THE **Shannon** AIRPORT GROUP

ANNUAL REPORT AND ACCOUNTS | 2023

www.snnairportgroup.ie

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OUR STORY

The Shannon Airport Group owns and operates Shannon Airport, and we also manage a substantial commercial property portfolio. We are proud of our role as a key economic driver and we are on a continuous journey to maximise the potential of our airport and our surrounding lands and property while embedding sustainability across the business. We do this through the provision of essential international air services for trade and tourism, while we are also dedicated to creating an attractive and sustainable Shannon Campus for businesses to grow.

Shannon Airport is the largest airport on the West Coast of Ireland and serves destinations to the US, UK and Europe as well as providing full US Pre-clearance for transatlantic passengers. Innovation is in our DNA and is the foundation of our business strategy.

The Shannon Airport Group is leading the way towards a brighter future for our passengers, our employees and our communities with our dedicated teams working in Aviation and Commercial Property, our history of innovation, and our commitment to sustainability across our Shannon Campus.

OUR VISION

To reach further to build a thriving connected place.

OUR MISSION

We are here to build sustainable livelihoods and a vibrant economy for our people and the region by shaping opportunities in aviation and property.

OUR VALUES

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.

THE Shannon AIRPORT GROUP

THE ECONOMIC IMPACT OF THE SHANNON AIRPORT GROUP

In 2023, Oxford Economics were commissioned to quantify The Shannon Airport Group's economic contribution to the Irish economy. The economic footprint of the Group incorporates the impact of the Airport and the businesses located across our business parks, which support thousands of jobs and contribute billions to GDP.

A Catalyst for Economic Growth

1.5m
PASSENGERS (2022)

3.5m
SQ FT OF BUILDINGS

THE SHANNON AIRPORT GROUP HAS AN ECONOMIC FOOTPRINT OF

€3.96bn
TO IRISH GDP

20,330
JOBS

IMPACT FROM TRADE CONTRIBUTES

€1.36bn
TO IRISH GDP

10,490
JOBS

IMPACT FROM TOURISM SPENDING CONTRIBUTES

€146m
TO IRISH GDP

1,860
JOBS

OUR STRATEGIC PRIORITIES

THE Shannon AIRPORT GROUP

A FOREWORD FROM OUR CHAIR

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A FOREWORD FROM OUR CHAIR

The Shannon Airport Group, a major economic asset

Since becoming Chair of The Shannon Airport Group in March 2022, I have witnessed first-hand the remarkable dedication, loyalty, and creativity shown by the Shannon team.

Their many achievements, though commendable, have been hampered by two primary factors. Firstly, the Group operates at a significant competitive disadvantage due to the unchecked growth and dominance of Dublin Airport. Secondly, the Regional Airport Programme's eligibility criteria lacks fairness.

During my two years as Chair, it has become clear that policy changes are necessary to enable The Shannon Airport Group to thrive and contribute fully to the regional and national economy. Without such changes, Shannon Airport will likely continue to account for less than a tenth of aviation traffic in five years.

Ireland experienced substantial passenger growth before the pandemic, largely driven by Dublin Airport, while other airports saw minimal expansion. This concentration of growth exacerbates the problem and threatens the economic balance.

Projections suggest Dublin Airport will continue to dominate, highlighting the urgent need for pro-customer and pro-competition policies. Relying solely on Dublin Airport poses significant risks to Ireland's economic stability.

Current national aviation policy has failed to address this imbalance, perpetuating Dublin Airport's dominance and impeding regional development. Consistent treatment of all airports regarding funding availability is essential, including Shannon Airport.

With the right policies, The Shannon Airport Group can play a vital role in Ireland's economy. However, failure to act now jeopardises our economic future.

We stand at a critical juncture. Government has a choice either to perpetuate the dominance of Dublin Airport, risking stagnating our economy and neglecting regional development, or to take a bold step and embrace a more competitive airport sector that meets passenger needs, reduces emissions, and strengthens our economy. The choice must be made now.

Conal Henry,
Chair,
The Shannon Airport Group

THE Shannon AIRPORT GROUP

CHIEF EXECUTIVE OFFICER'S REVIEW


MARY CONSIDINE
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S REVIEW

CONTINUED STRONG PASSENGER GROWTH

I am pleased to present The Shannon Airport Group 2023 annual report. It has been another year of strong growth and significant achievements, reflecting the dedication of our team, the support of our customers and stakeholders, and fostered by strategic partnerships and government support.

In 2023, we expanded our service offering with new routes and increased capacity, strengthening our connectivity and enhancing the travel experience for our passengers.

During the year, Shannon Airport welcomed 1.959 million passengers, a 29 per cent increase on the previous year, and the highest level of traffic since 2009.

Our commitment to enhancing connectivity was reflected in notable increases in passenger traffic across all key markets. Continental European traffic rose by 41 per cent to 748,000; UK traffic increased by 31 per cent to 838,000, and transatlantic passenger numbers grew by 24 per cent to 296,000.

The service offering from Shannon was boosted considerably in 2023 with new Ryanair services to destinations including Naples, Porto, Béziers and Liverpool, as well as additional capacity on some popular destinations such as Malaga, Faro and Alicante, particularly during peak holiday times and school holidays. Another highlight was the launch of the new Aer Lingus service to the hub airport of Paris Charles de Gaulle.

Transatlantic services at Shannon are an important part of our customer offering and they received a major boost in 2023 with the launch of a new daily Chicago service by United Airlines. With reduced dwell times in security screening and our established US Pre-clearance facilities, passengers can look forward to an even easier and more enjoyable experience at Shannon.

We have enjoyed a transatlantic market rebound generally since Covid, and in addition to Chicago, we offer services to New York/JFK, Boston, and New York/Newark with our airline partners. We are delighted that May 2024 will see the resumption of the Delta New York/JFK service. This new daily seasonal service will further boost Shannon's connectivity to the US, meeting the demand for direct US routes to and from the West of Ireland.

These successes solidify Shannon's role as a crucial gateway, supporting both domestic and international economic activity and tourism. Our routes to and from Shannon Airport facilitate access to global export markets, attract Foreign Direct Investment, and bolster tourism, driving economic activity. Shannon Airport's recognition as the best Irish airport brand in 2023 by RED C underscores our commitment to customer satisfaction, which remains central to our operations.

BUILDING FOR THE FUTURE

The Group's property division manages a substantial portfolio of 3.5 million square feet of building space and significant landbanks in Shannon and other sites in the region. These assets provide innovative, and competitive property solutions to entice indigenous and foreign investment to locate in the area and deliver an ecosystem supporting economic activity and employment growth.

During the year, Airport operations were supported by significant levels of property activity, particularly across the Shannon Campus, where our 2023 investment programme saw the provision of property solutions for business, as well as enhancements to our airport facilities.

Key projects undertaken during the year included the completion of a new 60,000 sq. ft. multi-purpose industrial unit, and a 40,000 sq. ft. R&D technology unit. The Group also completed a number of infrastructural projects at the airport, among these, rehabilitation work on an airport taxiway.

STRONG FINANCIAL PERFORMANCE

2023 was another year of positive performance for the Group as we continued the roll out of our ambitious capital investment programme and delivered a strong financial result.

Group turnover from continuing operations increased 12 per cent on the 2022 figure to €67.9 million, while EBITDA for the Group increased to just over €21 million, a 27 per cent increase on 2022. This positive operational performance was reflected in the Group's profit for the year from continuing operations of €28.4 million (before tax and exceptional items).

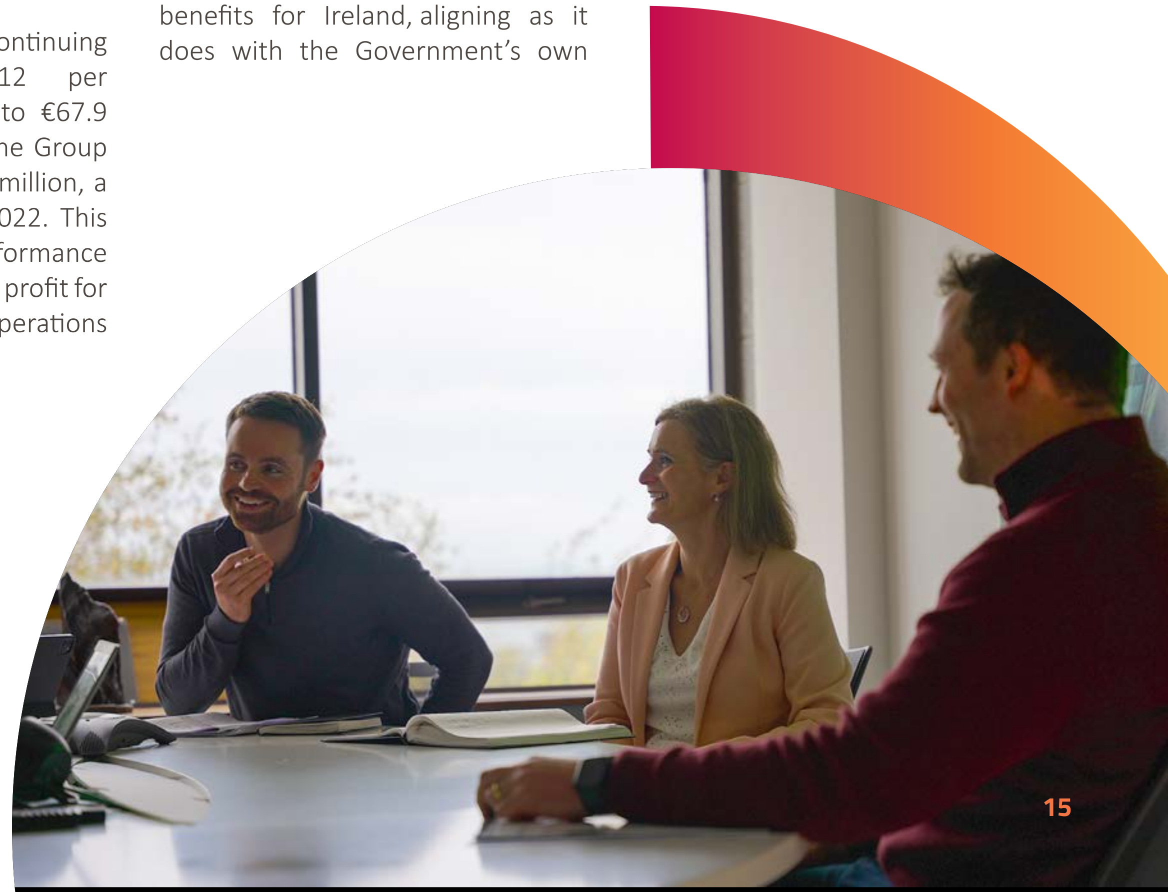
In 2023, Shannon Airport secured operational and capital funding when it was temporarily included in the Regional Airports Programme and this welcome support further enabled the completion of vital safety and security projects at the airport during the year.

We have achieved much this year, but know we can achieve even more for our region with continued Government support. Ultimately, Shannon Airport's permanent inclusion in the Regional Airports Programme will deliver economic benefits for Ireland, aligning as it does with the Government's own ambitions for ensuring balanced regional development. We have been lobbying hard for this for some time and continue to do so as we await the outcome of the Government's Mid-Term Review of the Programme, expected soon.

GENERATING A POSITIVE ECONOMIC IMPACT

At The Shannon Airport Group our team provides essential services, infrastructure and facilities that support economic development across the West of Ireland and the broader Irish economy.

The economic benefits from our Group's activities extend far beyond passenger numbers and an independent report by Oxford Economics, published in 2023, shows our significant contribution to Ireland's GDP, job creation, and tax revenues. We take pride in supporting over 20,300 jobs and contributing €643 million in tax revenues annually, reinforcing our role as a cornerstone of regional development.



SUSTAINABILITY COMMITMENT

As a Group, we know that our activities and our airport operations are important to our community and stakeholders. They provide a key engine that fuels economic wellbeing for our region and beyond. Embedding sustainability was a key focus for the Group in 2023 when we delivered a number of programmes, from employee wellbeing and CSR to energy saving, carbon reduction and recycling initiatives.

For example, in pursuit of our goal to reduce carbon emissions and pursue eco-friendly practices, we achieved Airport Carbon Accreditation Level 2 certification and made significant strides towards further reductions in energy consumption. Initiatives such as a partnership with ESB to implement LED lighting and the rollout of electric vehicle charging points, underscore our commitment to environmental stewardship and corporate responsibility. We are committed to working with industry partners on creating a more sustainable future.

We are passionate about developing our Shannon Campus as a hub for technology and aerospace industries, contributing to regional job creation and economic opportunities, and much work was done during the year at Future Mobility Campus Ireland (FMCI) on the Shannon Campus to further this ambition.

Community engagement continued to be an important focus for us, and we were delighted to support a number of worthy initiatives in our community during the year. In March, we sponsored the inaugural Women in Aviation Mid-West Region networking event, where women working in the aviation and aerospace sectors from Limerick and Clare came together to collaborate and form synergies. In November, we hosted a networking event at the Shannon Campus for finalists in the Galway Chamber Business Awards.

Looking at opportunities ahead, we are excited about the potential for the Shannon Estuary to emerge as a global hub for renewable energy focusing on offshore wind energy, aligning with our vision for sustainable growth and innovation.

This holds major opportunities for Shannon. For example, the strategic location of Shannon Airport offers huge potential for the development of sustainable aviation technology and the production of green fuel for the aviation sector, as recommended by the Shannon Estuary Economic Taskforce Report. We will continue to work closely with the Taskforce and Government to seize this opportunity.

ACKNOWLEDGEMENTS

Our staff are the heart of our operations, and I wish to thank them sincerely for their contribution during the year. Their continued commitment and dedication are crucial as we work towards achieving our goals.

In March 2023 we welcomed Aisling Curtis and John Moran to the Board. Together with our existing board members, they added immense value as we pursue our mission to build sustainable livelihoods and a vibrant economy for our people and the region by shaping opportunities in aviation and property. John has since resigned from the Board to pursue other opportunities and we wish him every success.

I wish to thank our Shareholder, the Department of Transport and Ministers Ryan and Chambers for their continued support, encouragement and assistance in 2023.

During the year, we successfully completed the transfer of Shannon Heritage to Clare County Council, and I would once again like to express my thanks to our former Shannon Heritage colleagues and wish them every future success. We will continue to maintain strong links with them as we work to grow vital air services and bring international visitors to support these visitor sites.

FUTURE FOCUSED

As we look forward to another positive year in 2024, we remain optimistic about the opportunities that lie ahead, as our airport and commercial property activities continue to create an environment that boosts economic growth and helps the region to grow.

We remain steadfast in our commitment to prioritise customer satisfaction, a principle that guides both our airport operations and our commercial property endeavours. Our aim is to uphold Shannon Airport as a top destination for travellers in 2024, while simultaneously expanding and enhancing our commercial property portfolio.

In conclusion, I would like to express my gratitude to our shareholders, employees, customers, and partners for their unwavering support and dedication. Together, we have achieved significant milestones in 2023, and I am confident that we will continue to build on this momentum in the years to come.

Sincerely,

Mary Considine,
CEO,
The Shannon Airport Group

THE Shannon AIRPORT GROUP

GROWING CONNECTIONS & COMMUNITY

GROWING CONNECTIONS & COMMUNITY

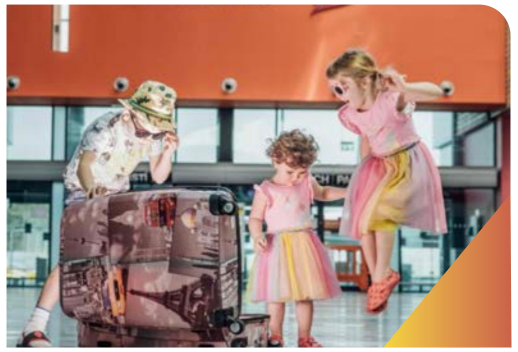
At The Shannon Airport Group, we are committed to supporting our people, our airport, the business parks we own and operate as well as our neighbouring communities.

The Shannon Airport Group has a rich history of community engagement through business support, company sponsorships and educational initiatives.

Throughout 2023, we continued to reach out to our community and worked with various stakeholders to deliver initiatives and form partnerships that will have a lasting and beneficial impact on the Midwest region into the future.

On March 8th, International Women's Day, The Shannon Airport Group sponsored a first-of-its-kind Women in Aviation networking event for the Midwest region, held in the Shannon Aviation Museum. The inaugural networking event was a great success, bringing more than 150 women from the aviation industry across the region together to create synergies, boost collaboration and foster friendships.

For the first time since 2019, the Explore Engineering Showcase returned to Shannon Airport in March. Over 60 engineering companies came together to showcase their cutting-edge technology and provide a unique experience for students, teachers, parents, career changers and engineering enthusiasts interested in the industry, to gain an insight into the various career paths in engineering in the Midwest region.



Holiday options from Shannon Airport received a boost with the launch of a bumper summer 2023 holiday schedule in March. The summer schedule at the airport offered 33 services to 11 countries, and over 280 weekly flights, a 14 per cent increase on routes in 2019. During March, five new routes to Naples, Porto, Béziers, Newcastle and Liverpool took to the skies, while a new daily seasonal service to Chicago with United took flight in May 2023.

Pictured (l-r) are Sean Óg Casey (7), Ríadh Casey (2) and Síomha Casey (5).

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June brought the announcement of another new service from Shannon Airport, this time with Aer Lingus to the world-renowned international hub of Paris Charles de Gaulle. The launch of this service aligned perfectly with the Rugby World Cup, with thousands of Ireland fans availing of easy access from Shannon to Paris for the competition during September and October 2023.

Pictured (l-r) are Declan Power, Head of Aviation Development, Shannon Airport; Michelle Murray, Aer Lingus; Elaine Smith, Aer Lingus and Mary Considine, CEO of The Shannon Airport Group.

Shannon Airport and United Airlines also celebrated the 25th anniversary of the New York/Newark service, acknowledging the more than two million passengers that have been carried on the route since it began in 1998.

Pictured (l-r) are are First Officer Paul Sullivan, United Airlines; Martina Coogan, Head of Corporate Sales UK and Ireland, United Airlines; Mary Considine, CEO of The Shannon Airport Group and Captain Michael Milo, United Airlines.

The only way was up for Shannon Airport in June as the airport also recorded its busiest day since 2016 over the Bank Holiday weekend. A record breaking 7,800 passengers travelled through the airport on Friday the 2nd of June, marking the highest number of passengers to traverse Shannon Airport in one day since 2016.

In August, Shannon Airport welcomed new Irish businesses to the duty-free's Curated area. Curated builds on Shannon Airport's history of promoting Irish entrepreneurship by giving indigenous businesses a platform to reach international audiences. This designated space provides an opportunity for Irish businesses, startups, and talented artisans from across the country to showcase their products to a global market. The new Curated area has a strong presence of local brands including Wix and Wax from Ennis, Co. Clare, Seabody from Kerry, Galway-based skincare brand Mervue organics and West Clare's Wild Irish Seaweed.

The second instalment of a permanent exhibition containing the world's largest private collection of diecast model aircraft officially opened in August at Shannon Airport. The magnificent exhibition was meticulously amassed over many years by Limerick man Mike Kelly and offers a captivating journey through the evolution of aviation. It was important to all employees of The Shannon Airport Group that this permanent collection was free to view and accessible for the general public to enjoy. Mike Kelly is pictured with his five-year old grandson, Ollie, and Mary Considine, CEO of The Shannon Airport Group.

September saw Shannon Airport renew its partnership with the KPMG Women's Irish Open for a second consecutive year, following the success of the 2022 event. This tournament's location in the Midwest region brought a fantastic boost in tourism throughout the course of the competition. Shannon Airport was delighted to be involved in the event which drew global attention to the wonderful offering Clare and the West of Ireland has for overseas visitors, while also showcasing Ireland as a premier golfing destination.

Shannon Airport 'scored a try' with Munster Rugby in September with the announcement of its partnership renewal with the iconic provincial team until 2026, which will see Shannon Airport continuing as the official airport partner of Munster Rugby.

Pictured with employees from The Shannon Airport Group are Munster rugby's (l-r) Diarmuid Barron, Fineen Wycherley and John Ryan.

In November, The Shannon Airport Group once again teamed up with Galway Chamber of Commerce to sponsor the Chamber's Business Awards. As part of this partnership, a special event was devised and hosted by the airport which allowed the finalists to network while learning about the many facets of The Shannon Airport Group's work.

The Shannon Airport Group was also proud to sponsor award categories in both the Ennis and Limerick Chamber Business Awards. In 2023, the Group sponsored the 'Best Hospitality' awards category in the Clare Business Excellence Awards, while it also sponsored the 'Best Employer: Employee Value Proposition Award' in the Limerick Chamber Regional Business Awards.

Supporting these awards provides an important opportunity to acknowledge the innovation, talent, and entrepreneurial spirit thriving in the Midwest region and also highlight the impact that the finalists are making on driving business for the West of Ireland.

Ahead of the 2023 Christmas shopping season, The Shannon Airport Group once again partnered with Ennis Chamber to launch a special #BuyLocalFlyLocal initiative to raise awareness about the importance of supporting local businesses during the festive period, while also promoting the fantastic choice of flights available from Shannon Airport.

AN AWARD-WINNING YEAR IN AVIATION

This year, we received a number of awards for our commitment to customer service and excellence. These included being ranked the Best Airport Brand in Ireland by the RED C Brand Reaction Index (BRI) Ireland 2023. This prestigious accolade was awarded based on which brands had the highest connection with consumers.

We were also crowned 'Ireland's Best Recovered Airport' through independent analysis by global aviation publication, Air Service One. The publication revealed that in the first nine months of 2023, Shannon Airport recorded a 14 per cent increase on 2019 passenger numbers.

In November, we were proud to win the 'Best Customer Experience' award in the Transport Category at the national Customer Experience Awards. This award commended the Shannon Airport team's efforts to ensure every passenger that comes through the airport feels safe, looked after and has the easiest journey possible. The airport's age friendly initiatives, PRM (Person with Reduced Mobility) and Autism Awareness programmes were commended as part of the award win.

Pictured (l-r) Pamela Brooks, Trevor Curran and Clare Corry from The Shannon Airport Group.

November also saw The Shannon Airport Group receive a Special Innovation Impact Award for our history in innovation in the Shannon Region from think tank organisation, Asia Matters. In awarding the Group, Asia Matters highlighted that Shannon is recognised by key business and government stakeholders across Asia as global best in class, establishing the world's first duty-free airport in 1947 and Shannon Free Zone – the world's first free trade zone in 1959. They also noted that this has continued today, as Shannon continues its cutting-edge impact embracing future mobility as Ireland's premier aviation and aerospace innovation hub.

Alan Dukes, Co-founder of Asia Matters is pictured presenting the award to Mary Considine, CEO of The Shannon Airport Group.

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 2023 FINANCIAL OVERVIEW

	2023 €'000	2022 €'000
Revenue from continuing operations	**67,872**	60,681
Group Operating Profit (after exceptional items)^	**30,774**	21,899
Investment properties revaluation losses / (gains)	**2,526**	(4,920)
Other income/expense ((gains)/losses on disposal of assets)	**(7,313)**	24
Grant funding	**(7,172)**	(7,599)
Exceptional items~	**(1,736)**	-
Adjusted operating profit	**17,079**	9,404
Depreciation and amortisation	**3,950**	7,111
Group EBITDA	**21,029**	16,515

^Operating profit from continuing and discontinued operations

~See page 76 for details of exceptional items

THE SHANNON AIRPORT GROUP BOARD OF DIRECTORS

CONAL HENRY, CHAIRPERSON

Conal Henry was appointed as Chairperson 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 Queens University Belfast 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 was formerly Deputy CEO and CFO/ Company Secretary. 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 the formation of Shannon Group in late 2014. Mary is a qualified accountant, and she has extensive experience in the areas of aviation, commercial and finance having previously held a number of senior roles within the Company.

Mary is a Board Member of Ibec & President of the Ibec Midwest Regional Committee. She is a member of the Governing Authority of Mary Immaculate College. She also currently serves on the Board of Limerick Chamber of Commerce and is past President of Shannon Chamber of Commerce.

AUDREY COSTELLOE

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

Audrey has worked in Shannon Airport for 38 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.

AISLING CURTIS

Aisling Curtis was appointed to the Board in March 2023. Aisling is an organisational leader with over 20 years' experience in telecommunications and technology sectors including global, regional and Irish market roles. Aisling previously held roles as Commercial Director, Global Partner Solutions Director and was previously director of Strategy and Sustainability with Microsoft. She currently acts as Market Leader for PwC.

Aisling has held non-executive roles in the UK, Netherlands and South Africa. She currently sits on the Board of ESB and previously sat on the Board of The National Maternity Hospital and held an advisory role on the IMI Council. She has a Master's in Business Economics from University College Cork (UCC), studied at the Insead Data and Artificial Intelligence School and completed the Cambridge University Sustainability Leadership programme in 2022. Aisling is an active member in the 30% Club Technology Steering Group. She has also been an IMI Mentor and a Business Mentor with Enterprise Ireland.

ALAN DONOHOE

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

Alan has over 27 years' experience with 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 with McCann FitzGerald LLP for over 22 years. In addition to client advisory work on financial services, he served in several senior management roles involving finance and risk.

He is currently a Board member of the National Museum of Ireland. He was a formerly a Committee member 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.

THE Shannon AIRPORT GROUP

OUR PATHWAY TO A SUSTAINABLE FUTURE

OUR PATHWAY TO A SUSTAINABLE FUTURE

During 2023, we continued to demonstrate our commitment to sustainability in line with our Sustainability Strategy "Reaching Further for Good," which sets out our vision, goals, and actions for the 2022-2024 period under four pillars. These pillars are the foundation that will help us achieve our goals across our business and in the community.

Under the pillar of ***Embedding Sustainability into our DNA*** we recognise that our people are our most valued asset, and we understand that they are key to our success. Throughout the year, we delivered several initiatives and programmes to support employee development including leadership and various technical skills training opportunities. We also continued to offer a comprehensive employee wellness intervention programme to all of our people to promote health and wellbeing in work and at home.

In 2023, over 90% of our people participated in Diversity, Equality & Inclusion workshops, supporting inclusion and awareness of unconscious bias in the workplace. We have also updated our policies and training processes.

We had a particular focus on engaging our employees on the climate action agenda during 2023. In May, we hosted a series of interactive climate action engagement events for our employees and the wider airport community covering areas such as recycling in the home, food waste, home energy upgrades, bicycle repairs, clothing alteration and upcycling, electric vehicles and plant-based diets.

In addition, we supported the National Reduce Your Use campaign, which aims to promote energy saving initiatives and behavioural changes across the organisation. We continued to develop initiatives that encourage a mindset shift with regard to energy consumption both at work and in the home.

We know it is fundamentally important to reduce the impact our business has on the environment and under the pillar of ***Greening Our Operations***, we are committed to achieving a 51% reduction in greenhouse gas emissions by 2030 and Net Zero by 2050 at the latest.

In May, Shannon Airport received accreditation for our efforts in tackling greenhouse gas emissions, through certification by the Airport Council International (ACI) for level 2 of the European Airport Carbon Accreditation Programme (ACA). The airport had achieved level 1 certification during the previous year, 2022. Level 2 ACA certification acknowledges the commitment and efforts of the Group to reduce the airport's emission footprint in line with our 2030 and 2050 climate targets. We are currently working towards achieving Level 3 ACA certification.

We brought forward a number of projects that have contributed towards our climate action targets and carbon accreditation status. In particular, the Group, in partnership with the ESB, completed a major lighting upgrade which will reduce Shannon Airport's energy consumption from lighting by two thirds. The project saw the replacement of 4,000 indoor and outdoor lighting across the terminal building, car parks and airside with ultra-modern LED bulbs.

Pictured (l-r) are Colm O'Callaghan, Customer Solutions Manager, ESB; Ciaran Gallagher, Smart Energy Services, ESB; Gerry Dillon, The Shannon Airport Group Property Director and Mark Reidy, Maintenance Manager, Shannon Airport.

In 2023, we continued our Electric Vehicles transition programme and took delivery of vehicles across our fire service, engineering, and operations teams. In February, we became the first Irish airport to take delivery of an electric Medical Response Vehicle in a further step towards our commitment to transitioning 50 per cent of our eligible airport fleet to EV by 2024. The vehicle, called "Rescue 14", replaced a diesel-powered model and is now used in emergency medical responses that arise at the airport.

As part of our circular economy ambitions for 2023, we undertook a number of initiatives to reduce waste and to recycle more. We upgraded our waste storage facilities and installed further multi-stream collections in all areas of our business.

We continued our programme to reduce single use plastics through the installation of water refill stations in all staff areas of the airport. This followed the installation of water refill stations in all public areas of the airport in 2022. Environmental impact is at the forefront of our minds with regards to our construction projects, in particular, through the consideration of the full life cycle of our buildings at the design stage.

At The Shannon Airport Group, procurement is central to driving our circular economy ambitions, and our sustainable procurement policy and procedures reflect our commitment to responsible sourcing and business conduct. Key procurement personnel receive training to support our ethos, and we incorporate sustainability criteria into tender evaluations where appropriate.

In 2023, under the ***Building a Sustainable Shannon Campus*** pillar, we continued the sustainable transformation of our commercial properties across the Shannon Campus, through the construction of high quality, energy efficient property solutions for our clients.

We continued our efforts to upgrade, deep retrofit and build world class property solutions for both FDI and indigenous companies. During 2023, Block R, a 40,000 sq. ft. new facility in the Shannon Campus was completed and delivered to LEED Silver standard.

LED lighting upgrades to streetlights across the Shannon Campus were completed as well as LED light upgrades to a number of rental units across our business park to increase energy efficiency.

We also completed the rollout of an Electric Vehicle (EV) charging network across the Campus, providing EV charging facilities for airport operations, staff, taxis and the public. Included in this are several ultra-fast charging points which are now available for public use at the airport and across the Shannon Campus.

We also commenced the design of an airfield solar PV farm. This aligns with our sustainability strategy commitment to develop a renewable energy project that will supply at least 10% of our airport's electricity.

In 2023, we continued to work with the ESB on the potential for a Hydrogen facility in Shannon and we will continue to progress that partnership into 2024.

The Shannon Airport Group has a rich history of community engagement and outreach, and this has continued under our ***Creating Community Impact pillar*** in 2023.

The Shannon Airport Group continued its work to support its staff nominated charities. In March, staff proudly handed over €35,000 each to Sláinte an Chláir (Clare Cancer Support) and Children's Health Foundation, which was raised via a programme of staff-led fundraising initiatives throughout the previous year, including charity fashion shows, 'Movember' fundraisers, bake sales and prize draws.

In October, the Group unveiled the names of its two chosen charities that will be fundraised for by staff over the 2024 period. Munster based Milford Care Centre and The Alzheimer Society of Ireland will be the beneficiaries of much needed funds raised by the Group through a calendar of fundraising activities, led by the staff Charity Committee.

In June, we were joined by renowned Environmentalist and Broadcaster, Éanna Ní Lamhna, as we launched our Biodiversity Action Plan (BAP). The BAP is a key initiative of the Group's Sustainability Strategy. The BAP identifies the biodiversity present across the Group's lands and sets out the actions we will take to protect and conserve that biodiversity.

In 2023, we implemented a pollinator friendly mowing regime across large areas of our business park and airport approach roads. We worked with our landscape contractors to ensure that our landscaping was designed to support biodiversity and we installed over thirty bat, bird and bee boxes in the surrounding lands of the Shannon Campus to lend a hand to nature as part of the strategy.

In 2023, the Group continued its biodiversity workshops for schools and community groups as part of its efforts to increase awareness of environmental issues and the importance of local biodiversity within the region. Students from St. Tola's National School in Shannon were the first group to take part in the classes in 2023, which were held in the Group's Community Biodiversity Garden at the Shannon Campus.

The Shannon Airport Group's commitment to sustainability also extends to our business community. We promote a collaborative environment and throughout 2023, continued to work closely with many different companies including the regional chambers of commerce as well as engaging with national and international bodies and organisations. The Group plays an active role on the Shannon Chamber Midwest Sustainability Network and in September, was integral in the organisation of Shannon Chamber's very successful Sustainability Week for the Midwest region.

THE Shannon AIRPORT GROUP

THE FAMOUS ‘SHANNON WELCOME’

THE FAMOUS 'SHANNON WELCOME'

Shannon Airport has a rich history of greeting visitors with its warm 'Shannon Welcome'. Over the years, world leaders, movie stars, sporting legends and celebrities have all received the famous 'Fáilte'. 2023 was the airport's busiest year since 2009, with 1.959m passengers traversing through the terminal, among them some famous and familiar faces from both near and afar.

In January, The Shannon Airport Group welcomed the Ambassador of Luxembourg, Florence Ensch in what was her first visit to Shannon Airport since the establishment of the Luxembourg Embassy in Ireland. Ambassador Ensch, accompanied by Deputy Head of Mission and Consul, André Flammang, was welcomed by our CEO Mary Considine (left) and Niall Kearns, Airport Director, Shannon Airport (right).

In April, Shannon Airport was 'reaching for the stars' as it welcomed RTE 2FM's favourite morning radio trio, (l-r) Carl Mullan, Doireann Garrihy and Donncha O'Callaghan for the finale of the week-long 'Dream Ticket Giveaway' on 2FM. Shannon Airport had partnered with the national broadcaster as part of its Summer 2023 schedule launch, with prizes to all 33 destinations up for grabs across the week on 2FM.

On a sunny day in May, we welcomed broadcaster Michael Londra (centre) and his production crew to Shannon Airport to film a feature for Season Four of the popular 'Ireland with Michael' TV series, which aired on major channel PBS and streaming site Hulu in the United States.

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Also in May, we had the pleasure of welcoming the Malta Ambassador to Ireland, H.E.Giovanni Buttigieg to Shannon Airport. The ambassador received a tour of our facilities and met with the airport team.

Pictured (l-r) are Dan Irvine, Aviation Development Manager, Shannon Airport, Ambassador Buttigieg and Niall Kearns, Airport Director, Shannon Airport.

In June, MEP Billy Kelleher (second from right) visited Shannon Airport. Mr Kelleher was accompanied by local TD Cathal Crowe (left) and Senator Timmy Dooley (right) for a meeting with our Chair Conal Henry (centre). The group also received a tour of the airport facilities.

June turned out to be a 'knock-out' for Shannon Airport as we welcomed former WBO Champion boxer, the legendary Chris Eubank to the airport as he enjoyed a brief trip to the West of Ireland.

His Holiness Sri Satguru Singh Ji was welcomed at Shannon Airport in August, during what was his third visit to Ireland.

In November, Minster Jack Chambers TD (right) and Neil McCullough of Oxford Economics (centre) were welcomed at Shannon Airport by our CEO Mary Considine for the launch of the Oxford Economic Impact Report. The report quantified the economic impact of The Shannon Airport Group as contributing €3.96 billion to Ireland's GDP in 2022, both directly and indirectly, as well as supporting more than 20,300 jobs and contributing €643 million in tax revenues.

CONTENTS

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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 2023.

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. 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") and the management and development of the extensive commercial property portfolio held by Shannon Commercial Enterprises, including Shannon Free Zone.

Shannon Heritage DAC ("Shannon Heritage"), a subsidiary of Shannon Commercial Enterprises, was transferred to Clare County Council during 2023. Other than this, 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 2023 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 business of Shannon Heritage was classified as a disposal group held for sale as at 31 December 2022. The transfer to Clare County Council was completed during 2023.

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 2023 are set out in the Consolidated Statement of Profit or Loss on page 58 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
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 €26.0 million (post-tax and exceptional items) (2022: €15.7 million), after recording a loss of €0.1 million (2022: €0.3 million) on discontinued operations (Note 9). Consolidated turnover from all operations for the year was €71.3 million (2022: €73.3 million), including turnover of €3.4 million (2022: €12.6 million) from discontinued operations. Airport passenger numbers for the year were 1,959,000 (2022: 1,518,000).

Group EBITDA[1] for the year is €21.0 million (2022: €16.5 million). This result is considered satisfactory and reflects continuing focus on both revenue generation and cost control across all Group companies.

[1] Group EBITDA is calculated as follows (including discontinued operations and before exceptional items 2023) - €'000

	2023	2022
Operating profit before other income/(expenses)	17,079	9,404
Depreciation and amortisation of intangible assets	5,648	8,517
Amortisation of capital grants	(1,698)	(1,406)
EBITDA	**21,029**	**16,515**

During the year the Group recorded an exceptional gain of €1.7m in respect of the partial reversal of the impairment loss recorded in 2020, as described in Note 3 to the financial statements. No such exceptional items were incurred in 2022.

The Group has cash reserves to meet its operating and recurring short-term capital expenditure needs, with net cash deposits of €77.4 million at the year end date (2022: €57.4 million). Total external bank loans were €24.2 million at the year end date (2022: €26.9 million) (Note 23). No external bank loans were drawn down in 2023.

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 €15.5 million for capital projects across the Group in the year (2022: €21.6million). In addition, the Group realised proceeds of €11.8 million on capital disposals in the year (2022: €0.9 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 43.

DIRECTORS AND SECRETARY AND THEIR INTERESTS

The names of the persons who were directors during the year are set out on page 48. The directors and secretary who held office at 31 December 2023 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 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 2025. 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 and existing bank facilities. For this reason, the Directors continue to adopt the going concern basis in preparing the 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)

IRISH HUMAN RIGHTS AND EQUALITY COMMISSION ACT 2014

The Group has undertaken an assessment of equality and human rights issues relevant to its function to identify potential human rights issues, risks and preventive measures within the Group and the policies, procedures, plans and actions in place or proposed to be put in place to address those issues in compliance with Section 42(s) of the Irish Human Rights and Equality Act, 2014. Details of the assessment and measures are published on the Group's website.

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 auditor is 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 auditor is 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

Pursuant to Section 383(2) of the Companies Act 2014, the auditor, Ernst & Young, Chartered Accountants, will continue in office.

On behalf of the Board

Conal Henry *Director*	**Mary Considine** *Director*

21 March 2024

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 an 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

Driving Commercial Performance

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 grow passenger numbers and 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 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
Driving Commercial Performance
Investing in Property & Infrastructure for Growth
Excelling in Operations

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 growth 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
Driving Commercial Performance
Excelling in Operations

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
Driving Commercial Performance
Investing in Property & Infrastructure for Growth

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 grounded on evidence-based inputs and are subject to appropriate approval processes.
- 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
Driving Commercial Performance
Investing in Property & Infrastructure for Growth
Excelling in Operations

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 prospects 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 and availability of aircraft.

Strategic Priority
Driving Commercial Performance
Excelling in Operations

Impact
The loss of one or more of these customers, a significant deterioration in commercial terms, a reduction in airline growth plans or changes in the strategic direction of 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 25.

Strategic Priority
Driving Commercial Performance
Investing in Property & Infrastructure for Growth

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.
- A low risk of capital loss is a key objective of any treasury solutions adopted.

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, 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
Driving Commercial Performance
Investing in Property & Infrastructure for Growth
Excelling in Operations

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
Excelling in Operations
Driving Commercial Performance

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 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 availability, quality, ability and commitment of personnel in order to sustain, develop and grow the business in line with its key objectives.

Strategic Priority
Empowering our People

Impact
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, AirNav Ireland and European Aviation Safety Agency as part of its aerodrome licensing requirements.

Strategic Priority
Excelling in Operations.

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
Excelling in Operations
Investing in Property & Infrastructure for Growth
Winning Hearts and Minds
Empowering our People

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 reporting 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
Excelling in Operations
Driving Commercial Performance

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
Excelling in Operations
Winning Hearts and Minds

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 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

Excelling in Operations

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, the Annex to the Code of Practice on Gender Balance, Diversity and Inclusion and Amendments to the Annex on Remuneration and Superannuation issued in 2016, 2020 and 2021 (together the "Code") which 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 Codes 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 nine 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 2023.

Director

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

Company Secretary

Rachael Leahy

The period of office of Liam O'Shea expired on 27 February 2023. The period of office of Mike Quinn expired on 1 March 2023.

Audrey Costelloe and Alan Donohue were appointed to the Board on 11 January 2023. Aisling Curtis and John Moran were appointed to the Board on 15 March 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, National Development Plan Delivery 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, National Development Plan Delivery 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)

THE BOARD OF DIRECTORS *(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. The evaluation provides assurance that the Board is committed to the highest standards of governance. The evaluation is led by the Chairperson and supported by the Company Secretary. In addition, an independent evaluation of Board effectiveness is conducted every three years, with the last such exercise completed in 2023. The purpose of the independent evaluation was to review the Board's performance as a whole and identify any potential areas for improvement. The independent evaluation confirmed that the Board is operating effectively.

The Board has 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 2023 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 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.

Board members make annual disclosures of any potential or actual conflicts of interest under the Ethics in Public Office Act 1995 (as amended). In addition, Board members are responsible for notifying the Company Secretary on an ongoing basis should he/she become aware of any change in their circumstances regarding conflicts of interest, as detailed in the Code of Business Conduct for Directors and senior Management. 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 27 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 2023, the Board had three female (33.33%) and six male members (66.66%). 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 Minister, 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	8	8
Mary Considine (Chief Executive Officer)	8	8
Tom Kelly	8	8
Ambrose Loughlin	8	8
Stephen Rae	7	8
Audrey Costelloe	8	8
Alan Donohoe	8	8
Aisling Curtis	4	5
John Moran	5	5
Liam O'Shea	2	2
Mike Quinn	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
Conal Henry	4	4
Ambrose Loughlin	4	4

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 and Ernst & Young, the independent statutory auditor ("EY").

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 auditor, 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 does 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 5 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 twice 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	2	2
Conal Henry	2	2
Stephen Rae	2	2

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 6 to the financial statements, in accordance with the requirements of the Code. Remuneration of key management is summarised in Note 27 (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.

Mary Considine stepped down as a member of the Committee on 9 November 2023. Aisling Curtis was appointed to the Committee on 9 November 2023.

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
Stephen Rae	4	4
Mary Considine	4	4
Ambrose Loughlin	4	4
Aisling Curtis	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;
- Comprehensive set of policies and procedures relating to 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.

RISK AND GOVERNANCE REPORT (CONTINUED)

INTERNAL CONTROL AND RISK MANAGEMENT *(Continued)*

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, including 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 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 auditor which contain details of any material internal financial control issues identified by them in their work as auditor.

The Chairperson of the Board reports to the Minister for Transport on compliance with the Code 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 2023, 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 €0.12 million (international). Hospitality and staff wellbeing costs charged to the profit and loss account amounted to €0.07 million (employee) and €0.04 million (customer).

Professional services costs incurred and charged to the profit and loss account in 2023 amounted to €0.78 million, comprising legal costs of €0.26 million, tax and financial advisory costs of €0.08 million, and other consultancy costs of €0.44 million. No payments were made in settlement of legal matters in 2023.

There were no termination payments arising under approved restructuring programmes and charged to the profit and loss account in 2023. Amounts relating to staff costs charged to the profit and loss account are set out in Note 6 to the financial statements.

Details of employee benefits for the Group's activities are displayed below [2].

	Number of employees in band
€	2023
50,000- 74,999	103
75,000- 99,999	34
100,000- 124,999	17
125,000 – 149,999	2
150,000 – 174,999	2
175,000 – 199,999	3
200,000 – 224,999	2

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 2023.

[2] 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

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 at the end of the financial year 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

Mary Considine
Director

21 March 2024

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 2023, 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 material accounting policy information 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 2023 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 2023;
- 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 Annual 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 statement of directors' responsibilities set out on page 55, 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.

This description forms part of our auditor's report.

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.

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

Galway

Date: 27 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2023

	Note	Total pre exceptional items 2023 €'000	Exceptional items (Note 3) 2023 €'000	Total 2023 €'000	Total 2022 €'000
Revenue	2	**67,872**	**-**	**67,872**	60,681
Cost of sales		**(9,231)**	**-**	**(9,231)**	(7,975)
Gross profit		**58,641**	**-**	**58,641**	52,706
Administrative expenses		**(41,293)**	**-**	**(41,293)**	(44,526)
		17,348	**-**	**17,348**	8,180
Other income	4	**14,466**	**1,736**	**16,202**	12,086
Other expense	4	**(2,526)**	**-**	**(2,526)**	(37)
Operating profit	5	**29,288**	**1,736**	**31,024**	20,229
Finance income	7	**189**	**-**	**189**	38
Finance expense	7	**(1,060)**	**-**	**(1,060)**	(1,381)
Profit before tax from continuing operations		**28,417**	**1,736**	**30,153**	18,886
Income tax expense	8	**(3,963)**	**-**	**(3,963)**	(2,971)
Profit before tax from continuing operations		**24,454**	**1,736**	**26,190**	15,915
Discontinued operations					
Loss after tax from discontinued operations	9	**(144)**	**-**	**(144)**	(253)
Profit for the year		**24,310**	**1,736**	**26,046**	15,662

The notes on pages 66 to 111 form an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	Total 2023 €'000	Total 2022 €'000
Profit for the year		**26,046**	15,662
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss			
Remeasurement (losses)/gains on defined benefit pension liability	24	**(48)**	600
Related deferred tax credit/(charge)	14	**6**	(75)
Other comprehensive (loss)/income, net of tax		**(42)**	525
Total comprehensive income attributable to equity holder		**26,004**	16,187

The notes on pages 66 to 111 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Note	2023 €'000	2022 €'000
Assets			
Intangible assets	10	**294**	217
Property, plant and equipment	11	**59,282**	55,026
Right of use assets	26	**-**	217
Investment properties	12	**133,010**	132,188
Finance lease receivable	13	**233**	247
Deferred tax assets	14	**18**	16
Non-current assets		**192,837**	187,911
Finance lease receivable	13	**32**	32
Inventories	15	**1,949**	1,472
Trade and other receivables	16	**5,445**	7,183
Cash and cash equivalents	18	**77,415**	56,939
Current assets		**84,841**	65,626
Assets held for sale	9	**850**	3,959
Total current assets		**85,691**	69,585
Total assets		**278,528**	257,496
Equity			
Share capital	19	**38**	38
Capital contribution reserve	19	**112,275**	112,275
Retained earnings		**100,387**	74,383
Total equity		**212,700**	186,696
Liabilities			
Loans and borrowings	23	**21,783**	24,476
Deferred income	21	**16,785**	13,474
Provisions	22	**2,404**	2,603
Deferred tax liability	14	**1,838**	835
Employee benefits	24	**148**	128
Non-current liabilities		**42,958**	41,516
Trade and other payables	20	**16,767**	21,518
Loans and borrowings	23	**2,465**	2,631
Deferred income	21	**2,173**	1,759
Provisions	22	**802**	1,876
Current tax liabilities		**663**	93
Current liabilities		**22,870**	27,877
Liabilities directly associated with the assets held for sale	9	**-**	1,407
Total current liabilities		**22,870**	29,284
Total liabilities		**65,828**	70,800
Total equity and liabilities		**278,528**	257,496

The notes on pages66 to 111 form an integral part of these consolidated financial statements.

On behalf of the Board

Conal Henry
Director

Mary Considine
Director

21 March 2024

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Note	2023 €'000	2022 €'000
Assets			
Financial assets	17	**78,618**	78,618
Intangible assets	10	**238**	84
Property, plant and equipment	11	**170**	85
Non-current assets		**79,026**	78,787
Current tax assets		**12**	7
Trade and other receivables	16	**578**	1,202
Cash and cash equivalents	18	**366**	442
Current assets		**956**	1,651
Total assets		**79,982**	80,438
Equity			
Share capital	19	**38**	38
Capital contribution reserve	19	**112,275**	112,275
Retained deficit		**(33,433)**	(33,472)
Total equity		**78,880**	78,841
Liabilities			
Trade and other payables	20	**1,059**	1,356
Provisions	22	**43**	241
Total current liabilities		**1,102**	1,597
Total equity and liabilities		**79,982**	80,438

The company reported a profit for the financial year ended 31 December 2023 of €39,000 (2022: €6,000).

The notes on pages 66 to 111 form an integral part of these consolidated financial statements.

On behalf of the Board

Conal Henry
Director

Mary Considine
Director

21 March 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Share capital €'000	Capital contribution reserve €'000	Retained earnings €'000	Total €'000
At 1 January 2022	38	112,275	58,196	170,509
Profit for the year	-	-	15,662	15,662
Other comprehensive income	-	-	525	525
Total comprehensive income	-	-	16,187	16,187
At 31 December 2022	38	112,275	74,383	186,696
At 1 January 2023	**38**	**112,275**	**74,383**	**186,696**
Profit for the year	**-**	**-**	**26,046**	**26,046**
Other comprehensive loss	**-**	**-**	**(42)**	**(42)**
Total comprehensive income	**-**	**-**	**26,004**	**26,004**
At 31 December 2023	**38**	**112,275**	**100,387**	**212,700**

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

The notes on pages 66 to 111 form an integral part of these consolidated financial statements.

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COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Share capital €'000	Capital contribution reserve €'000	Retained deficit €'000	Total €'000
At 1 January 2022	38	112,275	(33,478)	78,835
Profit for the year	-	-	6	6
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	6	6
At 31 December 2022	38	112,275	(33,472)	78,841
At 1 January 2023	**38**	**112,275**	**(33,472)**	**78,841**
Profit for the year	**-**	**-**	**39**	**39**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**39**	**39**
At 31 December 2023	**38**	**112,275**	**(33,433)**	**78,880**

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

The notes on pages 66 to 111 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Cash flow from operating activities			
Profit from continuing operations		**26,190**	15,915
Loss from discontinued operations		**(144)**	(253)
Profit for the year	9	**26,046**	15,662
Adjustments for:			
Amortisation of capital grants	21	**(1,698)**	(1,406)
Amortisation of intangible assets	10	**101**	234
Depreciation of property, plant and equipment	11	**5,349**	8,000
Depreciation of right of use assets	26	**198**	283
Change in fair value of investment properties	12	**2,526**	(4,920)
Gain on disposal of investment properties	12	**(7,280)**	(67)
(Gain)/loss on disposal of property, plant and equipment		**(3)**	91
Reversal of impairment loss on property, plant and equipment	3	**(1,736)**	-
Impairment loss recognised on the remeasurement of assets held for sale	9	**(119)**	1,851
Finance income	7.9	**(189)**	(38)
Finance expense		**1,060**	1,453
Tax charge	8	**3,976**	2,971
		28,231	24,114
Changes in:			
- Trade and other receivables		**2,280**	613
- Inventories		**97**	(142)
- Trade and other payables		**(4,927)**	(6,800)
- Provisions		**(1,273)**	926
- Employee benefits	24	**(33)**	(21)
- Finance lease receivable		**14**	12
Cash generated from operating activities		**24,389**	18,702
Interest received and similar income		**152**	-
Interest paid		**(943)**	(1,304)
Taxation paid (net)		**(2,400)**	(3,431)
Net cash from operating activities		**21,198**	13,967
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		**(8,502)**	(8,368)
Purchases of investment properties		**(6,966)**	(13,211)
Capital grants received (net)	21	**5,423**	4,988
Proceeds from sale of property, plant and equipment		**-**	2
Proceeds from sale of investment properties		**11,818**	858
Net cash from/(used in) investing activities		**1,773**	(15,731)
Cash flows from financing activities			
Repayment of loans and borrowings		**(2,731)**	(2,759)
Payment of lease liabilities	26	**(184)**	(279)
Net cash from financing activities		**(2,915)**	(3,038)
Net increase/(decrease) in cash and cash equivalents		**20,056**	(4,802)
Cash and cash equivalents at the beginning of the year		**57,359**	62,161
Cash and cash equivalents at the end of the year	18	**77,415**	57,359

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Cash flow from operating activities			
Profit for the year		**39**	6
Adjustments for:			
Amortisation of intangible assets	10	**24**	25
Gain on disposal of property, plant and equipment	11	**43**	19
Gain on disposal of property, plant and equipment		**(15)**	-
Tax charge		**5**	-
		96	50
Changes in:			
- Trade and other receivables		**624**	(454)
- Trade and other payables		**(363)**	(11)
- Provisions		**(198)**	(139)
Cash generated from/(used in) from operating activities		**159**	(554)
Taxation paid		**(10)**	-
Net cash from/(used in) operating activities		**149**	(554)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**19**	-
Purchases of property, plant and equipment and intangible assets	11	**(244)**	(78)
Net cash used in investing activities		**(225)**	(78)
Cash flows from financing activities		**-**	-
Net decrease in cash and cash equivalents		**(76)**	(632)
Cash and cash equivalents at the beginning of the year		**442**	1,074
Cash and cash equivalents at the end of the year	18	**366**	442

NOTES TO THE FINANCIAL STATEMENTS
forming part of the financial statements

1. MATERIAL ACCOUNTING POLICY INFORMATION

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 21 March 2024.

The following details the material 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 2025. 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 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 17. 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") to the date of transfer to Clare County Council, 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 2023.

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.

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.

Other commercial activities revenue
- 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

1.5 Revenue *(Continued)*

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 contract liability for this difference. Where a product or service has been delivered but payments have not yet been recorded the Group recognises a contract 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 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 1.10.

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 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.

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.

1.11 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 12.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

1.12 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.

1.13 Leases

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'.

1.14 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.

1.15 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 for the year, 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.

1.16 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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.

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.

1.17 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.

1.18 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.

1.19 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.

1.20 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.

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1.21 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.

1.22 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 2024, 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.

Standard	IASB effective date (periods beginning)	EU companies effective date (periods beginning)
Amendments to IAS 1: Classification of Liabilities as Current or Noncurrent (issued on 15 July 2020)	1 January 2024	1 January 2024
Amendments to IAS 1: Non-current Liabilities with Covenants (issued on 31 October 2022)	1 January 2024	1 January 2024
Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	1 January 2025	Not yet endorsed

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)
Disclosure of Accounting Policies (Amendments to IAS 1) (issued on 12 February 2021)	1 January 2023	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8) (issued on 12 February 2021)	1 January 2023	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (issued on 7 May 2021)	1 January 2023	1 January 2023

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.

1.23 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 assumptions

The areas where assumptions and estimates are significant to the Group financial statements relate primarily to the following items.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

1.23 Critical accounting estimates and judgements *(Continued)*

Impairment assessment (Note 11)

The carrying value of the Airport cash generating unit (CGU) is reviewed for potential impairment or reversal of a previous 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, capital expenditure and passenger annual growth. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a 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, projected capital expenditure 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. A reasonably possible change in these estimates or assumptions could give rise to a further reversal of impairment.

Valuation of investment properties (Note 12)

Management assessed the fair value of the Group's total investment property portfolio at 31 December 2023. 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.

Deferred Taxes (Note 14)

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. 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.

The Group has significant temporary differences carried forward, comprising temporary differences on the fair value of investment properties, unutilised capital allowances and other temporary differences. These temporary differences may not be used to offset taxable income elsewhere in the Group nor are there any tax planning opportunities available that could partly support the recognition of these as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the temporary differences carried forward.

Provision for liabilities (Note 22)

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 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.

	2023 €'000	2022 €'000
Major product/service lines		
Aeronautical and related revenue (i)	**13,791**	15,923
Retail revenue	**16,135**	12,475
Concession and service charge revenue	**8,271**	6,574
Other commercial revenue	**12,195**	8,822
Total revenue from contracts with customers	**50,392**	43,794
Commercial property revenue	**17,480**	16,887
Total revenue	**67,872**	60,681
Timing of revenue recognition		
Performance obligation performed:		
- At a point in time	**51,894**	41,168
- Over time	**15,978**	19,513
Total revenue	**67,872**	60,681

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

Contract assets and contract liabilities

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

	2023 €'000	2022 €'000
Trade receivables (Note 16)	**2,676**	4,554
Contract assets (Note 16)	**537**	324
Contract liabilities (Note 20)	**(2,139)**	(2,142)

Trade receivables comprise invoiced amounts as outlined in Note 16.

Contract assets at the Statement of Financial Position 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

3. EXCEPTIONAL ITEMS

In accordance with the Group's accounting policy, the following item was presented as an exceptional item on continuing operations in 2023.

	2023 €'000
Reversal of impairment loss on property, plant and equipment (i)	**1,736**
Exceptional income	**1,736**

(i) Reversal of impairment loss on property, plant and equipment
In 2020, due to the significant impact of Covid-19 on the Airport's business and projected cash flows, the property, plant and equipment in the Airport CGU was written down to its recoverable amount, resulting in an impairment loss of €24,484,000.

Management considered the carrying value of property, plant and equipment at 31 December 2023, by reference to the estimated value in use of assets within the Airport CGU at that date, including consideration of whether any indicators exist that the conditions giving rise to the impairment have reversed. The value in use has increased as a result of the improvement in the airport's performance post Covid-19 with an increase in passenger numbers driving improved cashflows. Management are satisfied that the impairment loss has reduced by €1,736,000 and have reversed the impairment loss by this amount (Note 11).

4. OTHER INCOME/(EXPENSE)

	2023 €'000	2022 €'000
Net increase in fair value of investment property (Note 12)	**-**	4,920
Gain on disposal of investment properties (Notes 9,12)	**7,280**	67
Gain on disposal of property, plant and equipment	**14**	-
Government grants received (i)	**7,172**	7,099
	14,466	12,086
Exceptional income		
Reversal of impairment loss on property, plant and equipment (Note 3)	**1,736**	-
Total other income	**16,202**	12,086
Net decrease in fair value of investment property (Note 12)	**(2,526)**	-
Loss on disposal of property, plant and equipment (Note 11)	**-**	(37)
Total other expense	**(2,526)**	(37)
	13,676	12,049

(i) The Group's subsidiary company, Shannon Airport, received operational grant funding in respect of 2023 totalling €7,172,000 from the Department of Transport *(2022: €7,099,000)*.

5. STATUTORY AND OTHER INFORMATION

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

	2023 €'000	2022 €'000
Depreciation of tangible assets	**5,349**	8,000
Depreciation of right of use assets	**198**	283
Amortisation of intangible assets	**101**	234
Amortisation of capital grants	**(1,698)**	(1,406)

	2023 €'000	2022 €'000
Auditor's remuneration	**99**	102
- audit of Group financial statements	**20**	19
- audit of Company financial statements	**34**	15
- other audit services	**153**	136

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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

6. EMPLOYEE BENEFIT EXPENSE

Group staff numbers and costs

	2023 €'000	2022 €'000
- Wages and salaries	**15,979**	14,430
- Overtime	**333**	451
- Allowances	**829**	743
- Wage subsidies received (i)	**-**	(540)
Total wages and salaries	**17,141**	15,084
Social welfare costs	**1,807**	1,686
Social welfare credit received (i)	**-**	(134)
Post-employment benefits (Note 24):		
Defined contribution pension expense	**1,279**	1,226
Other compensation costs	**373**	535
Employee benefit expense – continuing operations	**20,600**	18,397

(i) Amounts represent subsidies received in 2022 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:

	2023	2022
Operations and administration	**229**	217
Commercial	**38**	32
Property	**25**	24
Continuing operations	**292**	273
Discontinuing operations	**29**	110
Total	**321**	383

Directors remuneration

	2023 €	2022 €
Directors' remuneration for the year:		
Fees for services as director	**108,661**	107,193
Other emoluments (including pension contribution)	**399,655**	335,890
	508,316	443,083

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 2023.

	2023 €	2022 €
Fees for the year		
Conal Henry	**21,600**	16,200
Mary Considine	**-**	-
Audrey Costelloe	**12,600**	-
Aisling Curtis	**10,045**	-
Alan Donohoe	**12,600**	-
Tom Kelly	**12,600**	12,600
Ambrose Loughlin	**12,600**	12,600
Kevin McCarthy	**-**	11,539
John Moran	**10,045**	-
Pádraig Ó Céidigh	**-**	4,915
Liam O'Shea	**1,883**	12,600
Mike Quinn	**2,088**	12,600
Stephen Rae	**12,600**	12,600
Linda Tynne	**-**	11,539
For services as director during the year	**108,661**	107,193
Other emoluments		
Salary (including benefit-in-kind)	**341,803**	283,454
Pension contributions		
- Defined contribution scheme	**57,852**	52,436
- Defined benefit scheme	**-**	-
	399,655	335,890
Total directors' remuneration for the year	**508,316**	443,083

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.

Audrey Costelloe and Alan Donohue were appointed to the Board on 11 January 2023. John Moran and Aisling Curtis were appointed to the Board on 15 March 2023.

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.

Conal Henry was appointed as director on 30 March 2022.

Pádraig Ó Céidigh resigned as director 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 2022 and 2023.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

6. EMPLOYEE BENEFIT EXPENSE *(Continued)*

During 2023, 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 €1,134 *(2022: €1,257)*.

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.

	2023 €	2022 €
Emoluments:		
- Basic salary	**190,000**	190,000
- Other taxable benefits	**16,142**	23,689
Total emoluments	**206,142**	213,689
Pension contributions	**47,500**	47,500
	253,642	261,189

The remuneration above represents the total remuneration of the CEO, Mary Considine, for the years ended 31 December 2023 and 2022. Pursuant to her contract the salary of Ms. Considine is €190,000 per annum.

Total business expenses amounted to €11,127 *(2022: €10,560)*, 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 2023 or 2022.

7. FINANCE INCOME/(EXPENSE)

	2023 €'000	2022 €'000
Interest receivable on short-term bank deposits	**152**	-
Finance lease income receivable (Note 13)	**37**	38
Finance income	**189**	38

	2023 €'000	2022 €'000
Interest expense on loans	**(1,048)**	(1,337)
Interest expense on lease liabilities (Note 26)	**-**	(4)
Net interest expense on defined pension scheme (Note 24)	**(5)**	(11)
Other interest expense	**(7)**	(29)
Finance expense	**(1,060)**	(1,381)

8. INCOME TAX EXPENSE

	2023 €'000	2022 €'000
Current tax:		
Current tax on profits for the year	**2,925**	2,100
Adjustments in respect of prior period	**44**	81
Total current tax	**2,969**	2,181
Deferred tax (Note 14):		
Origination and reversal of temporary differences	**1,007**	790
Total deferred tax	**1,007**	790
Income tax expense	**3,976**	2,971

Reconciliation of effective tax rate

	2023 €'000	2022 €'000
Profit before tax from continuing operations	**30,153**	18,886
Loss before tax from discontinuing operations	**(131)**	(253)
Profit before tax	**30,022**	18,663
Profit before tax multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5%	**3,753**	2,329
Tax effect of:		
Expenses not allowable for tax purposes	**911**	1,706
Income taxed at a higher rate	**1,415**	1,695
Chargeable gains	**202**	201
Gains in profit or loss which are not taxable or impact on unrecognised deferred tax	**(2,349)**	(3,041)
Adjustment in respect of prior periods	**44**	81
Tax expense	**3,976**	2,971
Tax expense recorded in the Statement of Profit or Loss	**3,963**	2,971
Tax credit attributable to a discontinued operation	**13**	-
Total tax expense	**3,976**	2,971

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

9. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

(a) Discontinued operations

At 31 December 2022 the Group had 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 business of Shannon Heritage was therefore classified as a disposal group held for sale at that date and its results for the year classified as a discontinued operation. This transfer was completed during 2023.

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

	2023 €'000	2022 €'000
Revenue from contracts with customers	**3,452**	12,607
Expenses	**(3,721)**	(11,383)
Other operating income (i)	**19**	446
Operating income	**(250)**	1,670
Finance costs	**-**	(72)
Impairment reversal/(loss) recognised on the remeasurement to fair value less costs to sell	**119**	(1,851)
Loss before tax from discontinued operations	**(131)**	(253)
Tax benefit/(expense):		
Related to pre-tax loss from the ordinary activities for the year	**(13)**	-
Loss before tax from discontinued operations	**(144)**	(253)

(i) Included in this amount in 2022 is operational grant funding received by Shannon Heritage DAC from Fáilte Ireland totalling €500,000.

(b) Assets held for Sale

	2023 €'000	2022 €'000
Assets		
Disposal Group (i)	**-**	1,496
Investment Properties (ii)	**850**	2,463
Assets held for sale	**850**	3,959
Liabilities		
Disposal Group (i)	**-**	(1,407)
Liabilities directly associated with assets held for sale	**-**	(1,407)

(i) Disposal Group

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

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

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:

	2023 €'000	2022 €'000
Operating	**4**	215
Investing	**(6)**	(56)
Financing	**-**	17
	(2)	176

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. A net reversal of this write-down of €119,000 was recognised in 2023 to reflect the carrying value of the assets at date of transfer. This was recognised in discontinued operations in the statement of profit or loss.

	2023 €'000	2022 €'000
Intangible assets	**-**	32
Property, plant & equipment	**(130)**	2,231
Right of use assets	**-**	1,275
Inventory	**11**	-
Loans and borrowings (leases)	**-**	(1,409)
	-	(200)
Deferred income (capital grant)	**-**	(78)
	119	1,851

(ii) Investment Properties

Assets held for sale at 31 December 2023 and 2022 represent certain investment properties which are expected to be disposed of within one year.

Investment properties classified as Assets held for Sale at 31 December 2022 were disposed of in 2023 for net proceeds of €2,569,000, resulting in a gain on disposal of €106,000, none of which was receivable at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. INTANGIBLE ASSETS

Group

	Computer software €'000	Work in Progress €'000	Total €'000
Computer software			
Cost			
At 1 January 2022	2,484	-	2,484
Additions	-	-	-
Transfer to asset held for sale (Note 9a)	(780)	-	(780)
At 31 December 2022	1,704	-	1,704
At 1 January 2023	**1,704**	**-**	**1,704**
Additions	**-**	**178**	**178**
At 31 December 2023	**1,704**	**178**	**1,882**
Accumulated Amortisation			
At 1 January 2022	2,001	-	2,001
Charge for year	234	-	234
Disposals	-	-	-
Impairment loss (Note 9)	32	-	32
Transfer to asset held for sale (Note 9a)	(780)	-	(780)
At 31 December 2022	1,487	-	1,487
At 1 January 2023	**1,487**	**-**	**1,487**
Charge for year	**101**	**-**	**101**
Disposals	**-**	**-**	**-**
At 31 December 2023	**1,588**	**-**	**1,588**
Net book value			
At 31 December 2023	**116**	**178**	**294**
At 31 December 2022	217	-	217
At 31 December 2021	483	-	483

All intangible assets arise from purchased computer software.

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Company

	Computer software €'000	Work in Progress €'000	Total €'000
Computer software			
Cost			
At 1 January 2022	121	-	121
Additions	-	-	-
At 31 December 2022	121	-	121
At 1 January 2023	**121**	**-**	**121**
Transfers	**-**	**178**	**178**
At 31 December 2023	**121**	**178**	**299**
Accumulated Amortisation			
At 1 January 2022	12	-	12
Charge for year	25	-	25
At 31 December 2022	37	-	37
At 1 January 2023	**37**	**-**	**37**
Charge for year	**24**	**-**	**24**
At 31 December 2023	**61**	**-**	**61**
Net book value			
At 31 December 2023	**60**	**178**	**238**
At 31 December 2022	84	-	84
At 31 December 2021	109	-	109

All intangible assets arise from purchased computer software.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

11. 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 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 9a)	-	-	(13,913)	(643)	(2,383)	(777)	(17,716)
At 31 December 2022	**18,427**	**37,340**	**321**	**27,580**	**38,602**	**4,021**	**126,291**
At 1 January 2023	18,427	37,340	321	27,580	38,602	4,021	126,291
Additions	-	-	11	-	132	7,544	7,687
Disposals	-	-	-	-	(150)	-	(150)
Transfers to completed assets	85	5,947	-	(740)	1,968	(7,260)	-
At 31 December 2023	**18,512**	**43,287**	**332**	**26,840**	**40,552**	**4,305**	**133,828**
Accumulated Depreciation and Impairment Losses							
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 9a)	-	-	879	204	371	777	2,231
Transfer to assets held for sale (Note 9a)	-	-	(13,913)	(643)	(2,383)	(777)	(17,716)
At 31 December 2022	**13,852**	**22,983**	**311**	**13,816**	**20,303**	**-**	**71,265**
At 1 January 2023	13,852	22,983	311	13,816	20,303	-	71,265
Charge for year	512	2,200	1	144	2,274	-	5,131
Disposals	-	-	-	-	(134)	-	(134)
Reclassification	1,798	(1,825)	-	(1,372)	1,399	-	-
Reversal of impairment (Note 3)	(431)	(458)	-	(505)	(342)	-	(1,736)
Impairment loss (Note 9a)	-	-	20	-	-	-	20
At 31 December 2023	**15,731**	**22,900**	**332**	**12,083**	**23,500**	**-**	**74,546**
Net book value							
At 31 December 2023	**2,781**	**20,387**	**-**	**14,757**	**17,052**	**4,305**	**59,282**
At 31 December 2022	4,575	14,357	10	13,764	18,299	4,021	55,026
At 31 December 2021	5,663	11,386	3,365	13,503	19,924	5,443	59,284

Management have considered the carrying value of property, plant and equipment at 31 December 2023 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 1.10.

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% *(2022: 9.5%)*. 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.

In 2020, due to the significant impact of Covid-19 on the Airport's business and projected cash flows, the property, plant and equipment in the Airport CGU was written down to its recoverable amount, resulting in an impairment loss of €24,484,000.

Management considered the carrying value of property, plant and equipment at 31 December 2023, by reference to the estimated value in use of assets within the Airport CGU of €35,491,000 at that date, including consideration of whether any indicators exist that the conditions giving rise to the impairment have reversed. The value in use has increased as a result of the improvement in the airport's performance post Covid-19 with an increase in passenger numbers driving improved cashflows. Management are satisfied that the impairment loss has reduced by €1,736,000 and have reversed the impairment loss by this amount (Note 3).

The reversal of the impairment is based on a reasonable scenario which showed headroom of €1,736,000. The scenario contains a number of key judgements and estimates including but not limited to the level of ongoing capital expenditure required to maintain the Airport in its current condition. This capital expenditure includes the future spending on the Group's sustainability projects required by the Climate Action and Low Carbon Development Act 2015 as amended by the Climate Action and Low Carbon Development (Amendment) Act 2021.

A change in a key judgement or estimate could result in a different conclusion. However, management is satisfied that the reversal of impairment of €1,736,000 is not likely to result in an impairment in the future.

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 25). At 31 December 2023 the net carrying amount of these assets was Nil.

Company

	Plant, Fixtures and Fittings €'000	Total €'000
Cost		
At 1 January 2022	63	63
Additions	78	78
Disposals	-	-
At 31 December 2022	141	141
At 1 January 2023	**141**	**141**
Additions	**132**	**132**
Disposals	**(42)**	**(42)**
At 31 December 2023	**231**	**231**
Accumulated Depreciation		
At 1 January 2022	37	37
Charge for year (i)	19	19
Disposals	-	-
At 31 December 2022	56	56
At 1 January 2023	**56**	**56**
Charge for year (i)	**43**	**43**
Disposals	**(38)**	**(38)**
At 31 December 2023	**61**	**61**
Net book value		
At 31 December 2023	**170**	**170**
At 31 December 2022	85	85
At 31 December 2021	26	26

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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

12. INVESTMENT PROPERTIES

	2023 €'000	2022 €'000
Group		
At beginning of year	**132,188**	116,471
Additions	**6,572**	13,375
Disposals	**(2,374)**	(115)
Transfer to asset held for sale (Note 9b)	**(850)**	(2,463)
(Decrease)/increase in fair value during the year	**(2,526)**	4,920
At end of year (Note 25)	**133,010**	132,188

During 2023, investment property rentals of €12,288,000 were included in Revenue *(2022: €11,928,000)*. Expenses relating to the leasing and maintenance of investment properties, included in administrative expenses, total €3,696,000 *(2022: €3,895,000)*.

During the year, the Group disposed of investment properties for net proceeds of €9,544,000 *(2022: €182,000)* resulting in a gain on disposal of €7,174,000 *(2022: €67,000)*, none of which was receivable at 31 December 2023 *(2022: nil)*.

The Group's investment properties are stated at fair value as at 31 December 2023. 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 25). The following table summarises the key unobservable inputs applied in the valuation of the Group's investment property at 31 December 2023.

Asset class	Input	2023	2022
Industrial and retail buildings	Range for values per sq. ft.applied[1]	**€6.00 - €83**	€6.30- €49
	Weighted average annual rent per sq. ft.[2]	**€5.89**	€5.83
	Equivalent yield- range[2]	**7.5% - 12.9%**	7%- 12%
Office buildings	Range for values per sq. ft.applied[1]	**€17.60 - €185**	€18.50- €195
	Weighted average annual rent per sq. ft.[2]	**€15.53**	€15.02
	Equivalent yield – range[2]	**7.5% - 10.4%**	7.5%- 10%
Warehouse buildings	Range for values per sq. ft.applied[1]	**€19 - €83**	€19- €87
	Weighted average annual rent per sq. ft.[2]	**€6.47**	€5.99
	Equivalent yield- range[2]	**7.5% - 8%**	7%- 9%
Industrial land	Value per acre- range[1]	**€4,000 - €70,000**	€1,000- €70,000

[1] 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.

[2] 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 €4,119,000 in fair value, whilst a decrease of 5% would result in a fair value decrease of €4,119,000. This is further analysed by property class as follows:

	2023		2022	
Asset class	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	**1,372**	**(1,372)**	1,156	(1,156)
Office buildings	**1,433**	**(1,433)**	1,594	(1,594)
Warehouse buildings	**388**	**(388)**	410	(410)
Industrial land	**926**	**(926)**	940	(940)
Total	**4,119**	**(4,119)**	4,100	(4,100)

13. FINANCE LEASE RECEIVABLE

Finance lease receivables are payable as follows:

	Future minimum lease payments receivable		Interest receivable		Present value of minimum lease payments	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023 €'000	2022 €'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	**240**	274	**114**	134	**126**	140
	411	445	**146**	166	**265**	279

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.

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(CONTINUED)

14. DEFERRED TAX ASSETS

(a) Recognised deferred tax

Group

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2023 €'000	2022 €'000	**2023 €'000**	2022 €'000
Investment properties	**-**	-	**(2,266)**	(2,034)
Unutilised capital losses	**428**	1,199	**-**	-
Employee benefits	**18**	16	**-**	-
Tax assets/(liabilities)	**446**	1,215	**(2,266)**	(2,034)
Net of tax (liabilities)/assets	**(428)**	(1,199)	**428**	1,199
Net tax assets/(liabilities)	**18**	16	**(1,838)**	(835)

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		Liabilities		Net	
	2023 €'000	2022 €'000	**2023 €'000**	2022 €'000	**2023 €'000**	2022 €'000
At 1 January	**16**	92	**(835)**	(46)	(819)	46
Credit/(charge) to other comprehensive income	**6**	(75)	**-**	-	6	(75)
Charge to Statement of profit or loss (Note 8)	**(4)**	(1)	**(1,003)**	(789)	(1,007)	(790)
At 31 December	**18**	16	**(1,838)**	(835)	(1,820)	(819)

(b) Unrecognised deferred tax

At 31 December 2023 the Group has unrecognised deferred tax assets arising as follows

	2023 €'000		2022 €'000	
	Gross	**Tax value**	Gross	Tax value
Temporary differences on fair value of investment properties	**14,713**	**4,855**	13,324	4,397
Unutilised tax losses	**-**	**-**	1,968	246
Unutilised capital allowances	**10,616**	**1,327**	27,800	3,475
Other temporary differences	**1,128**	**142**	1,440	180
At end of year	**26,457**	**6,324**	44,532	8,298

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.

	Deferred tax asset €'000
At 1 January 2023	**8,298**
Movement in unrecognised deferred tax arising on:	
Temporary differences on fair value of investment properties	**458**
Unutilised tax losses	**(246)**
Unutilised capital allowances	**(2,148)**
Other temporary differences	**(38)**
At 31 December 2023	**6,324**

	Deferred tax asset €'000
At 1 January 2022	11,068
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	8,298

15. INVENTORIES

	2023 €'000	2022 €'000
Group		
Finished goods for resale	**1,814**	1,374
Maintenance stock and consumables	**135**	98
	1,949	1,472

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

A total of €7,881,000 *(2022: €5,934,000)* was recognised as an expense and included in 'Cost of sales'. This includes a net Statement of Profit or Loss charge of €55,700 *(2022: €25,500)* 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)

16. TRADE AND OTHER RECEIVABLES

	2023 €'000	2022 €'000
Group		
Trade receivables	**2,676**	4,554
Other receivables	**2,232**	2,305
Contract assets	**537**	324
	5,445	7,183

	2023 €'000	2022 €'000
Company		
Trade receivables	**42**	-
Other receivables	**191**	296
Amounts due from subsidiary companies	**297**	815
VAT	**48**	91
	578	1,202

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.

17. FINANCIAL ASSETS

	2023 €'000	2022 €'000
Company		
Interest in subsidiary companies – shares at cost		
At 31 December	**78,618**	78,618

Principal subsidiaries and related companies are listed below.

Name	Nature of Business	% Share Capital Owned	Registered Office
Subsidiary Companies			
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
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
Related Companies			
Shannon Broadband Limited	Regional broadband development (trading)	20% (indirect)	Mill House, Henry Street, Limerick

18. CASH AND CASH EQUIVALENTS

Group	2023 €'000	2022 €'000
Cash at bank and on hand	**77,415**	56,939
	77,415	56,939

As security for its borrowings (Note 23) 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 €1,247,300 *(2022: €1,233,700)*.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2023:

	2023 €'000	2022 €'000
Cash at bank and on hand	**77,415**	56,939
Cash at bank and on hand attributable to discontinued operations	**-**	420
	77,415	57,359

Company	2023 €'000	2022 €'000
Cash on hand	**366**	442
	366	442

19. SHARE CAPITAL AND RESERVES

Share capital **Authorised:**	2023 €'000	2022 €'000
60,000,000 ordinary shares of €1 each	**60,000**	60,000
Issued:		
38,107 ordinary shares of €1 each	**38**	38

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)

20. TRADE AND OTHER PAYABLES

	2023 €'000	2022 €'000
Group		
Trade payables	**806**	988
Accrued expenses	**12,617**	17,137
Contract liabilities	**2,139**	2,142
Social insurance	**575**	604
VAT	**630**	647
Current trade and other payables	**16,767**	21,518

Company	2023 €'000	2022 €'000
Trade payables	**130**	262
Accrued expenses	**805**	971
Social insurance	**124**	123
Current trade and other payables	**1,059**	1,356

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

21. DEFERRED INCOME – CAPITAL GRANTS

	2023 €'000	2022 €'000
Government grants	**2,173**	1,759
Current deferred income	**2,173**	1,759
Government grants	**16,785**	13,474
Non-current deferred income	**16,785**	13,474
Total deferred income	**18,958**	15,233

	2023 €'000	2022 €'000
Government grants		
At 1 January	**16,910**	24,876
Grants received (a)	**5,488**	4,988
Grants repaid	**(65)**	-
Transfer (b)	**-**	(12,954)
At 31 December	**22,333**	16,910
Amortisation		
At 1 January	**1,677**	10,987
Amortisation	**1,698**	1,406
Transfer (b)	**-**	(10,916)
Write down to fair value (Note 9b)	**-**	200
At 31 December	**3,375**	1,677
Net book value at 1 January	**15,233**	13,889
Net book value at 31 December	**18,958**	15,233

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 government funding of €5,488,000 in respect of capital projects during 2023 *(2022: €4,151,000)*. The company also received €837,000 in government funding for the Hold Baggage Screening ("HBS") project during 2022.

(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.

22. PROVISIONS

Group	Insurance provision €'000	Provision for severance schemes €'000	Provision for remedial works €'000	Other provision €'000	Total €'000
At 1 January 2022	926	1,599	696	410	3,631
Provisions used during the year	(139)	(663)	-	(88)	(890)
Provisions charged/(credited) during the year	66	-	-	1,750	1,816
Write down to fair value (Note 9b)	(78)	-	-	-	(78)
At 31 December 2022	775	936	696	2,072	4,479
At 1 January 2023	**775**	**936**	**696**	**2,072**	**4,479**
Provisions used during the year	**(392)**	**(550)**	**-**	**(259)**	**(1,201)**
Provisions charged/(credited) during the year	**(67)**	**-**	**-**	**(5)**	**(72)**
At 31 December 2023	**316**	**386**	**696**	**1,808**	**3,206**
At 31 December 2022					
Current provisions	605	549	-	722	1,876
Non-current provisions	170	387	696	1,350	2,603
Total provisions	775	936	696	2,072	4,479
At 31 December 2023					
Current provisions	**114**	**180**	**-**	**508**	**802**
Non-current provisions	**202**	**206**	**696**	**1,300**	**2,404**
Total provisions	**316**	**386**	**696**	**1,808**	**3,206**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

22. 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 2023 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 €386,000 recorded at 31 December 2023 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 €550,000 were made in 2023 under both schemes *(2022: €663,000)*. Obligations totalling €180,000 are expected to be settled in 2024.

Provision for remedial works
As 31 December 2023 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 2023, 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.

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	Other provision €'000	Total €'000
Company		
At 1 January 2022	380	380
Provisions used during the year	(139)	(139)
Provisions made during the year	-	-
At 31 December 2022	241	241
At 1 January 2023	241	241
Provisions used during the year	(259)	(259)
Provisions made during the year	61	61
At 31 December 2023	**43**	**43**
At 31 December 2022		
Current provisions	241	241
Non-current provisions	-	-
Total provisions	241	241
At 31 December 2023		
Current provisions	**43**	**43**
Non-current provisions	**-**	**-**
Total provisions	**43**	**43**

Other provision
At 31 December 2023 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.

23. LOANS AND BORROWINGS

	2023 €'000	2022 €'000
Group		
Secured bank loans	**24,248**	26,905
Lease liabilities	**-**	202
Total loans and borrowings	**24,248**	27,107

	2023 €'000	2022 €'000
Secured bank loans	**2,465**	2,429
Lease liability (Note 25)	**-**	202
Current loans and borrowings	**2,465**	2,631
Secured bank loans	**21,783**	24,476
Lease liability (Note 25)	**-**	-
Non-current loans and borrowings	**21,783**	24,476
Total loans and borrowings	**24,248**	27,107

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

23. LOANS AND BORROWINGS *(Continued)*

	Currency	Term Years	2023 Face value €'000	2023 Carrying value €'000	2022 Face value €'000	2022 Carrying value €'000
Secured bank loan (a)	EUR	**>15**	**11,917**	**11,901**	12,627	12,587
Secured bank loan (b)	EUR	**<5**	**3,893**	**3,864**	4,998	4,956
Secured bank loan (c)	EUR	**5-10**	**8,515**	**8,483**	9,388	9,362
Lease liabilities (d)	EUR	-	-	-	202	202
Total interest-bearing liabilities (Note 25)			**24,325**	**24,248**	27,215	27,107

The Group's bank loans comprise borrowings by its subsidiary companies, Shannon Commercial Enterprises 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 *(2022: Nil)* (Note 18). 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 2023 and 2024 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 €1,247,300 balance at year end *(2022: €1,233,700)* (Note 18). 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 in full. All companies are in compliance with their applicable financial covenants at the year-end date.

(d) At 31 December 2022 the Group had a number of leases with varying lease end dates ranging from 2023 to 2041. Information about leases for which the Group was a lessee is presented in Note 26.

24. 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".

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

	2023 €'000	2022 €'000
Group		
Net defined benefit liability	**(148)**	(128)

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.

	2023 €'000	2022 €'000
Contributions expected to be paid to the plan during the annual period beginning after the reporting date (i)	**33**	33

(i) Actual contributions paid in 2023 were €33,000. A contribution of €33,000 is expected to be paid in 2024.

An actuarial assessment of the scheme was carried out at 31 December 2022 and 2023 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.

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24. 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	
	2023 €'000	2022 €'000	**2023 €'000**	2022 €'000	**2023 €'000**	2022 €'000
Balance at beginning of year	**1,069**	2,007	**(941)**	(1,269)	**128**	738
Included in Profit or Loss						
Expected return on plan assets	**-**	-	**(39)**	(18)	**(39)**	(18)
Interest cost	**44**	29	**-**	-	**44**	29
	44	29	**(39)**	(18)	**5**	11
Included in Other Comprehensive Income						
Remeasurement (gain)/loss:						
- Return on plan assets	**-**	-	**(95)**	166	**(95)**	166
Actuarial (gain)/loss arising from effect of:						
- changes in demographic assumptions	**-**	-	**-**	-	**-**	-
- changes in financial assumptions	**121**	(806)	**-**	-	**121**	(806)
- experience adjustments	**22**	40	**-**	-	**22**	40
	143	(766)	**(95)**	166	**48**	(600)
Other						
Employer contributions	**-**	-	**(33)**	(21)	**(33)**	(21)
Members contributions	**-**	-	**-**	-	**-**	-
Benefits paid	**(61)**	(201)	**61**	201	**-**	-
Balance at year end	**1,195**	1,069	**(1,047)**	(941)	**148**	128

Plan assets

Plan assets comprise the following:

	2023		2022	
	Plan assets €'000	**Percentage of plan assets - %**	Plan assets €'000	Percentage of plan assets - %
Equities	**231**	**22.1**	230	24.4
Bonds	**695**	**66.4**	594	63.1
Property	**-**	**-**	-	-
Cash	**4**	**0.3**	7	0.8
Other	**117**	**11.2**	110	11.7
	1,047	**100.0**	941	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.

	2023	2022
Discount rate	**3.6%**	4.25%
Rate of price inflation	**2.3%**	2.6%
Rate of increase in salaries	**-**	-

The discount rate of 3.6% 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 longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	2023 Years	2022 Years
Longevity at age 65 for current pensioners		
Males	**22.6**	22.5
Females	**24.3**	24.2
Longevity at age 65 for current members aged 45		
Males	**24.3**	24.2
Females	**26.1**	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.

	2023 €'000 Increase/(decrease)	2022 €'000 Increase/(decrease)
Discount rate – 0.25% decrease *(2022: 0.25%)*	**66**	59
Inflation – 0.25% increase *(2022: 0.25%)*	**31**	28

b) Defined contribution schemes

The Group operates a number of internal defined contribution pension schemes for certain employees.

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 2023 and 2022, the Group has accounted for the scheme as a defined contribution pension scheme.

Payments made to these pension schemes are charged annually in the financial statements and for the year ended 31 December 2023, the total expense recognised was €1,258,000 *(2022: €1,268,000)*, of which €117,000 was payable at year end *(2022: €133,000)*.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

25. 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	
	2023	2022
	€'000	€'000
Group		
Trade receivables (Note 16)	**2,676**	4,554
Other receivables and contract assets (Note 16)	**2,769**	2,629
Finance lease receivable (Note 13)	**265**	279
Cash and cash equivalents (Note 18)	**77,415**	56,939
Total	**83,125**	64,401
Company		
Trade receivables (Note 16)	**42**	-
Other receivables (Note 16)	**191**	296
Amounts due from subsidiary companies (Note 16)	**297**	815
Cash and cash equivalents (Note 18)	**366**	442
Total	**896**	1,553

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:

	2023	2022
	€'000	€'000
Gross trade receivables		
Republic of Ireland	**2,758**	5,002
United Kingdom	**396**	361
Rest of world	**468**	489
At 31 December	**3,622**	5,852

At 31 December 2023, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2023	2022
	€'000	€'000
Aeronautical customers	**1,509**	2,929
Commercial property customers	**499**	518
Airport concession and rental customers	**1,234**	1,869
Other commercial customers	**380**	536
At 31 December	**3,622**	5,852

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

	2023	2022
	€'000	€'000
Expected credit loss		
At the start of the year	**1,298**	1,249
Amounts (credited)/charged to operating expenses	**(314)**	221
Trade receivables written off	**(38)**	(140)
Transferred to Asset held for Sale	**-**	(32)
At 31 December	**946**	1,298
Net trade receivables (Note 16)	**2,676**	4,554

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

25. FINANCIAL RISK MANAGEMENT *(Continued)*
(a) Credit risk *(Continued)*

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

	2023 €'000	2022 €'000
Within credit terms	**731**	1,264
0-30 days past due	**1,376**	1,225
31-60 days past due	**278**	994
61-90 days past due	**48**	456
Greater than 90 days past due	**1,189**	1,913
Total	**3,622**	5,852

Expected credit loss assessment for individual customers as at 31 December 2023
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	**4.0%**	**731**	**(29)**	**702**
0-30 days past due	**6.5%**	**1,376**	**(89)**	**1,287**
31-60 days past due	**19.8%**	**278**	**(55)**	**223**
61-90 days past due	**14.6%**	**48**	**(7)**	**41**
Greater than 90 days past due	**64.4%**	**1,189**	**(766)**	**423**
Total		**3,622**	**(946)**	**2,676**

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 2022

	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
Total		5,852	(1,298)	4,554

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 ("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 *(2022: 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 23). 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 11). The overdraft facility was not used during 2023 or 2022.

The Group has prepared a five-year rolling plan. Implementation of the Group's capital programme will require additional external borrowings.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

25. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Liquidity risk *(Continued)*

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

		Contractual cash flows				
	Carrying amount €'000	Total contractual cash flows €'000	3 months or less €'000	3-12 months €'000	1-2 years €'000	More than 2 years €'000
31 December 2023						
Non-derivative financial liabilities						
Bank overdraft	-	-	-	-	-	-
Trade and other payables	**15,562**	**15,562**	**15,562**	-	-	-
Secured bank loans	**24,248**	**29,282**	**523**	**2,942**	**3,001**	**22,816**
Total	**39,810**	**44,844**	**16,085**	**2,942**	**3,001**	**22,816**

		Contractual cash flows				
	Carrying amount €'000	Total contractual cash flows €'000	3 months or less €'000	3-12 months €'000	1-2 years €'000	More than 2 years €'000
31 December 2022						
Non-derivative financial liabilities						
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	-	-
Total	47,374	54,423	20,839	3,373	6,599	23,612

Changes in liabilities arising from financing activities

	1 January 2023 €'000	Cash flows €'000	Reclassified as part of disposal group €'000	Other €'000	31 December 2023 €'000
Secured bank loans	26,905	(2,731)	-	74	24,248
Lease liability	202	(184)	-	(18)	-
Total	27,107	(2,915)	-	56	24,248

	1 January 2022 €'000	Cash flows €'000	Reclassified as part of disposal group €'000	Other €'000	31 December 2022 €'000
Secured bank loans	29,564	(2,774)	-	115	26,905
Lease liability	1,890	(279)	(1,409)	-	202
Total	31,454	(3,053)	(1,409)	115	27,107

(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 €0.8 million to profit/loss *(2022: €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	Liabilities at amortised cost €'000	Carrying value €'000
Group				
31 December 2023				
Finance lease receivable	**265**	-	-	**265**
Trade and other receivables	**5,445**	-	-	**5,445**
Cash and cash equivalents	**77,415**	-	-	**77,415**
Total	**83,125**	-	-	**83,125**
Trade and other payables	-	-	**15,562**	**15,562**
Secured bank loans	-	-	**24,248**	**24,248**
Lease liability	-	-	-	-
Total	-	-	**39,810**	**39,810**

	Amortised Cost €'000	Fair Value through Profit or Loss €'000	Liabilities at amortised cost €'000	Carrying value €'000
31 December 2022				
Finance lease receivable	279	-	-	279
Trade and other receivables	7,183	-	-	7,183
Cash and cash equivalents	56,939	-	-	56,939
Total	64,401	-	-	64,401
Trade and other payables	-	-	20,267	20,267
Secured bank loan	-	-	26,905	26,905
Lease liability	-	-	202	202
Total	-	-	47,374	47,374

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

25. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Liquidity risk *(Continued)*

The following table presents the fair value of the Group's investment properties (Note 12).

	2023 €'000	2022 €'000
Industrial and retail buildings	**47,279**	39,476
Office buildings	**53,708**	59,442
Warehouse buildings	**11,246**	11,429
Industrial land	**20,777**	21,841
Total	**133,010**	132,188

	Amortised Cost €'000	Fair Value through Profit or Loss €'000	Liabilities at amortised cost €'000	Carrying value €'000
Company				
31 December 2023				
Trade and other receivables	**530**	**-**	**-**	**530**
Cash and cash equivalents	**366**	**-**	**-**	**366**
Total	**896**	**-**	**-**	**896**
Trade and other payables	**-**	**-**	**(935)**	**(935)**
Total	**-**	**-**	**(935)**	**(935)**

	Amortised Cost €'000	Fair Value through Profit or Loss €'000	Liabilities at amortised cost €'000	Carrying value €'000
31 December 2022				
Trade and other receivables	1,202	-	-	1,202
Cash and cash equivalents	442	-	-	442
Total	1,644	-	-	1,644
Trade and other payables	-	-	(1,356)	(1,356)
Total	-	-	(1,356)	(1,356)

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.

26. LEASES

(a) Leases as lessee

The Group leases leased a number of retail units at Heritage sites and certain IT equipment. Information about leases for which the Group was 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 2022	1,342	433	1,775
Additions	-	-	-
Depreciation charge for the year	(67)	(216)	(283)
Impairment loss (Note 9b)	(1,275)	-	(1,275)
Balance at 31 December 2022	-	217	217
Balance at 1 January 2023	-	217	217
Additions	-	-	-
Depreciation charge for the year	-	(198)	(198)
Derecognition of right-of-use asset	-	(19)	(19)
Balance at 31 December 2023	-	-	-

(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:

	2023 €'000	2022 €'000
Interest expense on lease liabilities	-	4

(iii) Amounts recognised in the consolidated cashflow statement

	2023 €'000	2022 €'000
Total cash outflow for leases	**184**	279

(b) Leases as lessor

The Group leases out its investment properties (see Note 12). During the year €12,288,000 *(2022: €11,928,000)* 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:

	2023 €'000	2022 €'000
Operating leases		
Less than one year	**11,382**	10,890
Between one and two years	**8,680**	8,589
Between two and three years	**6,773**	7,262
Between three and four years	**5,744**	5,908
Between four and five years	**4,287**	5,164
More than five years	**7,435**	8,409
Total	**44,301**	46,222

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

27. 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.

No related party transactions occurred during 2023. The following related party transactions occurred during 2022:

(i) Mr. Ambrose Loughlin, who served as director of the Group during 2022, is a former partner of McCann Fitzgerald and acted as a consultant to the firm during 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. No amounts were unbilled or billed and not yet paid by the Group at year-end.

(ii) Mr. Kevin McCarthy, who served as director of the Group during 2022, is a director of Mid West Sporting Supplies Limited, a company which provides services to the Group.

Fees paid by the Group in respect of services provided to the Group in the normal course of business during the year ended 31 December 2022 were €4,024. No amounts were unbilled or billed and not yet paid by 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:

	2023 **€'000**	2022 €'000
Group		
Salaries and other short-term employee benefits (including social welfare)	**887**	871
Post-employment benefits	**110**	108
	997	979

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.

28. COMMITMENTS AND CONTINGENCIES

Capital and other commitments

The value of capital work not completed at 31 December 2023 under contracts entered into by the Group is estimated at €3,287,000 *(2022: €8,714,000)*. There was no grant aid secured to fund these capital commitments *(2022: €606,000)*.

29. SUBSEQUENT EVENTS

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

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 21 March 2024.

GENERAL BUSINESS INFORMATION

DIRECTORS	Conal Henry (Chairperson) Mary Considine (Chief Executive Officer) Audrey Costelloe Aisling Curtis Alan Donohue Tom Kelly Ambrose Loughlin John Moran 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

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