide fast and convenient EV charging adds a value service for our customers and staff, as well as meeting our commitments to facilitate more sustainable mobility across the Shannon Campus and beyond. To support this, we sponsored the CoMotion E-bike scheme across Shannon, which saw a total 50 e-bikes, also supported by local businesses, deployed in July of 2022.

One of our priorities under the **Building a Sustainable Shannon Campus** pillar is to invest in smart and innovative infrastructure. In November, we announced our partnership with the ESB to explore the development of a hydrogen test-bed in Shannon. It is intended that this project will demonstrate the use of hydrogen in heavy goods transport, industry and aviation and be an enabler for the development of a hydrogen ecosystem in the Shannon Estuary region.

In 2022, we also continued our work with Future Mobility Campus Ireland (FMCI), based on our

campus. Coordinated by FMCI and funded by the EU, The Shannon Airport Group has partnered with a Pan-European consortium called 'ÉALÚ-AER', to develop a 'Digital Sky Demonstrator', for aerial Unmanned Traffic Management (UTM) systems based on the Shannon Campus.

In addition, the Group is also working with FMCI on an Enterprise Ireland funded study to investigate the feasibility of developing a vertiport in Shannon.



#### CREATING COMMUNITY IMPACT

Enhancing the lives of the community is a cornerstone of our sustainability strategy. This year we were proud to have been accredited as an Age Friendly Airport by the WHO. We did this by improving facilities for older people and becoming as inclusive as possible. We know that achieving Age Friendly Airport status not only benefits our older passengers, but all our customers and staff, while facilitating the promotion of Ireland as an 'Age Friendly' country.



Preserving and enhancing the natural environment is vital to creating a better future for our planet.

In May, we officially opened our Biodiversity Garden to the public. The garden, which was designed by ten-year-old Molly McPhillips following a competition aimed at primary schools in the area, features a wildflower meadow and wildflower lawn with native Irish wildflowers, providing a source of food for pollinators. The garden is home to bee and bug hotels, an earthen bank for hibernating bees, and a log pile to provide shelter for insects and promote fungi species integral to the garden's environment. We also developed a walking and running route in the Shannon Campus for employees and the public to enjoy.

This year, The Shannon Airport Group continued to support its staff designated charities – Clare Cancer Support and the Children's Health Foundation. The Group's Charity Committee held its first in-person events in over two and a half years along with a number of fundraising initiatives by staff throughout the year. A charity Christmas fashion show was held in the five-star Dromoland Castle and Golf Resort to

raise vital funds for the charities, while bake sales, and prize draws also helped our staff successfully raise €70,000.







## SHANNON WELCOMES







# SHANNON WELCOMES

Shannon Airport has a long history of greeting visitors. Over the years, world leaders, movie stars and celebrities have all received our warm Shannon welcome. In 2022, as we returned to more in-person meetings following the pandemic, we were delighted to extend our hospitality to a range of visitors from across the globe.



In February, The Shannon Airport Group welcomed the new US Ambassador to Ireland in what was her inaugural visit to Shannon Airport since presenting her credentials to President Michael D Higgins earlier that month. Ambassador Claire Cronin received a special tour of the airport, including the airport's aviation gallery, wall of fame and the famous faces which adorn it. Ambassador Cronin also received a tour of Shannon Duty Free, the world's first duty free and was given a demonstration of the new airport security screening system.



Also in February, the French Ambassador to Ireland, H.E. Vincent Guérend received our renowned welcome as he met with Mary Considine our CEO and Ray O'Driscoll, our Chief Operations Officer. Ambassador Guérend was accompanied on his visit to Shannon Airport by Dr Loïc Guyon, honorary consul for France in Ireland's Midwest region.



In May, it was lift-off for five Irish secondary school students from St Flannan's College, Ennis, Co. Clare, who were given the VIP treatment by The Shannon Airport Group, who sponsored their flight to Washington DC. The group won the NASA Ames Space Settlement Contest to design an inhabitable settlement in space. "Mag Mell" was designed by 5th year physics students, Naem Haq, Adam Downes, Cian Pyne, Jack O'Connor and Garabhan Monahan.



Patrick Collison, CEO of Stripe, was on location at the Shannon Campus in May, filming for the company's global Stripe Sessions. The session was broadcast live to thousands of employees and clients around the world and highlighted the Shannon region's innovative history. Commenting on Shannon's history, Mr Collison said Shannon is *"a story of the beneficial effects of globalisation and low barriers to trade."*



Throughout the years, Shannon Airport has welcomed many A-list celebrities, and 2022 was no different as Hollywood actor and comedian Bill Murray, travelled through the airport to take part in the JP McManus Pro-Am tournament in Adare Manor. The award-winning actor was greeted by one of Shannon Airport's Duty Managers, Carmel Donnellan, as he departed Shannon to fly home to the US.



Thirty private jets carrying some of the world's top golfers landed at Shannon in July, to participate in the prestigious, star-studded, JP McManus Pro-Am. Among the stars of the golfing world to touch down at Shannon were, Tiger Woods, Rory McIlroy, Jon Rahm, Jordan Spieth and Bryson DeChambeau. Members of the Shannon Airport Police Fire Service were on hand to meet the golfers, as they availed of the Shannon Airport corporate jet services.



The Shannon Airport Group welcomed a special guest to its airport aviation gallery in September to see an iconic new exhibit. Captain Dmytro Antonov, Chief Pilot for Antonov Airlines, who shares the same name as the famous Ukrainian aircraft company, spent time visiting the world's largest collection of diecast model planes after flying into Shannon on the Antonov AN 124. His reason was a poignant one – to view a rare scale model of the largest plane ever built - the Antonov AN-225, an aircraft that Dmytro himself captained for many years.



In September, the then US Speaker of the House of Representatives Nancy Pelosi, touched down at Shannon Airport for a meeting with US Ambassador Claire Cronin. House Speaker Pelosi and Ambassador Cronin were welcomed by The Shannon Airport Group team as they met in the airport's Presidential Suite for discussions.



In November, a networking event for Galway Chamber Business Awards finalists was hosted by The Shannon Airport Group. Over 20 shortlisted businesses from across tech, hospitality, entertainment, retail and healthcare industries attended the event at Shannon Airport, ahead of the Galway Chamber Business Awards, which are sponsored by The Shannon Airport Group.





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## DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of Shannon Group plc (trading as "The Shannon Airport Group") and subsidiaries ("the Group") for the year ended 31 December 2022.

### PRINCIPAL ACTIVITIES

Shannon Group plc ("the Company") was incorporated on 29 August 2014 and following the enactment of the State Airports (Shannon Group) Act 2014 ("Shannon Group Act") on 5 September 2014 the Group was formed.

Shannon Airport Authority DAC ("Shannon Airport") and Shannon Commercial Enterprises DAC ("Shannon Commercial Enterprises") are subsidiaries of the Company. Shannon Heritage DAC ("Shannon Heritage") is a subsidiary of Shannon Commercial Enterprises. SAA Pension Corporate Trustee DAC and Shannon Airport Authority Financial Services DAC are subsidiaries of Shannon Airport Authority DAC.

The Group's principal activities are the operation, management and development of Shannon Airport ("the Airport"), the management and development of the extensive commercial property portfolio held by Shannon Commercial Enterprises, including Shannon Free Zone, and the operation of Heritage and tourism sites managed by Shannon Heritage (now classified as held for sale).

Other than the classification of the operations of Shannon Heritage DAC as a disposal group held for sale, there has been no significant change in the principal activities of the Group during the year.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Shannon Group plc is a state company with a clear commercial mandate. The purpose of the Group is to promote and facilitate air transport and aviation services in and around Shannon Airport, and optimise the return on its land and property assets.

In addition to information directly included in this report, detailed commentaries on performance for the year ended 31 December 2022 including information on recent events, likely future developments facing the business and key performance indicators, required in accordance with the Companies Act 2014, are contained in the Chief Executive Officer's Review.

The Group has signed non-binding Heads of Terms with Clare County Council ("the Council") for the transfer of the entire Shannon Heritage business and all visitor attractions in County Clare to the Council. During 2021 Shannon Heritage ceased its management agreements for its various Dublin based visitor attractions. The operation of King John's Castle transferred to Limerick City and County Council on 4 April 2022. Having considered progress made in respect of this transfer during the year the business of Shannon Heritage has been classified as a disposal group held for sale as at 31 December 2022

### RESULTS FOR THE YEAR

The directors are satisfied with the performance of the Group for the year. The results of the Group for the year ended 31 December 2022 are set out in the Consolidated Statement of Profit or Loss on page 56 and in the related notes.

In monitoring the Group's performance, the directors and management have regard to a range of key performance indicators including the following:

Total assets  
Airport passenger numbers  
Shannon Heritage visitor numbers  
Turnover  
EBITDA (earnings before interest, tax, depreciation and amortisation)  
Profit/(loss) before tax  
Profit/(loss) after tax  
Net cash position  
Capital expenditure  
Proceeds from capital sales

The Group recorded a consolidated profit of €15.7 million (post-tax) (2021: €26 million), after recording a loss of €0.3 million on discontinued operations (Note 8). Consolidated turnover from all operations for the year was €73.3 million (2021: €40.5 million). Airport passenger numbers for the year were 1,518,000 (2021: 380,000) and Heritage sites welcomed over 383,000 visitors in the year (2021: 495,000).

Group EBITDA<sup>1</sup> for the year is €16.5 million (2021: €8.6 million). This result is considered satisfactory in the context of the Group's recovery from the Covid-19 pandemic.

The Group has cash reserves to meet its operating and recurring short-term capital expenditure needs, with net cash deposits of €57.4 million at the year end date (2021: €62.2 million). Total external bank loans were €26.9 million at the year end date (2021: €29.6 million) (Note 22). No external bank loans were drawn down in 2022.

Investment in capital expenditure projects is seen as key to ensuring the future sustainability of the Group. As reflected in the Consolidated Cash Flow Statement the Group had cash outflows of €21.6 million for capital projects across the Group in the year (2021: €15.9 million). In addition, the Group realised proceeds of €0.9 million on capital disposals in the year (2021: €20.5 million).

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal areas of risk and uncertainty which could materially and adversely affect the Group's future operating profits or financial position, along with the strategies to mitigate these, are outlined in the Risk and Governance report on page 41.

### DIRECTORS AND SECRETARY AND THEIR INTERESTS

The names of the persons who were directors during the year are set out on page 46. The directors and secretary who held office at 31 December 2022 had no interest in the shares of Shannon Group plc or its subsidiary companies either at the start of the year or their date of appointment, if later, nor at the end of the year.

### ACCOUNTING RECORDS

The directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing

<sup>1</sup>Group EBITDA is calculated as follows - €'000

	2022	2021
Operating profit before other income/(expenses)	9,404	1,017
Depreciation and amortisation of intangible assets	8,517	7,745
Amortisation of capital grants	(1,406)	(506)
Other operating income (Shannon Heritage government grants)	-	315
<b>EBITDA</b>	<b>16,515</b>	<b>8,571</b>

accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at Shannon Airport, Shannon, Co. Clare.

### AUDIT COMMITTEE

The Group has established an audit and risk committee. Details of this committee are disclosed in the Risk and Governance Report.

### RESEARCH AND DEVELOPMENT

The Group does not undertake research and development activities.

### GOING CONCERN

The directors believe that sufficient financial resources are available to enable the Group and Company to meet its obligations as they fall due, covering a period up to 31 March 2024. In forming their view the directors have reviewed the Group's projections, with particular reference to the Group's liquidity, operating cash flows, expected passenger volumes, government supports and existing bank facilities. For this reason, the Directors continue to adopt the going concern basis in preparing these financial statements.

### ADDITIONAL COMPLIANCE OBLIGATIONS

The Group complies with the Corporate Governance and other obligations imposed by the Ethics in Public Office Act 1995 and the Standards in Public Office Act 2001. The Group meets its obligations under other legislation including, but not limited to, the Disability Act 2005, the Regulation of Lobbying Act 2015 and the Safety, Health and Welfare at Work Act 2005.

The Group has implemented a Protected Disclosures Policy in accordance with the requirements of the Protected Disclosures Act 2014, as amended by the Protected Disclosures (Amendment) Act 2022. The mechanism whereby the Group's employees can raise concerns which cannot be appropriately addressed through normal channels or make disclosures in the public interest in accordance with the Protected Disclosures Act 2014, as amended by the Protected Disclosures (Amendment) Act 2022, is outlined within the Protected Disclosures Policy. All disclosures by employees may be raised to the employee's line manager or Human Resources in accordance with the procedures set out in the policy.

The Group is also committed to protecting the rights and privacy of individuals in accordance with the Data Protection Acts 1988 to 2018 and all associated legislation.







## DIRECTORS' REPORT (CONTINUED)

### HEALTH, SAFETY, SECURITY AND ENVIRONMENT

The well-being of the Group's employees is safeguarded through the strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act 2005 imposes certain requirements on employers and all relevant companies within the Group to take the necessary action to ensure compliance with this Act.

Health, safety, security and environmental issues are of paramount importance within the Group. The Group's operations are subject to an increasingly stringent range of environmental and health and safety laws, regulations and standards. A breach of any such law or regulation could result in the imposition of material sanctions on the Group and could have a material adverse effect on the Group's business.

### PROMPT PAYMENTS ACT

The Group's policy is to comply with the provisions of the Prompt Payment of Accounts Act 1997 as amended by the European Communities (Late Payments in Commercial Transactions) Regulations 2012. Standard terms of credit taken, unless otherwise specified in specific contractual arrangements, are 30 days. Appropriate internal financial controls are in place, including clearly defined roles and responsibilities and the regular review of payment practices. These procedures provide reasonable, but not absolute, assurance against material non-compliance with the regulations.

### POLITICAL CONTRIBUTIONS

The Group and Company did not make any political donations or incur any political expenditure during the year.

### RELEVANT AUDIT INFORMATION

The directors in office at the date of this report have each confirmed that:

- As far as each director is aware, there is no relevant audit information of which the Group's statutory auditors are unaware, and
- Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's statutory auditors are aware of that information.

### DIRECTORS' COMPLIANCE STATEMENT

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

- the Group compliance policy statement has been drawn up setting out the policies with regard to such compliance;
- appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, have been put in place; and
- a review has been conducted of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

### SUBSEQUENT EVENTS

There have been no significant events subsequent to the year-end affecting the Group.

### AUDITOR

During the year, the auditor, KPMG, Chartered Accountants, resigned from office in accordance with section 400 of the Companies Act 2014 and were replaced by Ernst & Young, Chartered Accountants.

On behalf of the Board

**Conal Henry**  
Director

23 March 2023

**Mary Considine**  
Director

## RISK AND GOVERNANCE REPORT

### RISK MANAGEMENT

The Board acknowledges its responsibility for risk management, including determining the nature and extent of the significant risks the Group is willing to accept in pursuit of its strategic and operational objectives. To address this, the Board has established a risk management system that provides for ongoing identification, assessment, implementation of mitigating actions and controls, and the monitoring and reporting of significant risks within the Group. The Board is committed to proactive management of risk and has processes in place designed to anticipate and address, to the extent possible, changes to the Group's business and risk environment. The risk management process ensures that the Group identifies critical risks to which it is exposed and ensures that appropriate risk mitigation measures are taken. The effectiveness of risk management is subject to review by the Audit and Risk Committee.

Management are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. Risk registers are utilised to ensure that risks are consistently identified, assessed, recorded and reported across all business functions. The process is overseen by the Audit and Risk Committee with regards to strategic, financial and compliance risks and overseen by the Health, Safety, Security and Environment Committee with regards to operational and compliance risks in the areas of health, safety, security and the environment.

The Group's risk management system is subject to ongoing review and improvement in order to remain effective in changing business environments.

### PRINCIPAL RISKS AND UNCERTAINTIES

As part of the risk identification process, the principal areas of risk and uncertainty which could materially and adversely affect the Group's operations or financial position have been identified. A summary of the principal risks and uncertainties along with the strategies being adopted to mitigate the risks are set out below. The risks and uncertainties are not listed in a particular order and the list is not intended to be an exhaustive analysis of all the risks and uncertainties that may arise in the ordinary course of business. These risks and uncertainties are assessed on a ongoing basis and management report

any significant changes in the business and external environment, which affect the significant risks and uncertainties identified, to the Audit and Risk Committee, the Health, Safety, Security and Environment Committee and the Board.

### Competition

The Group operates in a very competitive environment, particularly in the operation of an international airport.

### Strategic Priority

Rebuild and Grow Connectivity

### Impact

Investment in additional infrastructural capacity, innovation and pricing policy on the part of our competitors could have an adverse effect on the Group's ability to profitably recover market share.

### Mitigation

- Group management are cognisant of the competition posed by other airports, regions and countries on the performance of Shannon Airport.
- Management keep the value proposition offered by the Group under review and offer attractive incentive schemes to airlines to restore and grow connectivity.
- Focus remains on the Airport's cost base, to ensure that it is efficient, effective and adaptable to the demands of the business.
- Government's commitment to balanced regional development as set out in the National Planning Framework, the Group is working with its shareholder and various stakeholders to ensure the National Aviation Policy is aligned in this regard.
- Ongoing engagement with the Group's shareholder to ensure a permanent change in the eligibility criteria for the Regional Airport's Programme.







## RISK AND GOVERNANCE REPORT (CONTINUED)

### PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

#### Business performance

The Group's revenue is sensitive to competitive, economic and geopolitical conditions, including the ongoing conflict between Russia and Ukraine, in the markets and sectors in which it operates. A key factor affecting the Group's financial performance is the number of passengers and the number of aircraft movements at Shannon Airport and the Group's ability to maintain and grow its non-aeronautical income.

The Group is also exposed to cost increases arising from the nature of its operating cost base, including increases in energy costs, and exposed to additional costs in responding to regulatory changes.

#### Strategic Priority

Sustained Profitability

Optimise Property Portfolio

Safety and Regulation, Operational and Customer Service Excellence

#### Impact

Increased competition, reduced consumer demand and the impact of global economic/geopolitical events could negatively impact the overall level of revenue generated by the Group. In addition, cost inflation will lead to negative cash flow implications.

#### Mitigation

- The Group operates strong business and financial control systems (including capital appraisal) with regular reporting on financial performance, early signalling of material deviation from plan and accountability of business unit management to the Chief Executive Officer.
- The Group is focused on continuous improvement of processes to drive efficiency, improve flexibility and proactively manage its cost base.
- The Group is focused on taking pro-active management action and implementing sound commercial strategies to continue the recovery of its passenger footfall through Shannon Airport which will yield increased revenues, and to maintain and grow its non-passenger related revenues.
- The Group has processes in place to ensure it remains up to date with property market trends and is focused on maintaining and upgrading its

properties through a programme of investment to meet customer expectations.

- The Group continuously reviews its customer product offerings to ensure they remain relevant, engaging and value for money.

#### Economic

A significant change in the economic outlook leading to a sustained economic slowdown.

#### Strategic Priority

Sustained Profitability

Safety and Regulation, Operational and Customer Service Excellence

#### Impact

This could negatively impact the Group's business and financial performance.

#### Mitigation

- The Group operates strong business and financial control systems (including capital appraisal) with regular reporting on financial performance, early signalling of material deviation from plan and accountability of business unit management to the Chief Executive Officer.
- While a significant proportion of the Group's cost base is fixed, the Group is focused on continuous improvement in processes to drive efficiency, improve flexibility and proactively manage its cost base.
- The Group is working to diversify its non-passenger related revenue base.
- The Group takes immediate actions to mitigate the financial impact of material events on its business.

#### Investments and capacity

The management and operation of an airport and property portfolio are by their nature capital intensive.

#### Strategic Priority

Sustained Profitability

Optimise Property Portfolio

#### Impact

While recognising our obligation to stakeholders, there is a risk that investments made in respect of aeronautical and other regulated activities and upgrades and development of investment properties do not deliver the required rates of return or cash flows or may suffer impairment.

#### Mitigation

- The Group has determined its risk appetite for commercial investments and set financial tolerance levels accordingly.
- Decisions regarding investments in aeronautical and other regulated activities and upgrades of investment properties are based on evidence-based inputs and are subject to Board approval.
- A planned maintenance and rehabilitation programme is in place for key assets, including airfield pavement structure, commercial properties and other operationally critical assets.

#### Capital projects

The Group has plans to make further significant capital investment in line with its Strategic Plan.

#### Strategic Priority

Sustained Profitability

Optimise Property Portfolio

Safety and Regulation, Operational and Customer Service Excellence

#### Impact

There are risks associated with the delivery of significant capital projects including timing, cost (including construction price inflation), health and safety and failure to deliver desired objectives.

#### Mitigation

- Defined procedures are in place for capital investment programme management, project management and contract and supplier management.
- All capital projects are tightly monitored to ensure these are delivered within budget, in line with market demands and in compliance with all relevant regulations e.g. health and safety regulations.

#### Reliance on core customers

The prospect of future air traffic movements at Shannon Airport are dependent, to a significant extent, on the future strategies and financial strengths of core airline customers.

#### Strategic Priority

Rebuild and Grow Connectivity.

#### Impact

The loss of one or more of these customers, a significant deterioration in commercial terms or changes in the

strategic direction of such key customers such as restructuring of route networks, further consolidation of the airline industry or a change in ownership or control of significant airline customers could have a material impact on the Group's financial performance.

#### Mitigation

- The Group has developed strong relationships with major customers by focusing on customer service and cost competitiveness.
- The Group is focused on keeping abreast of developments in the airline industry and on the competitiveness of its offering and appropriateness of facilities for the needs of its current and prospective customers.
- Diversification of the Group's product offering, targeting new customers and development of new revenue streams are key strategic objectives for the Group to limit the reliance on core customers.

#### Liquidity and treasury

The Group is exposed to certain financial and treasury related risks, including fluctuating interest rates, credit risks and liquidity risks. Further information on financial and treasury related risks can be found in Note 24.

#### Strategic Priority

Sustained Profitability

Optimise Property Portfolio

#### Impact

Significant fluctuations in interest rates or counterparties failing or defaulting in the performance of their obligations could have a negative financial impact on the Group.

#### Mitigation

- The Group operates strong business and financial control systems with regular operational cash flow and cash balance position reporting, early signalling of material deviation from plan and carries out reviews to ensure liquidity is maintained in the short to longer term.
- A prudent approach is adopted in managing liquidity including funding of significant investment requirements.







## RISK AND GOVERNANCE REPORT (CONTINUED)

### PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

#### Funding

The Group has plans to make further significant capital investment that is of a strategic nature. The ability to continue to deliver this investment plan is contingent on funding from a number of sources, namely additional bank debt, disposal of non-core property, government support, recurring operating profits and cash resources held by the Group. There can be no certainty that each of these funding sources will be available to meet planned investment needs.

#### Strategic Priority

Sustained Profitability

Optimise Property Portfolio

Safety and Regulation, Operational and Customer Service Excellence

#### Impact

Failure to deliver the planned sources of funding would have a significant negative financial impact on the delivery of the Group's capital investment plans.

#### Mitigation

- The Group maintains effective relationships with financial institutions.
- The Group maintains a bank overdraft to fund its Airport working capital requirements and maintains minimum cash balances across the Group to ensure it can fund its operations and capital needs.
- The Group tracks and reports on key initiatives to generate funds e.g. disposal of property, debt raising plans and free cash flows.
- The Group operates strong business and financial control systems with regular operational cash flow and cash balance position reporting, early signalling of material deviation from plan and carries out reviews to ensure liquidity is maintained.
- The Group engages regularly with its funders in relation to its current funding obligations and any potential issues faced by the business on its repayment capacity and financial covenants.

#### Business continuity

The Group's operations are subject to operational risks and other unforeseen events such as weather events, fire, flooding, mechanical systems failure, technical failures, terrorism, geopolitical events, cyber-attacks and infectious diseases. Disruption to operations could also arise due to internal or third party industrial action.

#### Strategic Priority

Sustained Profitability

#### Impact

Disruptions to operational and commercial activities could result in a significant financial and/or reputational impact on the Group and give rise to potential legal liabilities for the Group.

#### Mitigation

- The Group seeks to eliminate the risk of discontinuity of services by having robust systems and business continuity plans. Where events result in significant disruption to services, the Group activates its business continuity plans in order to minimise the impact of the disruption.
- Insurance is also in place in relation to certain unforeseen events.
- Strong working relationships and protocol in place with various State bodies and agencies to deal with infectious diseases and public health threats to ensure appropriate safety protection measures are in place to meet the Group's business requirements.

#### Talent management risk

The Group is dependent upon the quality, ability and commitment of key management personnel in order to sustain, develop and grow the business in line with its key objectives.

#### Strategic Priority

Driving Business Success Through Our People

#### Impact

Growth targets may be at risk through failing to attract, recruit, retain and manage key personnel with appropriate experience and skills.

#### Mitigation

- The Group has put in place robust recruitment processes and effective human resource management policies and procedures together with strategic workforce planning to ensure appropriate resources are in place to meet the Group's business requirements.

#### Operational standards

The Group is obliged to meet various operational and quality standards including, but not limited to, those standards set by the Irish Aviation Authority and European Aviation Safety Agency as part of its aerodrome licensing requirements.

#### Strategic Priority

Safety and Regulation, Operational and Customer Service Excellence.

#### Impact

Failure to meet any of these standards could result in sanctions, up to and including the withdrawal of the Airport's operating licence or financial penalties being imposed on the Group.

#### Mitigation

- The Group has systems in place to monitor compliance with externally established quality standards. These systems include the capture of data, continuous monitoring and appropriate escalation processes.

#### Sustainability

The Group complies with the requirements of Ireland's Climate Action Plan and is committed to conducting its business with minimal environmental impact.

#### Strategic Priority

Deliver Sustainability Strategy  
Foster Innovation

#### Impact

A breach of these requirements or the impact of climate change could result in serious financial loss or reputational damage to the Group.

#### Mitigation

- The Group has invested in structures, processes and resources to meet and monitor compliance with environmental requirements, impact and targets.
- Projects ongoing to reduce the Group's carbon footprint.

- Sustainability strategy launched.
- The Group actively engages with various bodies and agencies of the State and other stakeholders to address environmental issues associated with conducting business in the aviation and property sectors.

#### Information technology systems

Effective and secure information technology systems are critical for the efficient management of the business and to support operational activities.

#### Strategic Priority

Safety and Regulation, Operational and Customer Service Excellence  
Sustained Profitability

#### Impact

A significant failure of the Group's information technology systems could result in significant disruption to operations, financial loss or reputational damage to the Group. The Group could also be negatively impacted by cyber-attacks, data breaches or similar incidents involving a significant disclosure, loss or theft of personal data.

#### Mitigation

- The Group operates a centralised information technology systems function with a group wide remit. The information technology function operates with a high level of resilience in systems and processes.
- Business continuity plans exist to manage the risk of any significant disruption from a failure of information technology systems.
- Appropriately qualified and trained professionals are employed by the Group to manage this function.
- A programme of continuous improvement and re-investment in information technology systems is in place.

#### Health, safety, security and environment

The Group's operations are subject to an increasingly stringent range of health, safety, security and environmental laws, regulations and standards.

#### Strategic Priority

Safety and Regulation, Operational and Customer Service Excellence  
Deliver Sustainability Strategy







## RISK AND GOVERNANCE REPORT (CONTINUED)

### PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

#### Health, safety, security and environment (Continued)

##### Impact

A breach of any such law or regulation could result in the imposition of material sanctions on the Group and have a material adverse effect on the Group's business.

##### Mitigation

- Staff training in the areas of health, safety, security and environment, as well as strong emphasis on monitoring compliance, form an integral part of the Group's mitigating strategies. These are designed to prevent a serious breach of statutory or other regulatory obligations.
- The Group continues to invest in safety and security installations, systems and resources to meet legal and regulatory requirements to achieve best industry standards across all its business units.
- The Group actively engages with various bodies and agencies of the State and other stakeholders to address health, safety, security and environmental issues of operating an international airport.

#### Governance and compliance

The Group is subject to a wide range of legislative and governance requirements, including, but not limited to, those set out in Irish company and European law.

##### Strategic Priority

Safety and Regulation, Operational and Customer Service Excellence

##### Impact

Any breach of these requirements could result in serious financial loss or reputational damage to the Group.

##### Mitigation

- The Group has structures and processes in place to monitor compliance with regulatory, legislative and governance requirements.
- The Group has a proactive, forward looking approach to monitoring changes in regulation and legislation and is actively involved with its shareholder, the Department of Transport on this matter.
- The Group also engages with other external organisations that provide advice and training on these matters to management.

### CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining high standards of Corporate Governance. The Group has put in place appropriate processes and procedures to ensure compliance with the Code of Practice for the Governance of State Bodies (2016), and as amended, (together the "Code") for the year ended 31 December 2022. The Code sets out the principles of Corporate Governance, which the boards of State bodies are required to observe. The Group complies with the Code of Practice in all material respects. The Group has put in place a Code of Business Conduct for directors, senior management and employees. The Group continuously reviews and updates its policies and procedures to ensure compliance with the Code and best practice in Corporate Governance.

#### THE BOARD OF DIRECTORS

The seven directors serving on the Board as of the date of approval of the financial statements are listed in the table below. Unless otherwise indicated below they served as directors for the entire year ended 31 December 2022.

##### Director

Conal Henry (Chairperson)  
Mary Considine (Chief Executive Officer)  
Audrey Costelloe  
Alan Donohue  
Tom Kelly  
Ambrose Loughlin  
Stephen Rae

##### Company Secretary

Rachael Leahy

Pádraig Ó Céidigh resigned as Chairperson of the Board on 23 March 2022 and Conal Henry was appointed as Chairperson of the Board on 30 March 2022.

The periods of office of Linda Tynne and Kevin McCarthy expired with effect from 30 November 2022. The period of office of Liam O'Shea expired with effect from 27 February 2023. The period of office of Mike Quinn expired with effect from 1 March 2023.

Audrey Costelloe and Alan Donohue were appointed to the Board on 11 January 2023.

The Board is responsible for the proper management and long-term success of the Group. The Board is also responsible for establishing the Group's culture, values and ethics. It takes all significant strategic decisions

and retains full and effective control while allowing management sufficient flexibility to run the business efficiently and effectively within appropriate Board approved delegated authority. The Board has put in place a corporate governance structure which provides for appropriate oversight at Board level and delegation to management.

The Board has reserved a formal schedule of matters for its decision and approval. These matters include amongst other matters the adoption of strategic and business plans, the approval of the annual financial statements and annual budget, safety, borrowings, acquisitions, disposals, capital expenditure and property transactions (above certain thresholds) and material contracts. Other matters reserved for the Board include oversight of the system of risk management and internal control, the delegation of authority and the appointment of the Chief Executive Officer.

The Chairperson leads the Board in the determination of its strategy and in the achievement of its objectives and is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairperson is responsible for displaying high standards of integrity and probity and is responsible for setting expectations regarding culture, values and behaviours and the tone of discussions at Board level. The Chairperson facilitates the effective contribution of directors, ensures that directors receive accurate, timely and clear information and manages the effective communication with the Minister for Transport (the "Minister").

The Board is provided with regular information, which includes key performance indicators for all aspects of the Group's businesses. Regular reports and papers are circulated to the directors in a timely manner, in preparation for Board and Board committee meetings. These papers are supplemented by information specifically requested by the directors from time to time. Regular management financial reports and information are provided to all directors, which enable them to scrutinise the Group and management's performance against agreed objectives.

The Board structure is prescribed by statute whereby the number of directors on the Board, and the manner in which such directors, including the Chairperson, are appointed (and removed) is set out in the State Airports (Shannon Group) Act 2014 (the "2014 Act"). This legislation provides that:

- The Board of the Group shall consist of not more than ten directors.
- The Minister for Transport, may, with the consent of the Minister for Public Expenditure and Reform following consultation with such trade union representatives as they believe appropriate, appoint two persons representing the employees of the Group and its subsidiaries, as directors of the Group.
- The directors of the Group (other than the Chief Executive Officer) shall be appointed by the Minister, with the consent of the Minister for Public Expenditure and Reform.
- The Chief Executive Officer shall, for the duration of their appointment, be ex officio a director of the Group.
- Each director of the Group shall hold office on such terms (other than the payment of remuneration and allowances for expenses) as the Minister determines at the time of their appointment. The Minister, when appointing a director of the Group, shall fix such director's period of office, which shall not exceed 5 years.
- A director of the Group (other than the Chief Executive Officer) shall not serve for more than a period of 10 years in total.

The Board is satisfied that its size and structure, as prescribed in legislation, is appropriate for the needs of the Group and achieves a balance of representation on the Board.

Directors have undergone a formal induction process and are provided with detailed briefing documents, governance, financial and operational information and have had an opportunity to be briefed by executives on the different aspects of the Group's business. Organised familiarisation tours of the Group's facilities including the Airport campus and the Group's commercial properties are provided. The ongoing development needs of directors are kept under review. The Board recognises the need to ensure that Board members are aware of their statutory and fiduciary responsibilities and that they are kept up to date and informed of industry, economic and Corporate Governance developments and changes in best practice. Training and development requirements are reviewed and agreed with the Chairperson.







## RISK AND GOVERNANCE REPORT (CONTINUED)

Board members have access to the Company Secretary who is responsible for ensuring the Board procedures are followed and that applicable rules and regulations are adhered to.

The Board seeks to continually improve its performance and effectiveness and conducts an evaluation of its performance on a regular basis. During 2022, the Board undertook a self-assessment evaluation of its own performance and that of its committees in line with the requirements of the Code. An external evaluation of the board has been undertaken in 2023.

The Board has formed the following committees:

- Audit and Risk Committee
- Remuneration Committee
- Health, Safety, Security and Environment Committee

### INDEPENDENCE OF DIRECTORS

The directors and secretary who held office at 31 December 2022 had no interest in the shares of Shannon Group plc or its subsidiary companies either at the start of the year or their date of appointment, if later, nor at the end of the year.

Certain members of the Board, as outlined further below, hold directorships or executive positions in organisations which are under the control of the Irish Government. Mary Considine is a member of the Governing Authority of Mary Immaculate College. Audrey Costelloe and Alan Donohue are employees of Shannon Airport. Ambrose Loughlin is a member of the Board of Directors of the National Museum of Ireland.

The Board is satisfied that its non-executive directors are independent of management, independent of character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, the Board member's judgement. Each Board member brings independent judgement. Non-executive Board members are required to declare any interests or relationships which could interfere with the exercise of their independent judgement.

The Board has put procedures in place to deal with potential conflicts of interest. In accordance with the provisions of the Code and the 2014 Act, all directors must disclose any interests and absent themselves from

Board discussions where they have a direct or indirect interest. In such circumstances Shannon Group plc and each of the directors at all times adheres to the highest standards of corporate governance and business conduct. Related party transactions requiring disclosure are included in Note 26 to the financial statements.

### GENDER BALANCE IN THE BOARD MEMBERSHIP

The Annex on Gender Balance, Diversity, and Inclusion which supplements the Code sets out measures designed to enhance diversity on the Board, the requirement to provide an account of the approach being adopted in relation to the promotion of diversity and inclusion, including with regard to gender balance, in the specific context of the organisation, and on the progress and achievements in this regard.

As at 31 December 2022, the Board had one female (14%) and six male members (86%), with three positions vacant. The Board therefore does not meet the Government target of a minimum of 40% representation of each gender in the membership of State Boards. The Board strives to maintain a balance of gender and diversity. The Board has requested that the Department of Transport, in drawing up the specification for Board appointments, should have due regard to diversity on the Board including gender to ensure an inclusive and diverse membership.

### COMPANY SECRETARY AND ACCESS TO PROFESSIONAL ADVICE

The Company Secretary is appointed by the Board.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. The Group's professional advisors are available for consultation by the Board as required. Individual directors may take independent professional advice, in line with Group procedures, at the Group's expense.

### MEETINGS

Regular meetings of the Board are held throughout the year. The Board met formally eight times during the year. In addition, scheduled committee meetings were held.

Attendance at scheduled Board meetings is set out below:

Director	Board meetings attended	Maximum number of meetings
Conal Henry	5	5
Mary Considine (Chief Executive Officer)	8	8
Tom Kelly	8	8
Ambrose Loughlin	8	8
Kevin McCarthy	7	7
Liam O'Shea	8	8
Mike Quinn	8	8
Stephen Rae	8	8
Linda Tynne	7	7
Pádraig Ó Céidigh (Former Chairperson)	2	2

### BOARD COMMITTEES

The Board has an effective committee structure to assist in the discharge of its responsibilities.

Details of the work of the Audit and Risk Committee, the Remuneration Committee, and the Health, Safety, Security and Environment Committee, including their current membership, are set out below.

### AUDIT AND RISK COMMITTEE

The Group is required under Section 167 of the Companies Act, 2014, to establish an Audit Committee. The Audit and Risk Committee has defined terms of reference under which authority is delegated to it by the Board. Tom Kelly serves as the Chairperson of the Audit and Risk Committee.

The Committee met four times during the year and attendance at the Committee meetings is set out in the table below:

Member	Committee meetings attended	Maximum number of meetings
Tom Kelly	4	4
Liam O'Shea	4	4
Ambrose Loughlin	4	4
Mike Quinn	1	1

The regular attendees at the Audit and Risk Committee meetings included the Chief Executive Officer, the Chief Operations Officer, the Chief Financial Officer, the outsourced Internal Auditor - Deloitte, senior

management from the Group's finance department, Ernst & Young, the independent statutory auditor ("EY") and KPMG, the former independent statutory auditor ("KPMG").

The main areas of responsibility of the Committee are as follows:

- reviewing the annual financial statements and submitting a recommendation to the Board, focusing particularly on changes in accounting policies and practices, major judgemental areas, significant adjusted or unadjusted audit differences, the going concern assumption, compliance with accounting standards, ensuring compliance with legal requirements and consistency of other information presented alongside the financial statements;
- considering and recommending the appointment, re-appointment and removal of the statutory auditor and the audit fee;
- developing and implementing a policy on the engagement or the award of contracts to the statutory auditor or affiliate for non-audit work, taking into account relevant best practice and ethical guidelines;
- monitoring and reviewing at least annually the performance, qualifications, expertise, resources and independence of the statutory auditor and assessing the effectiveness of the external audit process;
- reviewing the effectiveness of the Group's internal financial controls, internal controls and risk management systems;
- assisting the Board in fulfilling its responsibilities in ensuring the appropriateness and completeness of the system of internal control, reviewing the manner and framework in which management ensures and monitors the adequacy of the nature, extent and effectiveness of internal control systems, including accounting control systems and thereby maintaining an effective system of internal control;
- reviewing and making a recommendation on the Group's Statement on internal control and risk management systems prior to endorsement by the Board;
- overseeing and advising the Board on the current risk exposures of the Group and future risk strategy;
- reviewing the effectiveness of the Internal Audit function on an annual basis;







## RISK AND GOVERNANCE REPORT (CONTINUED)

### AUDIT AND RISK COMMITTEE (Continued)

- monitoring and reviewing the effectiveness of the Internal Audit programme, ensuring co-ordination between the internal and statutory auditors and ensuring that the Internal Audit function is adequately resourced, and that adequate attention is paid to value for money auditing; and
- reviewing the policy by which staff may, in confidence, raise concerns about possible business, financial or other improprieties and ensure that arrangements are in place to investigate such matters.

The Committee reviewed the annual financial statements before recommending their approval to the Board. The Committee considered, and discussed with the Chief Executive Officer, the Chief Operations Officer, the Chief Financial Officer, senior management from the finance department and the independent statutory auditors, the appropriateness of the significant accounting policies, estimates and judgements applied in preparing these financial statements, together with presentational and disclosure matters.

The Committee has an established risk management framework and considered the processes for identifying, reporting and managing both existing and emerging risks. The Committee received periodic management reports on the risk management framework applied, including management actions to address, mitigate and manage risks on a continuing basis. This complemented regular Board receipt of management reports on emerging risks and significant changes in the business and external environment which affect the risk registers.

The Committee reviewed, on behalf of the Board, the effectiveness of the Group's system of risk management and internal control. Monitoring covered all controls, including financial, operational and compliance controls and risk management processes..

The Committee reviewed a risk-based internal audit annual plan, including the resources required, and considered the alignment of internal audit focus with the areas of greatest risk facing the Group. During the year, the Committee considered reports from the Internal Auditor summarising the work planned and undertaken,

recommending improvements and describing actions taken by management. The Committee was appraised by the Internal Auditor of the findings of internal audit reviews. The Committee also considered management's progress in addressing the relevant issues, including the nature, extent and speed of response.

The Committee reviewed the remuneration and terms of engagement of EY, the independent statutory auditor. The Committee reviewed the external audit plan and the findings of EY from its audit of the annual financial statements. The Committee took appropriate steps to ensure that an objective and professional relationship was maintained with EY.

The Committee considered EY's independence and objectivity. This included considering a) the nature and extent of the services provided, and fees earned, for external audit and non-audit work carried out by EY and b) ensuring the provision of non-audit services to the Group do not present a conflict of interest.

Fees paid to EY for audit services, audit related services and other non-audit services are set out in Note 4 of the financial statements. There were no instances where EY was engaged to provide services which were adjudged to give rise to a conflict of interest.

The Committee also monitored EY's compliance with relevant regulatory, ethical and professional guidance on the rotation of partners, as well as assessing annually its qualifications, expertise, resources and the effectiveness of the audit process.

The Chairperson of the Committee reports periodically to the Board on significant issues considered by the Committee which are then considered by the Board.

### REMUNERATION COMMITTEE

The Remuneration Committee has defined terms of reference under which authority is delegated to it by the Board. Conal Henry was appointed to the Committee, following the expiration of Liam O' Shea's period of office as a director of the Board.

The Committee met once during the year and attendance at the Committee meetings is set out in the table below:

Member	Committee meetings attended	Maximum number of meetings
Tom Kelly	1	1
Liam O'Shea	1	1
Stephen Rae	1	1

The main responsibilities of the Remuneration Committee are to determine the remuneration of the Chief Executive Officer, the pay structures of senior management, to approve voluntary severance schemes and restructuring programmes and to review the on-going appropriateness and relevance of the Group's remuneration policies and pension schemes and any major structural changes to such policies or schemes.

Details of directors' fees and emoluments including those of the Chief Executive Officer are set out in Note 5 to the financial statements, in accordance with the requirements of the Code. Remuneration of key management is summarised in Note 26 (b) to the financial statements.

### HEALTH, SAFETY, SECURITY AND ENVIRONMENT COMMITTEE

The Health, Safety, Security and Environment Committee has defined terms of reference under which authority is delegated to it by the Board.

Ambrose Loughlin was appointed to the Committee on 8 November 2022. Kevin McCarthy's term as a member of the Committee ceased on the expiration of his period of office as a director of the Board. Mary Considine is a temporary member of the Committee pending the appointment of additional non-executive directors.

The Committee met four times during the year and attendance at the Committee meetings is set out in the table below:

Member	Committee meetings attended	Maximum number of meetings
Kevin McCarthy	3	4
Stephen Rae	4	4
Mary Considine	4	4
Ambrose Loughlin	1	1

The main responsibilities of the Committee during the year were the management of health, safety and environmental matters for the Group companies and the management of aerodrome safety and security matters at Shannon Airport.

The Committee reports to the Board on any significant compliance or other relevant issues, receives incident reports, reviews reports on airside safety, security, health, safety and environmental issues, monitors the processes in place for training and reviews related communications with the Group. It monitors and reviews the risk registers covering its remit.

### INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Group's system of internal control and for monitoring its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and provides only reasonable assurance, but not absolute assurance, against material misstatement or loss.

The Board has established an organisational structure with clear operating and reporting procedures, secured the services of appropriately qualified personnel, designed suitable lines of responsibility, put in place appropriate authorisation limits, made arrangements in respect of segregation of duties and delegated the necessary authority for decision making.

The Board has put in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. Management is responsible for the identification and evaluation of significant business risks and for the design and operation of suitable internal controls. The Board has appointed a Chief Risk Officer. The Audit and Risk Committee, the Health, Safety, Security and Environment Committee and the Board receive regular reports from the Chief Risk Officer and management on key risks and how they are managed.

The system of internal controls includes the following:

- Clearly defined organisational structure, with defined authority limits and reporting mechanisms to higher levels of management and to the Board;
- Comprehensive budgeting systems including an annual budget which is subject to approval by the Board. Re-forecasts are performed during the year to track expected results against Budget and presented to the Board;
- Comprehensive system of financial reporting including the reporting of cumulative monthly actual results against budget and latest re-forecasts, if applicable. These results are presented to the Board for consideration at each Board meeting. The Board questions significant changes or adverse variances and remedial action is taken where appropriate;







## RISK AND GOVERNANCE REPORT (CONTINUED)

### INTERNAL CONTROL AND RISK MANAGEMENT (Continued)

- Comprehensive set of policies and procedures relating to strategic, financial, operational and compliance controls, including capital expenditure;
- Code of ethics that requires senior management and employees to maintain the highest ethical standards in conducting business;
- Responsibility by management for internal control over their respective business functions; and
- The internal audit function conducts a systematic review of internal financial controls. A risk based internal audit programme is developed to determine reviews to be performed.

The Group maintains risk registers which have been reviewed by the Board and reviewed in detail by the Audit and Risk Committee and the Health, Safety, Security and Environment Committee, as appropriate. The risk registers identify, evaluate and address the mitigation of key risks facing the Group, covering strategic, financial, operational, and compliance risks.

The Chief Executive Officer and Chief Risk Officer report to the Board on significant changes in the business and its external environment and the impact of these changes on the Group's risk profile.

The Board has reviewed the effectiveness of the systems of internal control up to the date of the approval of the financial statements. A detailed review was performed by the Audit and Risk Committee, which reported its findings back to the Board. The key areas of strategic, financial, operational and compliance controls and risk management were reviewed. The process used to review the effectiveness of the system of internal control includes:

- Review and consideration of the programme of Internal Audit and consideration of its reports and findings;
- Review of the status of matters raised previously by Internal Audit;
- Review of the risk management activity including the risk registers; and
- Review of reports from the statutory auditors which contain details of any material internal financial control issues identified by them in their work as auditors.

The Chairperson of the Board reports to the Minister for Transport on compliance with the Code of Practice for the Governance of State Bodies in respect of the financial period under review.

The Board is satisfied that the Group's system of internal controls is suitably designed to provide reasonable assurance regarding the safeguarding of assets against unauthorised use or disposition and the maintenance of proper accounting and reliable financial information.

### REPORTING REQUIREMENTS

The following disclosures are provided for the year ended 31 December 2022, as required by the Code of Practice for the Governance of State Bodies (2016) and agreed with the Department of Transport.

Travel and subsistence costs charged to the profit and loss account for the year amounted to €0.13 million (national) and €0.10 million (international). Hospitality and staff wellbeing costs charged to the profit and loss account amounted to €0.12 million (employee) and €0.02 million (customer).

Professional services costs incurred and charged to the profit and loss account in 2022 amounted to €0.56 million, comprising legal costs of €0.16 million, tax and financial advisory costs of €0.10 million and other consultancy costs of €0.29 million. Payments totalling €0.03 million were made in settlement of legal matters in 2022, of which €0.02 million related to legal fees.

There were no termination payments arising under approved restructuring programmes and charged to the profit and loss account in 2022. Amounts relating to staff costs charged to the profit and loss account are set out in Note 5 to the financial statements.

Details of employee benefits for the Group's activities are displayed below<sup>2</sup>.

	Number of employees in band
€	2022
50,000 - 74,999	102
75,000 - 99,999	47
100,000 - 124,999	15
125,000 - 149,999	5
150,000 - 174,999	-
175,000 - 199,999	3
200,000 - 224,999	2

<sup>2</sup> Employee benefits comprise all regular earnings, salary, overtime, shift-related, performance-based earnings and other benefits such as medical insurance, but exclude employer pension contributions



### COMPLIANCE STATEMENT

The directors confirm that the Company has complied in all material respects with the Code of Practice for the Governance of State Bodies (2016) for the year ended 31 December 2022.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

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

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

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

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

The directors are also responsible for ensuring that the Corporate Governance disclosures included in the Directors' report and Risk and Governance report reflect the Group's compliance with the Code of Practice for the Governance of State Bodies (2016).

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

**Conal Henry**  
Director

23 March 2023

**Mary Considine**  
Director





## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHANNON GROUP PLC

### OPINION

We have audited the financial statements of Shannon Group plc ('the Company') and its subsidiaries ('the Group') for the year ended 31 December 2022, which comprise the Consolidated Statement of Profit or Loss, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Cash Flow Statement and notes to the financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ('IFRS') as adopted by the European Union.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the group as at 31 December 2022 and of its profit for the year then ended;
- the Company financial statements give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2022;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

### BASIS FOR OPINION

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

other ethical responsibilities in accordance with these requirements.

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

### CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Risk and Governance Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

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

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

### THE CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES (THE "CODE")

Under the Code we are required to report to you if the statement regarding the system of internal control required under the Code, as included in the directors' report does not reflect the Group's compliance with paragraph 1.9 (iv) of the Code or if it is not consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not.

### RESPECTIVE RESPONSIBILITIES

#### RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the directors' responsibilities statement set out on page 53, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, 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 Group and the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the parent Company or to cease operations, or has no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

This description forms part of our audit work.

### THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

**Cathal McDonagh**  
for and on behalf of  
Ernst & Young Chartered Accountants and Statutory Audit Firm  
Galway

Date: 27 March 2023







## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2022

	Note	Total 2022 €'000	Total 2021 (restated Note 8) €'000
<b>Revenue</b>	2	<b>60,681</b>	34,484
Cost of sales		<b>(7,975)</b>	(3,636)
<b>Gross profit</b>		<b>52,706</b>	30,848
Administrative expenses		<b>(44,526)</b>	(29,916)
		<b>8,180</b>	932
Other income	3	<b>12,086</b>	26,554
Other expense	3	<b>(37)</b>	-
<b>Operating profit</b>	4	<b>20,229</b>	27,486
Finance income	6	<b>38</b>	39
Finance expense	6	<b>(1,381)</b>	(1,371)
<b>Profit before tax from continuing operations</b>		<b>18,886</b>	26,154
Income tax expense	7	<b>(2,971)</b>	(575)
<b>Profit before tax from continuing operations</b>		<b>15,915</b>	25,579
<b>Discontinued operations</b>			
(Loss)/profit after tax from discontinued operations	8	<b>(253)</b>	394
<b>Profit for the year</b>		<b>15,662</b>	25,973

The notes on pages 64 to 111 form an integral part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Note	Total 2022 €'000	Total 2021 (restated Note 8) €'000
<b>Profit for the year</b>		<b>15,662</b>	25,973
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement gains on defined benefit pension liability	23	<b>600</b>	72
Related deferred tax charge	13	<b>(75)</b>	(9)
<b>Other comprehensive income, net of tax</b>		<b>525</b>	63
<b>Total comprehensive income attributable to equity holder</b>		<b>16,187</b>	26,036

The notes on pages 64 to 111 form an integral part of these consolidated financial statements.





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Note	2022 €'000	2021 €'000
<b>Assets</b>			
Intangible assets	9	217	483
Property, plant and equipment	10	55,026	59,284
Right of use assets	25	217	1,775
Investment properties	11	132,188	116,471
Finance lease receivable	12	247	259
Deferred tax assets	13	16	92
<b>Non-current assets</b>		<b>187,911</b>	<b>178,364</b>
Finance lease receivable	12	32	32
Inventories	14	1,472	1,904
Trade and other receivables	15	7,183	8,715
Cash and cash equivalents	17	56,939	62,161
<b>Current assets</b>		<b>65,626</b>	<b>72,812</b>
Assets held for sale	8	3,959	-
<b>Total current assets</b>		<b>69,585</b>	<b>72,812</b>
<b>Total assets</b>		<b>257,496</b>	<b>251,176</b>
<b>Equity</b>			
Share capital	18	38	38
Capital contribution reserve	18	112,275	112,275
Retained earnings		74,383	58,196
<b>Total equity</b>		<b>186,696</b>	<b>170,509</b>
<b>Liabilities</b>			
Loans and borrowings	22	24,476	29,279
Deferred income	20	13,474	12,458
Provisions	21	2,603	1,751
Deferred tax liability	13	835	46
Employee benefits	23	128	738
<b>Non-current liabilities</b>		<b>41,516</b>	<b>44,272</b>
Trade and other payables	19	21,518	29,566
Loans and borrowings	22	2,631	2,175
Deferred income	20	1,759	1,431
Provisions	21	1,876	1,880
Current tax liabilities		93	1,343
<b>Current liabilities</b>		<b>27,877</b>	<b>36,395</b>
Liabilities directly associated with the assets held for sale	8	1,407	-
<b>Total current liabilities</b>		<b>29,284</b>	<b>36,395</b>
<b>Total liabilities</b>		<b>70,800</b>	<b>80,667</b>
<b>Total equity and liabilities</b>		<b>257,496</b>	<b>251,176</b>

The notes on pages 64 to 111 form an integral part of these consolidated financial statements.

On behalf of the Board

Conal Henry  
Director

Mary Considine  
Director

23 March 2023



## COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Note	2022 €'000	2021 €'000
<b>Assets</b>			
Financial assets	16	78,618	78,618
Intangible assets	9	84	109
Property, plant and equipment	10	85	26
<b>Non-current assets</b>		<b>78,787</b>	<b>78,753</b>
Current tax assets		7	7
Trade and other receivables	15	1,202	748
Cash and cash equivalents	17	442	1,074
<b>Current assets</b>		<b>1,651</b>	<b>1,829</b>
<b>Total assets</b>		<b>80,438</b>	<b>80,582</b>
<b>Equity</b>			
Share capital	18	38	38
Capital contribution reserve	18	112,275	112,275
Retained earnings		(33,472)	(33,478)
<b>Total equity</b>		<b>78,841</b>	<b>78,835</b>
<b>Liabilities</b>			
Trade and other payables	19	1,356	1,367
Provisions	21	241	380
<b>Total current liabilities</b>		<b>1,597</b>	<b>1,747</b>
<b>Total equity and liabilities</b>		<b>80,438</b>	<b>80,582</b>

The company reported a profit for the financial year ended 31 December 2022 of €6,000 (2021: €672,000).

The notes on pages 64 to 111 form an integral part of these financial statements

On behalf of the Board

Conal Henry  
Director

Mary Considine  
Director

23 March 2023





## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Share capital €'000	Capital contribution reserve €'000	Retained earnings €'000	Total €'000
At 1 January 2021	38	112,275	32,160	144,473
Profit for the year	-	-	25,973	25,973
Other comprehensive income	-	-	63	63
<i>Total comprehensive income</i>	-	-	26,036	26,036
At 31 December 2021	38	112,275	58,196	170,509
<b>At 1 January 2022</b>	<b>38</b>	<b>112,275</b>	<b>58,196</b>	<b>170,509</b>
Profit for the year	-	-	15,662	15,662
Other comprehensive income	-	-	525	525
<i>Total comprehensive income</i>	-	-	16,187	16,187
<b>At 31 December 2022</b>	<b>38</b>	<b>112,275</b>	<b>74,383</b>	<b>186,696</b>

All amounts are attributable to the equity holder/owner of the Company.

The notes on pages 64 to 111 form an integral part of these consolidated financial statements.



## COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Share capital €'000	Capital contribution reserve €'000	Retained earnings €'000	Total €'000
At 1 January 2021	38	112,275	(34,150)	78,163
Profit for the year	-	-	672	672
Other comprehensive income	-	-	-	-
<i>Total comprehensive income</i>	-	-	672	672
At 31 December 2021	38	112,275	(33,478)	78,835
<b>At 1 January 2022</b>	<b>38</b>	<b>112,275</b>	<b>(33,478)</b>	<b>78,835</b>
Profit for the year	-	-	6	6
Other comprehensive income	-	-	-	-
<i>Total comprehensive income</i>	-	-	6	6
<b>At 31 December 2022</b>	<b>38</b>	<b>112,275</b>	<b>(33,472)</b>	<b>78,841</b>

All amounts are attributable to the equity holder/owner of the Company.

The notes on pages 64 to 111 form an integral part of these financial statements.





## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2022

	Note	2022 €'000	2021 €'000
<b>Cash flow from operating activities</b>			
Profit from continuing operations		15,915	25,579
(Loss)/profit from discontinued operations		(253)	394
Profit for the year	8	15,662	25,973
<i>Adjustments for:</i>			
Amortisation of capital grants	20	(1,406)	(506)
Amortisation of intangible assets	9	234	236
Depreciation of property, plant and equipment	10	8,000	7,197
Depreciation of right of use assets	25	283	312
Change in fair value of investment properties	11	(4,920)	(9,927)
Gain on disposal of investment properties	11	(67)	(10,439)
Loss on disposal/write-off of property, plant and equipment		91	479
Gain on lease modification		-	(9)
Impairment loss recognised on the remeasurement of assets held for sale	8	1,851	-
Finance income	6,8	(38)	(39)
Finance expense		1,453	1,393
Tax charge	7	2,971	568
		24,114	15,238
<i>Changes in:</i>			
- Trade and other receivables		613	(796)
- Inventories		(142)	118
- Trade and other payables		(6,800)	4,609
- Provisions		926	(414)
- Employee benefits		(21)	-
- Finance lease receivable	23	12	12
<b>Cash generated from operating activities</b>		18,702	18,767
Interest received and similar income		-	-
Interest paid		(1,304)	(811)
Taxation (paid)/refund received (net)		(3,431)	935
<b>Net cash from operating activities</b>		13,967	18,891
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and intangible assets		(8,368)	(13,329)
Purchases of investment properties		(13,211)	(2,578)
Capital grants received	20	4,988	11,618
Proceeds from sale of property, plant and equipment		2	3
Proceeds from sale of investment properties		858	20,451
<b>Net cash used in investing activities</b>		(15,731)	16,165
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings		(2,759)	(1,811)
Payment of lease liabilities	25	(279)	(276)
<b>Net cash from financing activities</b>		(3,038)	(2,087)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(4,802)	32,969
Cash and cash equivalents at the beginning of the year		62,161	29,192
<b>Cash and cash equivalents at the end of the year</b>	17	57,359	62,161



## COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2022

	Note	2022 €'000	2021 €'000
<b>Cash flow from operating activities</b>			
Profit for the year		6	672
<i>Adjustments for:</i>			
Amortisation of intangible assets	9	25	8
Depreciation of property, plant and equipment	10	19	13
		50	693
<i>Changes in:</i>			
- Trade and other receivables		(454)	(44)
- Trade and other payables		(11)	(86)
- Provisions		(139)	180
<b>Cash (used in)/generated from operating activities</b>		(554)	743
Taxation paid		-	(1)
<b>Net cash from operating activities</b>		(554)	742
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and intangible assets	10	(78)	-
<b>Net cash used in investing activities</b>		(78)	-
<b>Cash flows from financing activities</b>			
		-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>		(632)	742
Cash and cash equivalents at the beginning of the year		1,074	332
<b>Cash and cash equivalents at the end of the year</b>	17	442	1,074



## NOTES TO THE FINANCIAL STATEMENTS

### forming part of the financial statements

#### 1. ACCOUNTING POLICIES

##### 1.1 Reporting entity

Shannon Group plc (the “Company”) is a company domiciled in Ireland. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

Following the enactment of the State Airports (Shannon Group) Act 2014 (“Shannon Group Act”), Shannon Group plc was incorporated on 29 August 2014. The entire issued share capital of the Company is beneficially held by the Minister for Public Expenditure and Reform.

On 5 September 2014, ownership of all shares held directly by the Minister for Public Expenditure and Reform, in both Shannon Airport Authority plc and Shannon Commercial Enterprises Limited (formerly Shannon Free Airport Development Company Limited) transferred to Shannon Group plc (“Shannon Group”). The Shannon Group Act provided that no consideration was payable by Shannon Group in respect of the shares vested in Shannon Group.

The Group and Company financial statements were approved for issuance on 23 March 2023.

The following details the accounting policies which are applied consistently in dealing with items which are considered material in relation to the Group and Company financial statements and are consistently applied by all Group entities.

##### 1.2 Basis of preparation

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

The individual financial statements of the Company (“Company financial statements”) have been prepared in accordance with EU IFRS as applied in accordance with the Companies Acts 2014, which permits a company that publishes its Company and Group financial statements together to take advantage of the exemption in Section 304 of the Companies Act 2014 from presenting to its members its Company Statement of Profit or Loss and

related notes that form part of the approved Company financial statements.

The Group and Company financial statements, which are presented in Euro, the functional currency of the Company and each of its subsidiaries, have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- investment property is measured at fair value; and
- the defined benefit plan liability is recognised as the fair value of plan assets less the present value of the defined benefit plan obligations.

The methods used to measure fair values are discussed further within the relevant notes.

##### 1.3 Going Concern

The directors believe that sufficient financial resources are available to enable the Group and Company to meet its obligations as they fall due, covering a period up to 31 March 2024. In forming their view the directors have reviewed the Group’s projections, with particular reference to the Group’s liquidity, operating cash flows, expected passenger volumes, government supports and existing bank facilities. For this reason, the Directors continue to adopt the going concern basis in preparing these financial statements.

##### 1.4 Consolidation

The Group financial statements consolidate the financial statements of Shannon Group and all of its subsidiaries as detailed in Note 16. Therefore, these financial statements are the consolidated results of Shannon Group plc, Shannon Airport Authority DAC (“Shannon Airport”) and Shannon Commercial Enterprises DAC (“Shannon Commercial Enterprises”), together with the results of Shannon Commercial Enterprises DAC’s subsidiary company, Shannon Heritage DAC (“Shannon Heritage”), and Shannon Airport Authority DAC’s subsidiary companies, SAA Pension Corporate Trustee DAC and SAA Airport Authority Financial Services DAC, for the year ended 31 December 2022.

The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated Statement of Profit or Loss from the date of acquisition or up to the date of disposal. Control exists when the

Company has exposure or rights to variable return and the ability to affect these returns through its power over an investee.

Intra-group balances and income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements.

##### 1.5 Revenue

The Group operates a number of revenue streams and accordingly applies methods for revenue recognition, based on the principles set out in IFRS 15 – Revenue (“IFRS 15”).

The standard outlines the principles entities must apply to measure and recognise revenue with the core principle being that entities should recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to a customer.

The principles in IFRS 15 must be applied using the following five step model:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when or as the entity satisfies its performance obligations.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed, ‘point in time’ recognition, or ‘over time’ as control of the performance obligation is transferred to the customer.

The following revenue recognition criteria apply to the Group’s main income streams.

##### Aeronautical and related revenue

Aeronautical revenue is recognised net of rebates, on delivery of service to the customer and comprises:

- passenger charges which are recognised on their departure;
- runway movement charges (landing and take-off) levied according to aircraft’s maximum take-off weight, and related short-term aircraft parking charges based on combination of time parked and area of use, both recognised on departure;

- long term aircraft parking charges based on a combination of time parked and area of use, recognised when services are rendered;
- other charges which are recognised when services are rendered.

##### Retail revenue

- Retail revenue from the Group’s Airport and Tourism businesses is recognised, when control of goods transfers to the customer.

##### Tourism revenue

- Admission and banqueting revenue is recognised at a point in time on the provision of service to the customer.
- Membership income is recognised over the period to which it relates.
- Management fees from the operation of tourism attractions is recognised over the period to which it relates.

During 2021 the Group managed and operated a number of tourist attractions for which a management fee was receivable from the ultimate owner of the attraction. As the Group determined that it did not have overall control over the provision of the services to the customer it concluded that it acted in the capacity of an agent rather than as the principal in respect of these arrangements and the management fee was recorded as revenue over the period to which it related.

Amounts collected on behalf of the principal (e.g. admission fees) were paid to the principal and were not recorded as revenue. Costs incurred in respect of operating these attractions were fully reimbursable, including the costs of certain employees employed by the Group.

##### Commercial property revenue

- Rental income from investment properties is recognised on a straight-line basis over the lease term. The contracts entered into are long-term lease arrangements.

##### Airport concession fee and rental revenue.

- Concession fee income from commercial concessionaires is recognised based on the transaction price which the entity expects to be entitled to based on the transfer of services to the customer and related revenue and is recognised over the period that these services are provided.
- Rental income from property on the Airport campus is accounted for on a straight-line basis over the lease term.







## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1. ACCOUNTING POLICIES (Continued)

#### 1.5 Revenue (Continued)

##### Other commercial activities revenue

Revenue from other commercial activities includes:

- Throughput fee for fuel delivery, recognised on delivery of fuel to the aircraft; and
- Car park income, which is recognised as the service is deemed to be provided to the customer.

##### Other income

Other income is recognised in accordance with the general provisions above, that is when the service is delivered to the customer (i.e. performance obligation satisfied).

Revenue is disaggregated at the income stream level. All revenue from the Group's income streams is generated in Ireland.

At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract. This includes an assessment of any variable consideration where the Group's performance may result in additional revenues based on the achievement of certain performance measures.

In determining the amount of revenue and profits to record, and related balance sheet items (such as trade receivables, accrued revenue and deferred income) to recognise in the period, management are required to form a number of judgements and assumptions.

The Group's customer contracts include a diverse range of payment schedules dependent on the nature and type of services being provided. The Group agrees payment schedules at the beginning of contracts under which it receives payments throughout the term of the contracts. These payment schedules may include performance-based payments or progress payments as well as regular monthly or quarterly payments for ongoing service delivery. Payments for transactional goods and services may be at delivery date, in arrears or part payment in advance.

Where payments made are greater than the revenue recognised at the period end date, the Group recognises

a deferred income liability for this difference. Where a product or service has been delivered but payments have not yet been recorded the Group recognises an accrued revenue asset for this difference.

Other than where outlined in the above policies all performance obligations are satisfied within the financial year and there are no judgements or assumptions required to estimate transaction price or allocate revenue to performance obligations.

#### 1.6 Foreign currencies

Transactions in foreign currencies are translated to Euro, being the Company's and each subsidiary's functional currency, at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are then retranslated at the exchange rate ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Non monetary assets are not retranslated.

Foreign exchange differences arising on translation are recognised in the Statement of Profit or Loss.

#### 1.7 Business combinations

The acquisition basis of accounting is employed in accounting for the acquisition of subsidiaries by the Group. This method is used at the acquisition date, which is the date on which control is transferred to the Group.

Shannon Group plc acquired the entire issued share capital of Shannon Airport and Shannon Commercial Enterprises, by way of a capital contribution, with effect from 5 September 2014. This was accounted for as a common control transaction, with net assets being accounted for at net book value. Therefore, no goodwill arose on the acquisition for consolidation purposes. As the shares in both entities, acquired by Shannon Group, were transferred at nil consideration, the share transfer was treated as a capital contribution.

#### 1.8 Exceptional items

The Group has adopted a Statement of Profit or Loss format which seeks to highlight significant items within the Group's results for the year. The Group believes this presentation is a more meaningful and helpful analysis as it highlights non-trading items. Such items may include significant restructuring or acquisition costs, significant profit or loss on disposals of assets or operations, together with items that are, by their nature, non-trading. Judgement is used by the Group in assessing the particular items which by virtue of their size or incidence, should be disclosed in the Statement of Profit or Loss and related notes as exceptional items.

#### 1.9 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Construction work in progress is stated at cost and relates to capital expenditure on construction projects that have not been completed at the year end. Assets in the course of construction are transferred to completed assets when substantially all of the activities necessary to get the asset ready for use are complete. Depreciation is not applied to assets under construction. The cost of industrial land and buildings and construction work in progress includes an apportionment of staff costs directly associated with the acquisition or development of the assets.

A gain or loss on disposals of property, plant and equipment, calculated as the difference between the net proceeds from disposal and the carrying amount of the item, is recognised in operating profit on completion of sale. Where a gains or loss is deemed significant this is disclosed as an Exceptional item in accordance with 1.8.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is charged to the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Terminal complexes, airfields and other airport property	10 – 50 years
Industrial and tourist buildings and infrastructure	5 – 30 years
Building modifications	20 years
Plant, fixtures and fittings	2 – 20 years
Motor vehicles	4 – 5 years
IT equipment	3 – 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Provision is also made for any impairment of items of property, plant and equipment in accordance with 1.11.

The Group earns rental income from a number of Airport assets held as property, plant and equipment. These assets are required for the operation of the Airport and the generation of aeronautical and other income streams. The Group does not have the ability to sell such assets due to their proximity to the airfield and runway areas and as these assets do not generate cashflows independently of the other assets held by the Group they do not meet the requirements to be classified as Investment Properties in accordance with IAS 40.

#### 1.10 Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less any impairment losses.

Amortisation is charged to the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Intangible assets with indefinite useful lives are systematically tested for impairment at each year end date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	3 – 6 years
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#### 1.11 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories (carried at lower of cost and net realisable value), investment property (measured at fair value) and deferred tax assets (recognised based on recoverability), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount as appropriate.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1. ACCOUNTING POLICIES (Continued)

#### 1.11 Impairment of non-financial assets (Continued)

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.12 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, and are not occupied by the Group.

Rental income from investment property is accounted for as described in the revenue accounting policy.

Investment properties are measured at fair value. The fair value is the price that would be received if the property were sold in an orderly transaction between market participants based on the asset's highest and best use. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise. On disposal of an investment property, the carrying amount is deemed to be the fair value at the date of the previous published Statement of Financial Position.

Management value the portfolio every year. The valuation of investment properties requires a high degree of management judgement. The valuations, which are supported by market evidence, are determined by benchmarking against comparable transactions for similar properties in the same locations as those of the Group or on the use of valuation techniques including the use of market yield on comparable properties. Information on the basis on which such valuations are undertaken in the year is set out in Note 11.

#### 1.13 Leases

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

##### (i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Depreciation is charged on the right-of-use asset using a straight-line method from the commencement date to the end of the lease term. Depreciation is charged over the useful life of the underlying asset using the same basis as property and equipment. This basis is applied when the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the

commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from readily available sources of finance and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right of use assets as a separate line item and accounts for lease liabilities under 'Loans and borrowings' in the Statement of Financial Position.

##### Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers

substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 *Financial Instruments* to the net investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Commercial property revenue'.

##### (iii) Finance lease receivables

Leases in which the Group transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets sold by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated impairment losses.

Minimum lease payments are apportioned between finance income and the reduction of the outstanding receivable. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

#### 1.14 Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is based on invoice price on an average basis. Net realisable value comprises the actual or estimated selling price (net of trade but before settlement discounts), less all further costs to be incurred in marketing and selling.

Provision is made for obsolete, slow moving or defective items, where appropriate.

Maintenance stock relates solely to inventory which will be expensed when consumed. It comprises spare parts which are used for maintenance purposes and office supplies.







## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1. ACCOUNTING POLICIES (Continued)

#### 1.15 Provisions

A provision is defined as a liability of uncertain timing or amount. Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date. If the effect is material, provisions are measured 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 recognised for onerous contracts whereby the unavoidable costs of meeting the obligations under the arrangement exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the minimum net cost of exiting from the contract, i.e. the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

#### 1.16 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

##### Current tax

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

##### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill if any; the initial

recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries, associates and joint arrangements to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. For investment property that is measured at fair value deferred tax is provided at the rate applicable to the sale of the property. Deferred tax is measured on an undiscounted basis. Deferred tax assets and liabilities are offset only if certain criteria are met.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent to which it has become probable that taxable profits will be available against which they can be used.

Shannon Commercial Enterprises DAC is liable for Capital Gains Tax in accordance with Section 229A (4) of the Taxes Consolidation Act 1997.

Under Section 229A (4) of the Taxes Consolidation Act 1997, for the purposes of the Capital Gains Tax Acts where a gain accrues to that company from the disposal of an asset after 31 December 2013, such portion of the gain as represents the same proportion of the gain as the length of the qualifying period bears to the length of the period of ownership, shall not be a chargeable gain. The qualifying period refers to the period beginning on the date of the acquisition of the asset, or if the asset was held on 6 April 1974, that date, and ending on 31 December 2013.

#### 1.17 Employee benefits

##### Short term employee benefits

Short term employee benefits are recognised as an expense as the related employee service is rendered.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for

the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, where the effect is material, then they are discounted to their present value.

##### Retirement benefit obligations

Group companies operate or participate in a number of pension schemes, as outlined below.

##### Defined contribution schemes

The Group operates a number of defined contribution pension schemes. A defined contribution scheme is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The assets of these schemes are held separately from those of the Group in independently administered funds. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Profit or Loss in the periods during which services are rendered by employees.

Shannon Commercial Enterprises operated an unfunded defined benefit pension scheme up to the date of transfer to Shannon Group. In accordance with the Shannon Group Act, all liabilities, duties, obligations and funding (including pension increases and supplementary pension payments) arising by virtue of the operation of the scheme was transferred to the Minister for Jobs, Enterprise and Innovation. Therefore Shannon Group and Shannon Commercial Enterprises have accounted for the scheme as a defined contribution pension scheme.

The Group pays employer and employee contributions to the Department of Enterprise, Trade and Employment for its employees who are members of this defined benefit scheme. The amount charged to the Statement of Profit

or Loss represents the employer contributions payable to this scheme in respect of the accounting period.

##### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Certain of the Group's employees are members of a separately administered defined benefit scheme ("The Aer Rianta Supplemental Superannuation Scheme"). daa plc ("daa") is the main sponsoring employer of the scheme. The scheme is now closed to new members.

The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at the price within the bid-ask spread most representative of fair value) are deducted. The Group determines the net interest on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1. ACCOUNTING POLICIES (Continued)

#### 1.18 Financial Instruments

##### *Financial assets and liabilities*

The Group's financial assets include trade and other receivables, finance lease receivables and cash and cash equivalents.

The Group's financial liabilities include trade and other payables and secured bank loans.

##### *Recognition and initial measurement*

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are initially recognised when they are originated.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### *Financial assets*

##### *Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at fair value through profit or loss.

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Any gain or loss on settlement is recognised in profit or loss.

Impairment losses recorded against financial assets measured at amortised cost are calculated using an expected credit loss model.

At each reporting date the Group evaluates the recoverability of trade receivables and records allowances for doubtful receivables based on experience. The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of non-recoverability to write off. Loss rates are based on historic data of credit loss experience. It also takes into consideration the Group's view of economic conditions over the expected lives of the receivables. Trade receivables are written off when the Group has no reasonable expectation of recovering the balance.

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

##### *Derecognition*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

#### **Financial liabilities**

##### *Classification and subsequent measurement*

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

##### *Derecognition*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### **1.19 Capital contribution**

Assets received from the Group's shareholder by way of a gift, are treated as a capital contribution and included in shareholders' funds on the Group and Company Statements of Financial Position.

#### **1.20 Assets held for sale and discontinued operations**

Non-current assets (including investment properties) or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

#### **1.21 Deferred income**

Deferred income comprises capital grants.

##### *Capital grants*

Capital grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the group will comply with the conditions associated with the grant. EU and other grants received in respect of the purchase of property, plant and equipment are treated as deferred income, and are amortised to the Statement of Profit or Loss over the useful economic life of the asset to which they relate.

#### **1.22 Revenue Grants**

Revenue grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

Revenue grants which are directly related to revenue are recognised as a credit to revenue on a systematic basis in the periods in which the revenue is recognised.

#### **1.23 Investment in subsidiaries (Company only)**

The investment in subsidiaries was initially established on their transfer to the Company and continues to be carried at that amount less any provision for impairment if required.

#### **1.24 New Standards and Interpretations**

##### *Standards in issue but not effective*

A number of new International Financial Reporting Standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023, and have not been applied in preparing these financial statements. The most significant of these which may impact the Group are outlined below. The Group does not plan to adopt these standards early; instead it will apply them from their effective dates as determined by their dates of EU endorsement.







## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1. ACCOUNTING POLICIES (Continued)

#### 1.24 New Standards and Interpretations (Continued)

*Standards in issue but not effective (Continued)*

Standard	IASB effective date (periods beginning)	EU companies effective date (periods beginning)
IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014)	1 January 2016 (early adoption permitted)	Not endorsed, expected to wait for the final standard.
Amendments to IAS 8: Disclosure of Accounting Estimates (issued on 12 February 2021)	1 January 2023	1 January 2023
Amendments to IAS 1: Definition of Accounting Policies (issued on 12 February 2021)	1 January 2023	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024	Not yet endorsed
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	1 January 2023	1 January 2023

*New standards adopted in the current year*

The following new amendments were adopted by the Group for the first time in the current financial reporting period.

Standard	IASB effective date (periods beginning)	EU companies effective date (periods beginning)
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) (issued on 14 May 2020)	1 January 2022	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) (issued on 14 May 2020)	1 January 2022	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3) (issued on 14 May 2020)	1 January 2022	1 January 2022

For all changes to standard(s) above the Group has changed its accounting policies accordingly, which did not have a material impact on the financial results or financial position of the Group.

#### 1.25 Critical accounting estimates and judgements

The preparation of financial statements in conformity with EU IFRS requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The areas involving a high degree of judgement, complexity or areas where assumptions and estimates are significant to the Group financial statements relate primarily to the following items.

#### Impairment assessment (Note 10)

The carrying value of the Airport cash generating unit (CGU) is reviewed for potential impairment by considering a series of external and internal indicators specific to the assets under consideration. The level of headroom is a direct function of the judgements and assumptions underpinning the rolling plan and is ultimately dependent on the discount rate, the terminal growth rate and passenger annual growth. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the cash-generating unit. The main assumptions that affect the estimation of the value-in-use are the existence and rate of passenger growth and the discount rate. The cash flows are taken from the Group's rolling five-year financial plan. The estimates and assumptions used are based on historical experience, industry knowledge and other factors that are believed to be reasonable based on information available.

#### Valuation of investment properties (Note 11)

Management assessed the fair value of the Group's total investment property portfolio at 31 December 2022. The fair value of the investment properties is based on a valuation by internal management specialists, who have recent experience in the location and class of the investment properties being valued, and requires a high degree of management judgement and estimation.

Final values were applied to each property, having regard to the relevant circumstances of the property including its location, type, size, use, existing tenancies and condition. These values, which are supported by market evidence, were determined by benchmarking against comparable transactions for similar properties in the same locations as those of the Group or through the use of valuation techniques including the use of market yield on comparable properties. Subjective judgements were made in arriving at the valuation and whilst management consider these to be both logical and appropriate, they are not necessarily the same as would be made by every purchaser.

#### Provision for liabilities (Note 21)

A provision is recognised when the Group has a present obligation (either legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group carries provisions for reported and potential claims under its self-insurance programme and for other liabilities, including legal claims. These provisions are made based on historical or other relevant information, adjusted for recent trends where appropriate. However, provisions represent estimates of the financial costs of events that may not occur for some years. The basis for these estimates are reviewed and updated at least annually and where information becomes available that may give rise to a material change.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. REVENUE

All revenue of the group arises in the Republic of Ireland, and from continuing activities. No one customer accounts for more than 10% of the Group's revenue. In the following table, revenue is disaggregated by major product/service lines and by timing of revenue recognition.

	2022 €'000	2021 (restated Note 8) €'000
<b>Major product/service lines</b>		
Aeronautical and related revenue (i)	15,923	7,339
Retail revenue	12,475	3,869
Concession and service charge revenue	6,574	3,386
Other commercial revenue	8,822	3,621
<b>Total revenue from contracts with customers</b>	<b>43,794</b>	<b>18,215</b>
Commercial property revenue	16,887	16,269
<b>Total revenue</b>	<b>60,681</b>	<b>34,484</b>
<b>Timing of revenue recognition</b>		
Performance obligation performed:		
- At a point in time	41,168	17,097
- Over time	19,513	17,387
<b>Total revenue</b>	<b>60,681</b>	<b>34,484</b>

- (i) The Group's subsidiary company, Shannon Airport, received grant funding in respect of 2022 totalling €4,574,000 which has been recognised against the revenue to which it relates.

#### Contract assets and contract liabilities

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2022 €'000	2021 €'000
Trade receivables (Note 15)	4,554	5,118
Contract assets (Note 15)	324	64
Contract liabilities (Note 19)	(2,142)	(2,339)

Trade receivables comprise invoiced amounts as outlined in Note 15.

Contract assets at the balance sheet date comprise rights to consideration for performance obligations satisfied but not billed. Contract liabilities relate to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due from the customer).

No information has been provided in relation to unsatisfied performance obligations at the year end date that have an expected duration of less than one year, as permitted by IFRS 15.



### 3. OTHER INCOME/(EXPENSE)

	2022 €'000	2021 (restated Note 8) €'000
Net increase in fair value of investment property (Note 11)	4,920	9,927
Gain on disposal of investment properties (Note 11)	67	10,439
Gain on disposal of property, plant and equipment	-	3
Government grants received (i)	7,099	6,185
<b>Total other income</b>	<b>12,086</b>	<b>26,554</b>
Loss on disposal of property, plant and equipment (Note 10)	(37)	-
<b>Total other expense</b>	<b>(37)</b>	<b>-</b>
	<b>12,049</b>	<b>26,554</b>

- (i) The Group's subsidiary company, Shannon Airport, received operational grant funding in respect of 2022 totalling €7,099,000 from the Department of Transport (2021: €6,185,000).

### 4. STATUTORY AND OTHER INFORMATION

The Group's profit (including discontinued operations) is stated after charging/(crediting):

	2022 €'000	2021 €'000
Depreciation of tangible assets	8,000	7,197
Depreciation of right of use assets	283	312
Amortisation of intangible assets	234	236
Amortisation of capital grants	(1,406)	(506)
<b>Auditor's remuneration</b>		
- audit of Group financial statements	102	78
- audit of Company financial statements	19	14
- other audit services	15	23
- tax advisory services fees	-	-
- other non-audit services	-	-
	<b>136</b>	<b>115</b>

The audit fee of the Company is borne by subsidiary companies.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. EMPLOYEE BENEFIT EXPENSE

#### Group staff numbers and costs

	2022 €'000	2021 (restated Note 8) €'000
- Wages and salaries	14,430	12,138
- Overtime	451	446
- Allowances	743	720
- Wage subsidies received (i)	(540)	(3,230)
Total wages and salaries	15,084	10,074
Social welfare costs	1,686	1,444
Social welfare credit received (i)	(134)	(837)
Post-employment benefits (Note 23):		
Defined contribution pension expense	1,226	987
Other compensation costs	535	368
	<b>18,397</b>	<b>12,036</b>

(i) Amounts represent subsidies received under the Employers Wage Subsidy Scheme ("EWSS") provided by the Government due to the impact of Covid-19.

The average number of group employees (full time equivalents) during the year was as follows:

	2022	2021 (restated Note 8)
Operations and administration	217	174
Commercial	32	21
Property	24	27
<b>Continuing operations</b>	<b>273</b>	<b>222</b>
Discontinuing operations (ii)	110	96
<b>Total</b>	<b>383</b>	<b>318</b>

(ii) Included in the above average numbers in 2021 were 8 full-time equivalents, who were employed by a subsidiary company, whose cost is fully reimbursed to the Group.



### Directors remuneration

	2022 €	2021 €
Directors' remuneration for the year:		
Fees for services as director	107,193	92,426
Other emoluments (including pension contribution)	335,890	333,425
	<b>443,083</b>	<b>425,851</b>

Included in other emoluments is the remuneration of the Chief Executive Officer and the directors who were nominated by the Irish Congress of Trade Unions to represent employees on the Board and who were appointed by the Minister for Transport arising from their normal contracts of employment.

Amounts paid to directors disclosed in accordance with the Code of Practice for the Governance of State Bodies (2016) and Section 305 of the Companies Act 2014, are provided below.

The following directors served on the board during the year ended 31 December 2022.

	2022 €	2021 €
<b>Fees for the year</b>		
Conal Henry	16,200	-
Mary Considine	-	-
Ambrose Loughlin	12,600	12,600
Tom Kelly	12,600	12,600
Kevin McCarthy	11,539	12,600
Pádraig Ó Céidigh	4,915	4,226
Liam O'Shea	12,600	12,600
Mike Quinn	12,600	12,600
Stephen Rae	12,600	12,600
Linda Tynne	11,539	12,600
<b>For services as director during the year</b>	<b>107,193</b>	<b>92,426</b>
<b>Other emoluments</b>		
Salary (including benefit-in-kind)	283,454	281,194
Pension contributions		
- Defined contribution scheme	52,436	52,231
- Defined benefit scheme	-	-
	<b>335,890</b>	<b>333,425</b>
<b>Total directors' remuneration for the year</b>	<b>443,083</b>	<b>425,851</b>

Where a director is appointed or resigned during the year or prior year the fees above represent the fees paid from/to the date of appointment/resignation.

Conal Henry was appointed as director on 30 March 2022.

Pádraig Ó Céidigh was appointed as director on 20 October 2021 and resigned on 23 March 2022. The periods of office of Linda Tynne and Kevin McCarthy expired with effect from 30 November 2022.

All other directors served for the full years ended 31 December 2021 and 2022.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. EMPLOYEE BENEFIT EXPENSE (*Continued*)

During 2022, in aggregate, the members of the Board were reimbursed for out of pocket travel and other similar expenditures in respect of services as director, disclosed in accordance with the Code of Practice for the Governance of State Bodies (2016), totalling €1,257. During 2021 no payments were made to the members of the Board for out of pocket travel and other similar expenditures in respect of services as director.

Directors' expenses above do not include expenses of the Chief Executive Officer, which are separately disclosed below.

The remuneration of the Chief Executive Officer ("CEO"), disclosed in accordance with the applicable government department guidelines relating to the remuneration arrangements of Chief Executives of Commercial State Bodies and Section 305 of the Companies Act 2014, is provided below.

	2022 €	2021 €
Emoluments:		
- Basic salary	190,000	190,000
- Other taxable benefits	23,689	24,419
Total emoluments	213,689	214,419
Pension contributions	47,500	47,500
	261,189	261,919

The remuneration above represents the total remuneration of the CEO, Mary Considine, for the years ended 31 December 2022 and 2021. Pursuant to her contract the salary of Ms. Considine is €190,000 per annum.

Total business expenses amounted to €10,560 (2021: €5,588), which are not included in the amounts disclosed above. No performance related pay was paid to the Chief Executive Officer in respect of the years ended 31 December 2022 or 2021.

### 6. FINANCE INCOME/(EXPENSE)

	2022 €'000	2021 (restated Note 8) €'000
Finance lease income receivable (Note 12)	38	39
<b>Finance income</b>	<b>38</b>	<b>39</b>

	2022 €'000	2021 (restated Note 8) €'000
Interest expense on loans	(1,337)	(1,352)
Interest expense on lease liabilities (Note 25)	(4)	(9)
Net interest expense on defined pension scheme (Note 23)	(11)	(10)
Other interest expense	(29)	-
<b>Finance expense</b>	<b>(1,381)</b>	<b>(1,371)</b>



### 7. INCOME TAX EXPENSE

	2022 €'000	2021 €'000
<b>Current tax:</b>		
Current tax on profits for the year	2,100	2,277
Adjustments in respect of prior period	81	-
<b>Total current tax</b>	<b>2,181</b>	<b>2,277</b>
<b>Deferred tax (Note 13):</b>		
Origination and reversal of temporary differences	790	(1,702)
<b>Total deferred tax</b>	<b>790</b>	<b>(1,702)</b>
<b>Income tax expense</b>	<b>2,971</b>	<b>575</b>

#### Reconciliation of effective tax rate

	2022 €'000	2021 €'000
Profit before tax from continuing operations	18,886	26,154
(Loss)/profit before tax from discontinuing operations	(253)	387
Profit before tax	18,663	26,541
Profit before tax multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5%	2,329	3,318
<b>Tax effect of:</b>		
Expenses/(income) not allowable for tax purposes	1,706	(523)
Income taxed at a higher rate	1,695	1,447
Chargeable gains/(losses)	201	(3,225)
Gains in profit or loss which are not taxable or impact on unrecognised deferred tax	(3,041)	(442)
Adjustment in respect of prior periods	81	(7)
<b>Tax expense</b>	<b>2,971</b>	<b>568</b>
Tax expense recorded in the Statement of Profit or Loss	2,971	575
Tax credit attributable to a discontinued operation	-	7
<b>Total tax expense</b>	<b>2,971</b>	<b>568</b>





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

#### (a) Discontinued operations

Shannon Group plc has signed non-binding Heads of Terms with Clare County Council (“the Council”) for the transfer of the entire Shannon Heritage business and all visitor attractions in County Clare to the Council.

The transfer is expected to be completed within a year from the reporting date. At 31 December 2022 assets and liabilities relating to Shannon Heritage DAC are classified as a disposal group held for sale and its results classified as a discontinued operation.

The results of the discontinued operation for the year are presented below.

	2022 €'000	2021 €'000
Revenue from contracts with customers	12,607	5,991
Expenses	(11,383)	(5,906)
Other operating income (i)	446	324
<b>Operating income</b>	<b>1,670</b>	<b>409</b>
Finance costs	(72)	(22)
Impairment loss recognised on the remeasurement to fair value less costs to sell	(1,851)	-
<b>(Loss)/profit before tax from discontinued operations</b>	<b>(253)</b>	<b>387</b>
Tax benefit/(expense):		
Related to pre-tax (loss)/profit from the ordinary activities for the year	-	7
<b>(Loss)/profit for the year from discontinued operations</b>	<b>(253)</b>	<b>394</b>

- (i) Included in this amount is operational grant funding received by Shannon Heritage DAC from Fáilte Ireland totalling €500,000 during 2022. The company received operational grant funding totalling €315,000 during 2021 under the Covid Restrictions Support Scheme operated by the Revenue Commissioners (“CRSS”).

#### (b) Assets held for Sale

	2022 €'000
<b>Assets</b>	
Disposal Group (i)	1,496
Investment Properties (ii)	2,463
<b>Assets held for sale</b>	<b>3,959</b>
<b>Liabilities</b>	
Disposal Group (i)	(1,407)
<b>Liabilities directly associated with assets held for sale</b>	<b>(1,407)</b>



#### (i) Disposal Group

The major classes of assets and liabilities of the disposal group classified as held for sale as at 31 December 2022 are as follows:

	2022 €'000
<b>Assets</b>	
Intangible assets	-
Property, plant & equipment	-
Right of use assets	-
Inventory	574
Debtors	502
Cash and short-term deposits	420
<b>Assets held for sale</b>	<b>1,496</b>
<b>Liabilities</b>	
Creditors	(1,407)
Loans and borrowings	-
Deferred income	-
Provisions	-
<b>Liabilities directly associated with assets held for sale</b>	<b>(1,407)</b>
<b>Net assets directly associated with disposal group</b>	<b>89</b>

There are no amounts included in accumulated Other Comprehensive Income relating to the disposal group classified as held for sale.

The net cash flows incurred by the disposal group classified as held for sale are, as follows:

	2022 €'000	2021 €'000
Operating	215	284
Investing	(56)	(72)
Financing	17	2
	<b>176</b>	<b>214</b>

#### Write-down of property, plant and equipment

Following the classification of activities relating to Shannon Heritage DAC as discontinued operations, a write-down of €1,851,000 was recognised at 31 December 2022 to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. This was recognised in discontinued operations in the statement of profit or loss.

	2022 €'000
Intangible assets	32
Property, plant & equipment	2,231
Right of use assets	1,275
Loans and borrowings (leases)	(1,409)
Deferred income (capital grant)	(200)
Provisions	(78)
	<b>1,851</b>

#### (ii) Investment Properties

Assets held for sale at 31 December 2022 represent certain investment properties which are expected to be disposed of within one year.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 9. INTANGIBLE ASSETS

#### Group

##### Computer software

Group	Computer software €'000	Work in Progress €'000	Total €'000
<b>Cost</b>			
At 1 January 2021	2,409	85	2,494
Additions	-	-	-
Asset write off	(10)	-	(10)
Transfers	85	(85)	-
<b>At 31 December 2021</b>	<b>2,409</b>	<b>85</b>	<b>2,494</b>
At 1 January 2022	<b>2,484</b>	-	<b>2,484</b>
Additions	-	-	-
Transfer to asset held for sale (Note 8a)	(780)	-	(780)
<b>At 31 December 2022</b>	<b>1,704</b>	-	<b>1,704</b>
<b>Accumulated Amortisation</b>			
At 1 January 2021	1,765	-	1,765
Charge for year	236	-	236
Disposals	-	-	-
<b>At 31 December 2021</b>	<b>2,001</b>	-	<b>2,001</b>
At 1 January 2022	<b>2,001</b>	-	<b>2,001</b>
Charge for year	234	-	234
Disposals	-	-	-
Impairment loss (Note 8)	32	-	32
Transfer to asset held for sale (Note 8a)	(780)	-	(780)
<b>At 31 December 2022</b>	<b>1,487</b>	-	<b>1,487</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>217</b>	-	<b>217</b>
At 31 December 2021	<b>483</b>	-	<b>483</b>
At 31 December 2020	644	85	729

All intangible assets arise from purchased computer software.



#### Company

##### Computer software

##### Cost

	Computer software €'000	Work in Progress €'000	Total €'000
At 1 January 2021	36	85	121
Additions	-	-	-
Transfers	85	(85)	-
<b>At 31 December 2021</b>	<b>121</b>	-	<b>121</b>
At 1 January 2022	<b>121</b>	-	<b>121</b>
Additions	-	-	-
Transfers	-	-	-
<b>At 31 December 2022</b>	<b>121</b>	-	<b>121</b>
<b>Accumulated Amortisation</b>			
At 1 January 2021	4	-	4
Charge for year	8	-	8
<b>At 31 December 2021</b>	<b>12</b>	-	<b>12</b>
At 1 January 2022	<b>12</b>	-	<b>12</b>
Charge for year	25	-	25
<b>At 31 December 2022</b>	<b>37</b>	-	<b>37</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>84</b>	-	<b>84</b>
At 31 December 2021	109	-	109
At 31 December 2020	32	85	117

All intangible assets arise from purchased computer software.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10. PROPERTY, PLANT AND EQUIPMENT

Group	Terminal Complexes	Lands and Airfields	Tourism Buildings	Other Property and General Infrastructure	Plant, Fixtures and Fittings	Work in Progress	Total
Cost	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2021	18,372	31,981	25,331	26,902	24,536	9,746	136,868
Additions	-	-	-	-	105	12,616	12,721
Disposals	-	-	-	-	(2,171)	-	(2,171)
Asset write off	-	-	(1)	-	-	(471)	(472)
Transfers to completed assets	-	69	(187)	73	16,493	(16,448)	-
<b>At 31 December 2021</b>	<b>18,372</b>	<b>32,050</b>	<b>25,143</b>	<b>26,975</b>	<b>38,963</b>	<b>5,443</b>	<b>146,946</b>
At 1 January 2022	18,372	32,050	25,143	26,975	38,963	5,443	146,946
Additions	-	-	-	-	124	7,950	8,074
Disposals	-	-	(10,909)	(5)	(99)	-	(11,013)
Transfers to completed assets	55	5,290	-	1,253	1,997	(8,595)	-
Transfer to assets held for sale (Note 8a)	-	-	(13,913)	(643)	(2,383)	(777)	(17,716)
<b>At 31 December 2022</b>	<b>18,427</b>	<b>37,340</b>	<b>321</b>	<b>27,580</b>	<b>38,602</b>	<b>4,021</b>	<b>126,291</b>
<b>Accumulated Depreciation and Impairment Losses</b>							
At 1 January 2021	11,540	18,761	21,118	12,671	18,546	-	82,636
Charge for year	1,169	1,903	660	801	2,664	-	7,197
Disposals	-	-	-	-	(2,171)	-	(2,171)
<b>At 31 December 2021</b>	<b>12,709</b>	<b>20,664</b>	<b>21,778</b>	<b>13,472</b>	<b>19,039</b>	<b>-</b>	<b>87,662</b>
At 1 January 2022	12,709	20,664	21,778	13,472	19,039	-	87,662
Charge for year	1,143	2,319	384	787	3,367	-	8,000
Disposals	-	-	(8,817)	(4)	(91)	-	(8,912)
Impairment loss (Note 8a)	-	-	879	204	371	777	2,231
Transfer to assets held for sale (Note 8a)	-	-	(13,913)	(643)	(2,383)	(777)	(17,716)
<b>At 31 December 2022</b>	<b>13,852</b>	<b>22,983</b>	<b>311</b>	<b>13,816</b>	<b>20,303</b>	<b>-</b>	<b>71,265</b>
<b>Net book value</b>							
<b>At 31 December 2022</b>	<b>4,575</b>	<b>14,357</b>	<b>10</b>	<b>13,764</b>	<b>18,299</b>	<b>4,021</b>	<b>55,026</b>
At 31 December 2021	5,663	11,386	3,365	13,503	19,924	5,443	59,284
At 31 December 2020	6,832	13,220	4,213	14,231	5,990	9,746	54,232

Management have considered the carrying value of property, plant and equipment at 31 December 2022 by reference to the estimated value in use of assets within the Airport cash generating unit (CGU), to determine whether there is any indication of impairment in accordance with the accounting policy in 1.11.

The impairment test was performed on a value in use basis, with the value in use of Airport assets determined by calculating the net present value of estimated future cash flows arising from that income generating unit, discounted using a discount factor of 9.5% (2021: 8.5%). The relevant cash flows were derived from the approved rolling plan.

In determining an asset's recoverable amount the directors are required to make judgements, estimates and assumptions that impact on the carrying value of the property, plant and equipment. The estimates and assumptions used are based on historical experience, industry knowledge and other factors that are believed to be reasonable based on information available.



Property, plant & equipment include a number of hangars at the Airport which are reflected in Other Property and General Infrastructure. The hangar facilities are held to deliver essential services required within the Airport and the Group have accounted for these assets in accordance with the accounting policy in 1.9.

Certain of the Group's assets have been pledged as security against the Group's overdraft facility (Note 24). At 31 December 2022 the net carrying amount of these assets was €1,002,638 (2021: €1,036,435).

### Company

#### Cost

At 1 January 2021	63	63
Additions	-	-
Disposals	-	-
<b>At 31 December 2021</b>	<b>63</b>	<b>63</b>
At 1 January 2022	63	63
Additions	78	78
Disposals	-	-
<b>At 31 December 2022</b>	<b>141</b>	<b>141</b>

#### Accumulated Depreciation

At 1 January 2021	24	24
Charge for year (i)	13	13
Disposals	-	-
<b>At 31 December 2021</b>	<b>37</b>	<b>37</b>
At 1 January 2022	37	37
Charge for year (i)	19	19
Disposals	-	-
<b>At 31 December 2022</b>	<b>56</b>	<b>56</b>

#### Net book value

##### At 31 December 2022

At 31 December 2021

At 31 December 2020

Plant, Fixtures and Fittings €'000	Total €'000
63	63
-	-
-	-
63	63
63	63
78	78
-	-
141	141
24	24
13	13
-	-
37	37
37	37
19	19
-	-
56	56
85	85
26	26
39	39

(i) Depreciation is fully recharged to other group companies.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 11. INVESTMENT PROPERTIES

	2022 €'000	2021 €'000
<b>Group</b>		
At beginning of year	116,471	127,795
Additions	13,375	1,943
Disposals	(115)	(23,194)
Transfer to asset held for sale (Note 8b)	(2,463)	-
Increase in fair value during the year	4,920	9,927
<b>At end of year (Note 24)</b>	<b>132,188</b>	<b>116,471</b>

During 2022, investment property rentals of €11,928,000 were included in Revenue (2021: €11,822,000). Expenses relating to the leasing and maintenance of investment properties, included in administrative expenses, total €3,895,000 (2021: €4,035,000).

During the year, the Group disposed of investment properties for net proceeds of €182,000 (2021: €33,633,000) resulting in a gain on disposal of €67,000 (2021: €10,439,000), none of which was receivable at 31 December 2022 (2021: €757,000). Net proceeds in 2021 included a non-refundable deposit of €21,134,000, recognised on completion of the disposal of the investment property to which the deposit related.

The Group's investment properties are stated at fair value as at 31 December 2022. The valuation of investment properties requires a high degree of management judgement and estimation.

Management assessed the fair value of the Group's total investment property portfolio. The fair value of the investment properties is based on a valuation by internal management specialists, who have recent experience in the location and class of the investment properties being valued.

Final values were applied to each property, having regard to the relevant circumstances of the property including its location, type, size, use, existing tenancies and condition. These values, which are supported by market evidence, were determined by benchmarking against comparable transactions for similar properties in the same locations as those of the Group or through the use of valuation techniques including the use of market yield on comparable properties.

#### Valuation technique and significant unobservable inputs

The fair value measurement for investment property has been categorised as Level 3 fair value based on the inputs to the valuation techniques used and continued market uncertainty (Note 24). The following table summarises the key unobservable inputs applied in the valuation of the Group's investment property at 31 December 2022.

Asset class	Input	2022	2021
Industrial and retail buildings	Range for values per sq. ft.applied <sup>1</sup>	€6.30 - €49	€5 - €44
	Weighted average annual rent per sq. ft. <sup>2</sup>	€5.83	€5.66
	Equivalent yield - range <sup>2</sup>	7% - 12%	9% - 12%
Office buildings	Range for values per sq. ft.applied <sup>1</sup>	€18.50 - €195	€4.50 - €195
	Weighted average annual rent per sq. ft. <sup>2</sup>	€15.02	€14.80
	Equivalent yield – range <sup>2</sup>	7.5% - 10%	7.5% - 12%
Warehouse buildings	Range for values per sq. ft.applied <sup>1</sup>	€19 - €87	€19 - €80
	Weighted average annual rent per sq. ft. <sup>2</sup>	€5.99	€5.76
	Equivalent yield - range <sup>2</sup>	7% - 9%	9% - 9.5%
Industrial land	Value per acre - range <sup>1</sup>	€1,000 - €70,000	€1,000 - €70,000



<sup>1</sup> This is based on comparable market transactions for land and buildings (as applicable). Among other factors the valuation per square foot/acre considers the location of land, the quality of a building and its location, size and condition. This input to the valuation of buildings assumes the buildings are vacant.

<sup>2</sup> Where applicable the valuation model also considers the present value of net cash flows to be generated from a property, taking into account the contracted rental income and lease terms and applying an appropriate rental yield.

#### Sensitivity of the measurement to variance of key unobservable inputs

An increase in the value of comparable market transactions would result in an increase in the fair value of the portfolio. Conversely a decrease in the comparable market transactions would result in a decrease in the fair value.

Across the entire portfolio of investment properties a 5% increase in value per sq. ft./acre would result in an increase of €4,100,000 in fair value, whilst a decrease of 5% would result in a fair value decrease of €4,100,000. This is further analysed by property class as follows:

Asset class	2022		2021	
	Increase of 5% in value €'000	Decrease of 5% in value €'000	Increase of 5% in value €'000	Decrease of 5% in value €'000
Industrial buildings	1,156	(1,156)	1,025	(1,025)
Office buildings	1,594	(1,594)	1,373	(1,373)
Warehouse buildings	410	(410)	378	(378)
Industrial land	940	(940)	940	(940)
<b>Total</b>	<b>4,100</b>	<b>(4,100)</b>	<b>3,716</b>	<b>(3,716)</b>

### 12. FINANCE LEASE RECEIVABLE

Finance lease receivables are payable as follows:

	Future minimum lease payments receivable		Interest receivable		Present value of minimum lease payments	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Less than one year	34	34	2	2	32	32
Between one and five years	137	137	30	30	107	107
More than five years	274	309	134	157	140	152
	<b>445</b>	<b>480</b>	<b>166</b>	<b>189</b>	<b>279</b>	<b>291</b>

The Group is party to an agreement in respect of a leased property whereby a fixed rental income is received over a fixed, long-term period, with the option available for the ownership of the property to transfer to the lessee at the end of the term.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. DEFERRED TAX ASSETS

#### (a) Recognised deferred tax

##### Group

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 €'000	2021 €'000	Liabilities 2022 €'000	2021 €'000
Investment properties	-	-	(2,034)	(1,078)
Unutilised capital losses	1,199	1,032	-	-
Employee benefits	16	92	-	-
<b>Tax assets/(liabilities)</b>	<b>1,215</b>	<b>1,124</b>	<b>(2,034)</b>	<b>(1,078)</b>
Net of tax (liabilities)/assets	(1,199)	(1,032)	1,199	1,032
<b>Net tax assets/(liabilities)</b>	<b>16</b>	<b>92</b>	<b>(835)</b>	<b>(46)</b>

The net deferred tax asset arises entirely in respect of temporary differences on retirement benefit liabilities.

The net deferred tax liability arises in respect of temporary differences on fair value of investment properties and tax depreciation, offset by a deferred tax asset arising on capital losses. As these losses can be fully offset against capital gains it is appropriate to recognise the deferred tax asset arising from these losses and offset this against the related deferred tax liability.

#### Movement in deferred tax during the year

	Assets 2022 €'000	2021 €'000	Liabilities 2022 €'000	2021 €'000	Net 2022 €'000	2021 €'000
At 1 January	92	100	(46)	(1,747)	46	(1,647)
Charge to other comprehensive income	(75)	(9)	-	-	(75)	(9)
(Charge)/credit to Statement of profit or loss (Note 7)	(1)	1	(789)	1,701	(790)	1,702
<b>At 31 December</b>	<b>16</b>	<b>92</b>	<b>(835)</b>	<b>(46)</b>	<b>(819)</b>	<b>46</b>

#### (b) Unrecognised deferred tax

At 31 December 2022 the Group has unrecognised deferred tax assets arising as follows.

	2022 €'000		2021 €'000	
	Gross	Tax value	Gross	Tax value
Temporary differences on fair value of investment properties	13,324	4,397	12,851	4,241
Unutilised tax losses	1,968	246	10,816	1,352
Unutilised capital allowances	27,800	3,475	41,664	5,208
Other temporary differences	1,440	180	2,136	267
<b>At end of year</b>	<b>44,532</b>	<b>8,298</b>	<b>67,467</b>	<b>11,068</b>

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. The directors cannot assess with reasonable certainty when suitable taxable profits will arise.



#### At 1 January 2022

Movement in unrecognised deferred tax arising on:

Temporary differences on fair value of investment properties	156
Unutilised tax losses	(1,106)
Unutilised capital allowances	(1,733)
Other temporary differences	(87)

#### At 31 December 2022

Deferred tax asset €'000
11,068
156
(1,106)
(1,733)
(87)
<b>8,298</b>

#### At 1 January 2021

Movement in unrecognised deferred tax arising on:

Temporary differences on fair value of investment properties	(439)
Unutilised tax losses	742
Unutilised capital allowances	(768)
Other temporary differences	(17)

#### At 31 December 2021

Deferred tax asset €'000
11,550
(439)
742
(768)
(17)
<b>11,068</b>

### 14. INVENTORIES

##### Group

	2022 €'000	2021 €'000
Finished goods for resale	1,374	1,678
Maintenance stock and consumables	98	226
	<b>1,472</b>	<b>1,904</b>

The replacement cost of inventories did not differ significantly from its carrying value.

A total of €5,934,000 (2021: €2,018,000) was recognised as an expense and included in 'Cost of sales'. This includes a net Statement of Profit or Loss charge of €25,500 (2021: credit of €1,000) arising on the inventory impairment allowance. The inventory impairment allowance levels are continuously reviewed by management and revised where appropriate, taking account of the latest available information on the recoverability of carrying amounts.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. TRADE AND OTHER RECEIVABLES

	2022 €'000	2021 €'000
<b>Group</b>		
Trade receivables	4,554	5,118
Other receivables	2,305	3,533
Contract assets	324	64
	<u>7,183</u>	<u>8,715</u>
	2022 €'000	2021 €'000
<b>Company</b>		
Other receivables	296	231
Amounts due from subsidiary companies	815	443
VAT	91	74
	<u>1,202</u>	<u>748</u>

Amounts due from subsidiary companies arise due to recharges of operating costs, are interest free and repayable on demand.

The carrying amount of trade and other receivables approximate their fair value given their short-term nature.

### 16. FINANCIAL ASSETS

	2022 €'000	2020 €'000
<b>Company</b>		
<i>Interest in subsidiary companies – shares at cost</i>		
<b>At 31 December</b>	<u>78,618</u>	<u>78,618</u>

Principal subsidiaries and related companies are listed below.

Name	Nature of Business	% Share Capital Owned	Registered Office
<b>Subsidiary Companies</b>			
Shannon Airport Authority DAC	Operation of Shannon Airport (trading)	100%	Shannon Airport, Shannon, Co. Clare
Shannon Commercial Enterprises DAC	Management and development of commercial property portfolio (trading)	100%	Shannon Airport, Shannon, Co. Clare
Shannon Heritage DAC ( <i>Held for sale</i> )	Operation of mediaeval banquets and traditional Irish nights and management of heritage visitor attractions (trading)	100% (indirect)	Bunratty Castle, Bunratty, Co. Clare
SAA Pension Corporate Trustee DAC	Pension trustee company	100% (indirect)	Shannon Airport, Shannon, Co. Clare
Shannon Airport Authority Financial Services DAC	Trustee company	100% (indirect)	Shannon Airport, Shannon, Co. Clare
<b>Related Companies</b>			
Shannon Broadband Limited	Regional broadband development (trading)	20% (indirect)	Mill House, Henry Street, Limerick



### 17. CASH AND CASH EQUIVALENTS

	2022 €'000	2021 €'000
<b>Group</b>		
Cash at bank and on hand	56,939	62,161
	<u>56,939</u>	<u>62,161</u>

As security for its borrowings (Note 22) the Group's subsidiary company, Shannon Airport, has granted its lender an assignment and charge over two bank accounts. The balance on the accounts at year end was €1,233,700 (*2021: €1,088,700*).

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2022:

	2022 €'000	2021 €'000
Cash at bank and on hand	56,939	62,161
Cash at bank and on hand attributable to discontinued operations	420	-
	<u>57,359</u>	<u>62,161</u>
	2022 €'000	2021 €'000
<b>Company</b>		
Cash on hand	442	1,074
	<u>442</u>	<u>1,074</u>

### 18. SHARE CAPITAL AND RESERVES

	2022 €'000	2021 €'000
<b>Share capital</b>		
<b>Authorised:</b>		
60,000,000 ordinary shares of €1 each	<u>60,000</u>	<u>60,000</u>
<b>Issued:</b>		
38,107 ordinary shares of €1 each	<u>38</u>	<u>38</u>

38,107 ordinary shares were issued on 29 August 2014. All of the ordinary shares are beneficially held by the Minister for Public Expenditure and Reform.

#### Capital contribution reserve

The capital contribution reserve represents the fair value of the assets and liabilities transferred to the Group on 5 September 2014 at nil consideration.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 19. TRADE AND OTHER PAYABLES

	2022 €'000	2021 €'000
<b>Group</b>		
Trade payables	988	842
Accrued expenses	17,137	25,184
Contract liabilities	2,142	2,339
Social insurance	604	692
VAT	647	509
<b>Current trade and other payables</b>	<b>21,518</b>	<b>29,566</b>

	2022 €'000	2021 €'000
<b>Company</b>		
Trade payables	262	89
Accrued expenses	971	1,155
Social insurance	123	123
<b>Current trade and other payables</b>	<b>1,356</b>	<b>1,367</b>

The carrying amount of trade and other payables approximate their fair value given their short-term nature.

### 20. DEFERRED INCOME – CAPITAL GRANTS

	2022 €'000	2021 €'000
Government grants	1,759	1,431
<b>Current deferred income</b>	<b>1,759</b>	<b>1,431</b>
Government grants	13,474	12,458
<b>Non-current deferred income</b>	<b>13,474</b>	<b>12,458</b>
<b>Total deferred income</b>	<b>15,233</b>	<b>13,889</b>

	2022 €'000	2021 €'000
<b>Government grants</b>		
At 1 January	24,876	13,258
Grants received (a)	4,988	11,618
Transfer (b)	(12,954)	-
<b>At 31 December</b>	<b>16,910</b>	<b>24,876</b>

<b>Amortisation</b>		
At 1 January	10,987	10,481
Amortisation	1,406	506
Transfer (b)	(10,916)	-
Write down to fair value (Note 8b)	200	-
<b>At 31 December</b>	<b>1,677</b>	<b>10,987</b>

Net book value at 1 January	13,889	2,777
<b>Net book value at 31 December</b>	<b>15,233</b>	<b>13,889</b>



Capital grants received by the Group are recognised as deferred income and are amortised over the useful life of the assets to which they relate, from the date the assets are brought into use.

- (a) The Group's subsidiary company, Shannon Airport, received €837,000 in government funding for the Hold Baggage Screening ("HBS") project during 2022 (2021: €4,945,000). The company also received government funding of €4,151,000 in respect of other capital projects during 2022 (2021: €6,473,000).
- (b) The Group's subsidiary company, Shannon Commercial Enterprises, received a grant from Fáilte Ireland for the upgrade of the King John's Castle tourism attraction. The total deferred income recognised at 31 December 2021 in respect of this grant was €2,125,000.

The operation of King John's Castle was transferred to Limerick City and County Council on 4 April 2022. On this date the property, plant & equipment relating to the operation of the tourism attraction and the associated grant were transferred to a subsidiary company of Limerick City and County Council, together with all obligations and conditions relating to this grant.

### 21. PROVISIONS

	Insurance provision €'000	Provision for severance scheme €'000	Provision for remedial works €'000	Other provision €'000	Total €'000
<b>Group</b>					
At 1 January 2021	792	2,277	696	280	4,045
Provisions used during the year	(30)	(678)	-	(50)	(758)
Provisions made during the year	164	-	-	180	344
<b>At 31 December 2021</b>	<b>926</b>	<b>1,599</b>	<b>696</b>	<b>410</b>	<b>3,631</b>
At 1 January 2022	926	1,599	696	410	3,631
Provisions used during the year	(139)	(663)	-	(88)	(890)
Provisions made during the year	66	-	-	1,750	1,816
Write down to fair value (Note 8b)	(78)	-	-	-	(78)
<b>At 31 December 2022</b>	<b>775</b>	<b>936</b>	<b>696</b>	<b>2,072</b>	<b>4,479</b>
<b>At 31 December 2021</b>					
Current provisions	543	927	-	410	1,880
Non-current provisions	383	672	696	-	1,751
<b>Total provisions</b>	<b>926</b>	<b>1,599</b>	<b>696</b>	<b>410</b>	<b>3,631</b>
<b>At 31 December 2022</b>					
Current provisions	605	549	-	722	1,876
Non-current provisions	170	387	696	1,350	2,603
<b>Total provisions</b>	<b>775</b>	<b>936</b>	<b>696</b>	<b>2,072</b>	<b>4,479</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 21. PROVISIONS (Continued)

#### Insurance provision

Shannon Airport operates an insurance programme which recognises a provision for the excess associated with reported and potential claims. The amount provided at 31 December 2022 reflects management's best estimate of the expenditure required to settle the obligations arising from these claims, based on experience and professional advice obtained.

#### Provision for severance schemes

A total provision of €1,599,000 was recorded at 31 December 2021 in respect of a voluntary severance scheme launched in 2018, and a further voluntary severance scheme which launched in 2020 following the onset of the Covid-19 crisis.

The provision of €936,000 recorded at 31 December 2022 represents management's best estimate of the expenditure required to meet the Group's obligations in respect of its employees under these schemes. Payments totalling €663,000 were made in 2022 under both schemes (2021: €678,000). Obligations totalling €549,000 are expected to be settled in 2023.

#### Provision for remedial works

As 31 December 2022 the Group has recorded a provision in respect of its commitment to pay a one-off contribution to Clare County Council and the Office of Public Works towards design and planning costs relating the Embankments surrounding the Shannon Airport campus. The amount represents management's best estimate of the expenditure required to settle this commitment, the timing of which is not certain but not expected to be paid within the next 12 months.

#### Other provision

At 31 December 2022, the Group has recorded a provision for certain legal matters. This amount represents management's best estimate of the expenditure required to settle the obligations. The ultimate outflow to settle the obligations could differ from the amount provided.



	Other provision €'000	Total €'000
<b>Company</b>		
At 1 January 2021	200	200
Provisions used during the year	-	-
Provisions made during the year	180	180
<b>At 31 December 2021</b>	<b>380</b>	<b>380</b>
At 1 January 2022	380	380
Provisions used during the year	(139)	(139)
Provisions made during the year	-	-
<b>At 31 December 2022</b>	<b>241</b>	<b>241</b>
<b>At 31 December 2021</b>		
Current provisions	380	380
Non-current provisions	-	-
Total provisions	<b>380</b>	<b>380</b>
<b>At 31 December 2022</b>		
Current provisions	<b>241</b>	<b>241</b>
Non-current provisions	-	-
Total provisions	<b>241</b>	<b>241</b>

#### Other provision

At 31 December 2022 the Company has recorded a provision for certain legal matters. The amounts recorded represent management's best estimate of the expenditure required to settle the relevant obligations

### 22. LOANS AND BORROWINGS

	2022 €'000	2021 €'000
<b>Group</b>		
Secured bank loans	26,905	29,564
Lease liabilities	202	1,890
<b>Total loans and borrowings</b>	<b>27,107</b>	<b>31,454</b>
	2022 €'000	2021 €'000
Secured bank loans	2,429	1,956
Lease liability (Note 25)	202	219
<b>Current loans and borrowings</b>	<b>2,631</b>	<b>2,175</b>
Secured bank loans	24,476	27,608
Lease liability (Note 25)	-	1,671
<b>Non-current loans and borrowings</b>	<b>24,476</b>	<b>29,279</b>
	-	-
<b>Total loans and borrowings</b>	<b>27,107</b>	<b>31,454</b>





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 22. LOANS AND BORROWINGS (Continued)

	Currency	Term Years	2022		2021	
			Face value €'000	Carrying value €'000	Face value €'000	Carrying value €'000
Secured bank loan (a)	EUR	>15	12,627	12,587	13,385	13,314
Secured bank loan (b)	EUR	5	4,998	4,956	6,099	6,047
Secured bank loan (c)	EUR	>10	9,388	9,362	10,251	10,203
Lease liabilities (d)	EUR	-	202	202	1,890	1,890
<b>Total interest-bearing liabilities (Note 24)</b>			<b>27,215</b>	<b>27,107</b>	<b>31,625</b>	<b>31,454</b>

The Group's bank loans comprise borrowings by its subsidiary companies, Shannon Commercial Properties and Shannon Airport.

- (a) In 2017 Shannon Airport obtained a long-term bank loan to fund the cost of the runway rehabilitation. As security for its borrowings the company has granted its lender an assignment and charge over a bank account, with a nil balance at year end (2021: Nil) (Note 17). The loan is an amortising facility with periodic repayments of both principal and interest. The interest rate is fixed for the first 15 years with stepped pre-agreed increases at pre-determined dates post year 15 if the loan remains outstanding. Shannon Airport obtained a waiver from its lender in relation to the 2022 and 2023 financial covenants associated with this loan.
- (b) In 2018 Shannon Commercial Enterprises obtained a development loan and long-term loan to partially fund its capital investment programme. During 2019, the development loan was repaid with an additional long-term loan. As security for its borrowings the company has granted its lender an assignment and charge over three investment properties and an assignment of the rental income from the secured properties. Elements of both loans have fixed interest rates with the remainder of the loans being subject to variable interest rates. All loans are amortising facilities with periodic repayments of both principal and interest.
- (c) During 2019 Shannon Airport obtained a long-term bank loan to partially fund the cost of development of a new aircraft hangar. As security for its borrowings the company has granted its lender an assignment and charge over the hangar, an assignment of the rental income from the hangar and an assignment and charge over a bank account, with a €1,233,700 balance at year end (2021: €1,088,700) (Note 17). The loan is an amortising facility with periodic repayments of both principal and interest. The interest rate is fixed with a pre-agreed increase post year 10 if the loan remains outstanding.

The companies are each subject to financial covenants on each loan that will remain in place until the loan is repaid full. All companies are in compliance with their applicable financial covenants at the year-end date.

- (d) The Group has a number of leases with varying lease end dates ranging from 2023 to 2041. Information about leases for which the Group is a lessee is presented in Note 25.



### 23. EMPLOYEE BENEFITS

The Group operates a number of pension schemes, including both defined contribution and defined benefit schemes. Details of the schemes in operation across the Group are outlined below. The Group has accounted for retirement benefits under defined benefit schemes in accordance with IAS 19 "Employee Benefits".

The Group operated a number of pension schemes on behalf of its employees during 2022 and 2021:

#### a) Defined benefit pension scheme – Aer Rianta Supplemental Superannuation Scheme

	2022 €'000	2021 €'000
<b>Group</b>		
Net defined benefit liability	<b>(128)</b>	<b>(738)</b>

Certain of the Group's employees are members of the Aer Rianta Supplemental Superannuation Scheme ("ARSSS") which is a defined benefit scheme operated by daa plc ("daa") and accounted for by the Group's subsidiary company, Shannon Airport Authority DAC ("the Company"), as a defined benefit scheme.

On 31 December 2012, the Company and daa entered into a transfer agreement (the "Business Transfer Agreement") whereby the assets and liabilities of the business of Shannon Airport which had been undertaken by daa were transferred to the Company in accordance with the provisions of the State Airports Act 2004.

Under the terms of the Business Transfer Agreement the Company has a net liability to the ARSSS in respect only of those permanent employees of Shannon Airport who were members of the ARSSS on 31 December 2012 and who transferred to and became employed by the Company on that date.

The ARSSS was frozen as at 31 December 2015. The Company ceased to be a participating employer in the ARSSS, however, it agreed to continue to pay contributions to the ARSSS in respect of the permanent employees of Shannon Airport who were members of the ARSSS on 31 December 2012 if and when demanded by the trustees of the scheme.

The contributions are determined by a qualified actuary on the basis of a valuation every three years.

	2022 €'000	2021 €'000
Contributions expected to be paid to the plan during the annual period beginning after the reporting date (i)	<b>33</b>	<b>21</b>

- (i) Actual contributions paid in 2022 were €21,000. A contribution of €33,000 is expected to be paid in 2023.

An actuarial assessment of the scheme was carried out at 31 December 2021 and 2022 by Mercer, the independent professionally qualified firm of actuaries, for the purpose of preparing the year end IAS 19 disclosures. The actuary assigned to the Company the assets and liabilities of the scheme and associated movements which relate to its employees.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 23. EMPLOYEE BENEFITS (Continued)

#### Movement in net defined benefit liability

The following table shows a reconciliation of the opening balance to the closing balance for the net defined benefit liability and its components.

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Balance at beginning of year	2,007	2,110	(1,269)	(1,310)	738	800
<b>Included in Profit or Loss</b>						
Expected return on plan assets	-	-	(18)	(15)	(18)	(15)
Interest cost	29	25	-	-	29	25
	29	25	(18)	(15)	11	10
<b>Included in Other Comprehensive Income</b>						
Remeasurement (gain)/loss:						
- Return on plan assets	-	-	166	(91)	166	(91)
Actuarial (gain)/loss arising from effect of:						
- changes in demographic assumptions	-	(24)	-	-	-	(24)
- changes in financial assumptions	(806)	29	-	-	(806)	29
- experience adjustments	40	14	-	-	40	14
	(766)	19	166	(91)	(600)	(72)
<b>Other</b>						
Employer contributions	-	-	(21)	-	(21)	-
Members contributions	-	-	-	-	-	-
Benefits paid	(201)	(147)	201	147	-	-
<b>Balance at year end</b>	<b>1,069</b>	<b>2,007</b>	<b>(941)</b>	<b>(1,269)</b>	<b>128</b>	<b>738</b>

#### Plan assets

Plan assets comprise the following:

	2022		2021	
	Plan assets €'000	Percentage of plan assets - %	Plan assets €'000	Percentage of plan assets - %
Equities	230	24.4	340	26.8
Bonds	594	63.1	759	59.8
Property	-	-	-	-
Cash	7	0.8	4	0.3
Other	110	11.7	166	13.1
	941	100.0	1,269	100.0

To develop the expected long-term rate of return on plan assets the company considered the current level of expected return on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio invested in and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the scheme's asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.



### Defined benefit obligation

#### Actuarial assumptions

The following table summarises the main assumptions adopted in respect of the defined benefit scheme. The assumptions, including the expected long-term rate of return on assets, have been set up on the advice of the company's actuary.

	2022	2021
Discount rate	4.25%	1.5%
Rate of price inflation	2.6%	2%
Rate of increase in salaries	-	-

The discount rate of 4.25% is based on the AA Corporate Rated Bonds which are considered appropriate for the duration of the liabilities of the schemes.

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevity underlying the values of the defined benefit obligation at the reporting date were as follows:

	2022 Years	2021 Years
<i>Longevity at age 65 for current pensioners</i>		
Males	22.5	22.4
Females	24.2	24.1
<i>Longevity at age 65 for current members aged 45</i>		
Males	24.2	24.1
Females	26.0	26.0

#### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2022 €'000 Increase/(decrease)	2021 €'000 Increase/(decrease)
Discount rate – 0.25% decrease (2021: 0.25%)	59	127
Inflation – 0.25% increase (2021: 0.25%)	28	56

#### b) Defined contribution schemes

The Group operates a number of internal defined contribution pension schemes for certain employees. Payments made to the scheme are charged annually in the financial statements and for the year ended 31 December 2022, the total expense recognised was €1,143,000 (2021: €863,000), €110,000 of which was payable at year end (2021: €104,000).

The Group's subsidiary company, Shannon Commercial Enterprises ("the Company") operated an unfunded defined benefit pension scheme up to the date of transfer to Shannon Group plc on 5 September 2014. Up to that date, under an arrangement with the Exchequer, employer and employee contributions were paid to the Exchequer and the Company recognised a deferred funding asset representing the asset to be recovered from the Exchequer in future periods. The Company also recognised a liability representing the funding deficit for post-retirement pension increases. In accordance with the Shannon Group Act, all liabilities, duties, obligations and funding (including pension increases and supplementary pension payments) arising by virtue of the operation of the scheme were transferred to the Minister for Jobs, Enterprise and Innovation on date of transfer. Therefore, for the years ended 31 December 2022 and 2021, the Group has accounted for the scheme as a defined contribution pension scheme. Payments made to the scheme are charged annually in the financial statements and for the year ended 31 December 2022, the total expense recognised was €125,000 (2021: €154,000), of which €23,000 was payable at year end (2021: €31,000).





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 24. FINANCIAL RISK MANAGEMENT

#### Financial risk factors

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management policy. The Board of Directors has established an Audit and Risk Committee which is responsible for developing and monitoring the Group's risk management systems.

The Group has an established group wide risk management system that ensures risks are consistently identified, assessed, recorded and reported across all Business Units and functions and which seeks to limit the impact of these risks on the financial performance of the Group. It is the Group's policy to manage these risks in a non-speculative manner.

The Group's operations expose it to various financial risks, as described below. This note presents information about the Group's exposure to these risks and its objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout this note.

#### (a) Credit risk

The Group undertakes financial transactions in the ordinary course of business with a number of counterparties and could suffer financial loss if any of those counterparties were to either fail or to default in the performance of their respective obligations. Credit risk arises from credit to customers arising on outstanding receivables and outstanding transactions as well as cash and cash equivalents and deposits with banks and financial institutions. The Group's deposits are held with two credit institutions. Counterparty exposures are regularly monitored by management and reported to the Board as required.

The carrying amount of financial assets, net of impairment provisions represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end is outlined in the table below.

	Carrying amount	
	2022 €'000	2021 €'000
<b>Group</b>		
Trade receivables (Note 15)	4,554	5,118
Other receivables and contract assets (Note 15)	2,629	3,597
Finance lease receivable (Note 12)	279	291
Cash and cash equivalents (Note 17)	56,939	62,161
<b>Total</b>	<b>64,401</b>	<b>71,167</b>
<b>Company</b>		
Trade receivables (Note 15)	-	-
Other receivables (Note 15)	296	231
Amounts due from subsidiary companies (Note 15)	815	443
Cash and cash equivalents (Note 17)	442	1,074
<b>Total</b>	<b>1,553</b>	<b>1,748</b>



#### Trade receivables

The Group has procedures in place for monitoring and managing the credit risk related to its trade receivables based on experience, customers' track record and historic default rates. Individual risk limits are generally set by customer and risk is only accepted above such limits in defined circumstances. Credit risk exposures in relation to ad hoc customers are mitigated, where necessary, using prepayments or the request of deposits.

The Group's trade receivables are all denominated in Euro. The exposure to credit risk for trade and receivables by geographic region of customers was as follows:

	2022 €'000	2021 €'000
<b>Gross trade receivables</b>		
Republic of Ireland	5,002	5,641
United Kingdom	361	256
Rest of world	489	470
<b>At 31 December</b>	<b>5,852</b>	<b>6,367</b>

At 31 December 2022, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2022 €'000	2021 €'000
Aeronautical customers	2,929	3,527
Tourism customers	-	231
Commercial property customers	518	692
Airport concession and rental customers	1,869	1,896
Other commercial customers	536	21
<b>At 31 December</b>	<b>5,852</b>	<b>6,367</b>

Trade receivables do not carry interest and are stated net of allowances for doubtful receivables, an analysis of which is provided as follows:

	2022 €'000	2021 €'000
<b>Expected credit loss</b>		
At the start of the year	1,249	1,411
Amounts charged/(credited) to operating expenses	221	(89)
Trade receivables written off	(140)	(73)
Transferred to Asset held for Sale	32	-
<b>At 31 December</b>	<b>1,298</b>	<b>1,249</b>
<b>Net trade receivables (Note 15)</b>	<b>4,554</b>	<b>5,118</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 24. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

The following table provides an aged analysis of the Group's trade receivables:

	2022 €'000	2021 €'000
Within credit terms	1,264	1,643
0-30 days past due	1,225	846
31-60 days past due	994	1,049
61-90 days past due	456	861
Greater than 90 days past due	1,913	1,968
<b>Total</b>	<b>5,852</b>	<b>6,367</b>

#### Expected credit loss assessment for individual customers as at 31 December 2022

At each reporting date the Group evaluates the recoverability of trade receivables and records allowances for doubtful receivables based on experience.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of non-recoverability to write-off.

	Weighted-average loss rate	Gross carrying amount €'000	Loss allowance €'000	Credit- impaired €'000
Within credit terms	3.5%	1,264	(44)	1,220
0-30 days past due	6.4%	1,225	(79)	1,146
31-60 days past due	8.1%	994	(81)	913
61-90 days past due	5.7%	456	(26)	430
Greater than 90 days past due	55.8%	1,913	(1,068)	845
<b>Total</b>		<b>5,852</b>	<b>(1,298)</b>	<b>4,554</b>

Loss rates are based on historic data of credit loss experience. It also takes into consideration the Group's view of economic conditions over the expected lives of the receivables.

#### Expected credit loss assessment for individual customers as at 31 December 2021

	Weighted-average loss rate	Gross carrying amount €'000	Loss allowance €'000	Credit- impaired €'000
Within credit terms	3.5%	1,643	(58)	1,585
0-30 days past due	3.4%	846	(29)	817
31-60 days past due	9.4%	1,049	(99)	950
61-90 days past due	8.6%	861	(74)	787
Greater than 90 days past due	50.3%	1,968	(989)	979
<b>Total</b>		<b>6,367</b>	<b>(1,249)</b>	<b>5,118</b>

#### Finance lease receivable

The credit risk in respect of the finance lease receivable arises with one counterparty. The balance is not past due or impaired. The Group has procedures in place for monitoring and managing this credit risk based on experience and the customer's track record of payment.

#### Cash and cash equivalents

Cash and cash equivalents and other investments ("cash deposits") are invested with institutions, for which management has considered their credit rating.

Regarding the Group and Company's cash deposits, the credit ratings of the institutions in which cash is deposited was Baa3 or above at year end based on Moodys' ratings (2021: *Baa3 or above*). The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The expected credit loss is less than €1,000.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash generated by the business is the primary source of funding available to the Group. The Group's subsidiary companies, Shannon Airport and Shannon Commercial Enterprises have obtained long-term bank loans to partially fund their capital expenditure programmes (Note 22). A prudent approach is adopted in managing liquidity including funding of significant investment requirements. The Group has determined its risk appetite for commercial investments and set financial tolerance levels accordingly.

The Group operates strong business and financial control systems with regular operational cash flow and cash balance position reporting, early signalling of material deviation from plan and carries out reviews to ensure liquidity is maintained in the short to longer term.

The Group has adequate funding resources available to meet forecast short term funding requirements of its operations and capital investment programme. An overdraft facility of €5 million is available to meet short term working capital requirements. Arising from this, the bank holds security over certain Group assets (Note 10). The overdraft facility was not used during 2022. The facility was used during 2021, however was not in use at year end (Note 17).

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.







## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 24. FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Liquidity risk (Continued)

	Contractual cash flows					
	Carrying amount	Total contractual cash flows	3 months or less	3-12 months	1-2 years	More than 2 years
	€'000	€'000	€'000	€'000	€'000	€'000
<b>31 December 2022</b>						
<i>Non-derivative financial liabilities</i>						
Bank overdraft	-	-	-	-	-	-
Trade and other payables	20,267	20,267	20,267	-	-	-
Secured bank loans	26,905	33,954	522	3,221	6,599	23,612
Lease liability	202	202	50	152	-	-
<b>Total</b>	<b>47,374</b>	<b>54,423</b>	<b>20,839</b>	<b>3,373</b>	<b>6,599</b>	<b>23,612</b>

	Contractual cash flows					
	Carrying amount	Total contractual cash flows	3 months or less	3-12 months	1-2 years	More than 2 years
	€'000	€'000	€'000	€'000	€'000	€'000
<b>31 December 2021</b>						
<i>Non-derivative financial liabilities</i>						
Bank overdraft	-	-	-	-	-	-
Trade and other payables	28,365	28,365	28,365	-	-	-
Secured bank loans	29,564	30,270	421	2,035	5,072	22,742
Lease liability	1,890	2,338	84	254	298	1,702
<b>Total</b>	<b>59,819</b>	<b>60,973</b>	<b>28,870</b>	<b>2,289</b>	<b>5,370</b>	<b>24,444</b>

#### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income.

##### (i) Interest rate risk

The Group is not exposed to interest rate risk on the secured bank loans held by its subsidiary company, Shannon Airport, as the interest rate is fixed for the term of both loans. The Group's other secured bank loan and cash and investment balances attract interest at both fixed and floating rates. An increase or decrease of 1% in interest rates would result in an increase/(decrease) of €0.6 million to profit/loss (2021: €0.6 million).

##### (ii) Foreign exchange risk

The Group is not materially exposed to foreign exchange risk as all material transactions and financial instruments are in Euro (the Group's functional currency). Any strengthening or weakening of the Euro against other currencies would not have a significant impact on profit/loss or other comprehensive income.

##### (iii) Other price risk

The Group is not exposed to equity security or commodity price risk as it does not hold any equity investments.

#### Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure.



#### Financial instruments measurement, categorisations and fair value estimation

The following table presents the classification of the Group and Company's financial assets and liabilities.

	Amortised Cost €'000	Fair Value through Profit or Loss €'000	Other financial liabilities €'000	Carrying value €'000
<b>Group</b>				
<b>31 December 2022</b>				
Finance lease receivable	279	-	-	279
Trade and other receivables	7,183	-	-	7,183
Cash and cash equivalents	56,939	-	-	56,939
<b>Total</b>	<b>64,401</b>	<b>-</b>	<b>-</b>	<b>64,401</b>
Trade and other payables	-	-	20,267	20,267
Secured bank loans	-	-	26,905	26,905
Lease liability	-	-	202	202
<b>Total</b>	<b>-</b>	<b>-</b>	<b>47,374</b>	<b>47,374</b>

	Amortised Cost €'000	Fair Value through Profit or Loss €'000	Other financial liabilities €'000	Carrying value €'000
<b>31 December 2021</b>				
Finance lease receivable	291	-	-	291
Trade and other receivables	8,715	-	-	8,715
Cash and cash equivalents	62,161	-	-	62,161
<b>Total</b>	<b>71,167</b>	<b>-</b>	<b>-</b>	<b>71,167</b>
Trade and other payables	-	-	28,365	28,365
Secured bank loan	-	-	29,564	29,564
Lease liability	-	-	1,890	1,890
<b>Total</b>	<b>-</b>	<b>-</b>	<b>59,819</b>	<b>59,819</b>

The following table presents the fair value of the Group's investment properties (Note 11).

	2022 €'000	2021 €'000
Industrial and retail buildings	39,476	37,472
Office buildings	59,442	46,936
Warehouse buildings	11,429	10,566
Industrial land	21,841	21,497
<b>Total</b>	<b>132,188</b>	<b>116,471</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 24. FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Liquidity risk (Continued)

	Amortised Cost €'000	Fair Value through Profit or Loss €'000	Other financial liabilities €'000	Carrying value €'000
<b>Company</b>				
<b>31 December 2022</b>				
Trade and other receivables	1,202	-	-	1,202
Cash and cash equivalents	442	-	-	442
<b>Total</b>	<b>1,644</b>	<b>-</b>	<b>-</b>	<b>1,644</b>
Trade and other payables	-	-	(1,356)	(1,356)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(1,356)</b>	<b>(1,356)</b>
	Amortised Cost €'000	Fair Value through Profit or Loss €'000	Other financial liabilities €'000	Carrying value €'000
<b>31 December 2021</b>				
Trade and other receivables	748	-	-	748
Cash and cash equivalents	1,074	-	-	1,074
<b>Total</b>	<b>1,822</b>	<b>-</b>	<b>-</b>	<b>1,822</b>
Trade and other payables	-	-	(1,367)	(1,367)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(1,367)</b>	<b>(1,367)</b>

The Group has availed of the exemption under IFRS 7 “Financial Instruments: Disclosure” from providing additional disclosures where the amortised cost carrying value closely approximates the fair value.

With the exception of finance leases receivable, the carrying amount of the above financial assets and liabilities approximate fair value.

### Measurement of fair values

#### Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

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

Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities disclosed in the preceding table.

#### Finance leases receivable – not measured at fair value in the Statement of Financial Position

Fair value is based on the present value of future cash flows discounted at market rates.



### 25. LEASES

#### (a) Leases as lessee

The Group leases a number of retail units at Heritage sites and certain IT equipment with varying lease end dates ranging from 2023 to 2041. Information about leases for which the Group is a lessee is presented below.

#### (i) Right-of-use assets in the statement of financial position

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as a separate line item in the statement of financial position:

	Tourism Buildings €'000	Plant, Fixtures and Fittings €'000	Total €'000
Balance at 1 January 2021	1,446	245	1,691
Additions	-	433	433
Lease modifications	(37)	-	(37)
Depreciation charge for the year	(67)	(245)	(312)
<b>Balance at 31 December 2021</b>	<b>1,342</b>	<b>433</b>	<b>1,775</b>
<b>Balance at 1 January 2022</b>	<b>1,342</b>	<b>433</b>	<b>1,775</b>
Additions	-	-	-
Depreciation charge for the year	(67)	(216)	(283)
Impairment loss (Note 8b)	(1,275)	-	(1,275)
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>217</b>	<b>217</b>

#### (ii) Amounts recognised in the consolidated statement of comprehensive income

The following amounts have been recognised in the consolidated statement of comprehensive income for which the Group is a lessee:

	2022 €'000	2021 €'000
Interest expense on lease liabilities	4	9

#### (iii) Amounts recognised in the consolidated cashflow statement

	2022 €'000	2021 €'000
Total cash outflow for leases	279	276

#### (b) Leases as lessor

The Group leases out its investment properties (see Note 11). The Group does not have any finance lease arrangements as a lessor. During the year €11,928,000 (2021: €11,822,000) was recognised as rental income by the Group. The following table sets out a maturity analysis of lease payments to be received, showing the undiscounted lease payments to be received after the reporting date:

	2022 €'000	2021 €'000
<b>Operating leases</b>		
Less than one year	10,890	9,187
Between one and two years	8,589	6,350
Between two and three years	7,262	5,791
Between three and four years	5,908	5,215
Between four and five years	5,164	4,566
More than five years	8,409	11,020
<b>Total</b>	<b>46,222</b>	<b>42,129</b>





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 26. RELATED PARTY DISCLOSURES

#### (a) Related party transactions

##### Group

The beneficial holder and ultimate controlling party of the Group is the Government. In common with many other entities, the Group deals in the normal course of business with Government and state bodies and other entities that are under ownership, control or significant influence from the Government. Such dealings are with a wide range of entities that include central government, local authorities, commercial and non-commercial state companies and financial institutions. Certain assets held by the Group's subsidiary company, Shannon Airport Authority DAC, are leased to University of Galway on an arm's length basis. Shannon Group plc and University of Galway are both under the common control of the State.

Transactions between subsidiaries of the Group, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The following related party transactions occurred during the year:

- (i) Mr. Ambrose Loughlin, who served as director of the Group during the year, is a former partner of McCann Fitzgerald and acted as a consultant to the firm during 2021 and 2022. McCann Fitzgerald provides legal services to the Group.
- Fees paid in respect of services provided by the above firm to the Group in the normal course of business during the year ended 31 December 2022 were €8,548 (2021: €19,263). No amounts were unbilled or billed and not yet paid by the Group at year-end (2021: Nil).
- (ii) Mr. Kevin McCarthy, who served as director of the Group during the year, is a director of Mid West Sporting Supplies Limited, a company which provides services to the Group.
- Fees paid in respect of services provided by the above firm to the Group in the normal course of business during the year ended 31 December 2022 were €4,024 (2021: Nil). No amounts were unbilled or billed and not yet paid by the Group at year-end (2021: Nil).

The following related party transactions occurred during 2021:

- (i) Mr. Liam O'Shea, who served as director of the Group during the year, was a shareholder of County Tipperary Radio Limited (trading as Tipp FM) during 2021, a company which provides advertising services to the Group.
- Fees in respect of services provided by the above company to the Group in the normal course of business during the year ended 31 December 2021 were €2,400. No amounts were unbilled or billed and not yet paid by the Group at year-end.
- (ii) Mr. Tom Kelly, who served as director of the Group during the year, was an employee of AerCap Ireland Limited during 2021, a company which received services from the Group.
- Fees in respect of services provided by the Group to the above company in the normal course of business during the year ended 31 December 2021 were €383,105. €39,990 was unbilled or billed and not yet paid to the Group at year-end.



##### Company

Transactions between the Company and its subsidiaries during the financial period relate primarily to the recharge of operating costs.

#### (b) Key management compensation

Key management includes members of the Group Executive Team. The compensation paid or payable to key management for employee services is shown below:

	2022 €'000	2021 €'000
<b>Group</b>		
Salaries and other short-term employee benefits (including social welfare)	871	1,020
Post-employment benefits	108	115
	<b>979</b>	<b>1,135</b>

##### Company

A number of members of the Group Executive team are employed by the Company. A portion of this compensation of these employees and of the remuneration of the directors of the Company is recharged to subsidiary companies.

### 27. COMMITMENTS AND CONTINGENCIES

#### Capital and other commitments

The value of capital work not completed at 31 December 2022 under contracts entered into by the Group is estimated at €8,714,000 (2021: €8,945,205). Grant aid of €606,000 (2021: €1,386,000) has been secured to fund certain of these capital commitments.

### 28. SUBSEQUENT EVENTS

There have been no significant events subsequent to the year-end affecting the Group.

### 29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 23 March 2023.



# GENERAL BUSINESS INFORMATION

DIRECTORS	Conal Henry (Chairperson) Mary Considine (Chief Executive Officer) Audrey Costelloe Alan Donohue Tom Kelly Ambrose Loughlin Stephen Rae
COMPANY SECRETARY	Rachael Leahy
REGISTERED OFFICE	Shannon Airport Shannon Co. Clare
AUDITOR	Ernst & Young Chartered Accountants Hibernian House 45 Eyre Square Galway
BANKERS	Bank of Ireland Shannon Industrial Estate Shannon Co. Clare
REGISTERED NUMBER	548847





