



ANNUAL REPORT

2022

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ABOUT US

As the main international gateway to The Bahamas, Lynden Pindling International Airport (LPIA) is the fourth busiest airport in the Caribbean. Named after Sir Lynden Pindling, the first Prime Minister of the Commonwealth of The Bahamas, the airport sits just west of the city of Nassau and a short drive from some of the finest resorts and hotels in the world. Services include scheduled and charter flights to the United States, Canada, Europe and Latin America.

Nassau Airport Development Company (NAD), the company that manages and operates LPIA, is a Bahamian company, owned by the government of The Bahamas and managed by Vantage Airport Group, making LPIA part of Vantage's worldwide network. NAD is responsible for the majority of LPIA's infrastructure including parking lots, terminals, runways and taxiways and all revenue-generating and commercial development projects. As a private company, NAD receives no government guarantees or grants and is a self-sustaining, commercial entity based on international best practices.

Vantage Airport Group is a leading investor, developer and manager of airports around the world. Since 1994, Vantage has been making airports more efficient, profitable, sustainable and connected to the communities they serve. Founded by Vancouver International Airport, Vantage has lent its expertise to 31 airports in its 26-year history, taking 20 from public to private management. Vantage's current network is composed of 10 airports, including LPIA, LaGuardia Terminal B in New York and Midway International Airport in Chicago. As part of JFK Millennium Partners, Vantage has also been selected by the Port Authority of New York and New Jersey to redevelop John F. Kennedy International Airport's Terminal 6. Elsewhere, Vantage is part of a team redeveloping the historic Amtrak 30th Street Station in Philadelphia.

With corporate offices in New York, Chicago, and Vancouver, Vantage is always looking for opportunities to lend its expertise to challenging airport and transportation infrastructure projects, from complex terminal development to best-in-class commercial programming, delivered through its focus on People, Place and Performance. Vantage is a wholly owned strategic platform of Corsair Infrastructure Partners for capital deployment in the airport sector.



BOARD OF DIRECTORS:

Gary Sawyer, Chairman

Manita Wisdom, Deputy Chairman

Peter T. Carey, Director

Pastor Trent Davis, Director

Dwight Gibson, Director

Melanie Rolle-Hilton, Director

Jayson Moxey, Director

Glennette Farquharson-Reckley, Director

Sami Teittinen, Director

EXECUTIVE MANAGEMENT

Vernice Walkine – President and CEO

Jonathan Hanna – VP of Operations


Jan Knowles – VP of Marketing & Commercial Development

Kevin McDonald – VP of Maintenance & Engineering

Paula Rigby – VP of Finance and Chief Financial Officer



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A MESSAGE FROM
THE CHAIRMAN

**GARY
SAWYER**

**NAD
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As an airport community, we entered FY2022 with measured optimism. Our country's tourism sector continued a slow and steady recovery from the COVID-19 pandemic. Even with evolving testing protocols and vaccine requirements for guests entering The Bahamas, we saw an uptick in passenger numbers during the first quarter. As a team, NAD leveraged new opportunities and remained strategic as the sector transitioned from crisis mode to rebuilding and restoration.

In July 2021, LPIA reported its strongest month since the onset of the pandemic with total passenger numbers up 48% over budget across all sectors. The initial spike in passenger traffic was fueled by the government and the cruise industry's home-porting initiative launched in June 2021, where Nassau served as a temporary hub for travellers entering the country to embark on cruise vacations.

US passenger traffic remained strong through July and August when compared to the previous year. However, in August 2022 airlift capacity still averaged 29% below the same period YTD in FY2019 and passenger numbers lagged 33% behind the same period YTD in FY2019—a benchmark year for our industry.

Heading into Q2, our facilities readied for the peak end-of-year travel season. We watched with caution as local health officials issued additional travel restrictions in response to new COVID-19 variants. Armed with the lessons from early on in the pandemic, we worked closely with industry partners and airport stakeholders to take advantage of the busy quarter.

At the close of 2021, NAD had recovered 68% of its passengers compared to the same period in FY2019. By December, 1.2M passengers YTD had moved through LPIA, slightly lower than the forecast of 1.3M and about 30% lower than FY2019, where we saw 1.8M passengers for the same period. YTD Revenue sat at \$36.5M compared to the \$37.6M forecasted and \$48.9M attained in FY2019. Income generated from non-aeronautical activities YTD came in at \$7.7M, up 6% above what was forecasted with December numbers up 23% over the forecast. Total revenue to this point represented about 75% of pre-pandemic revenue earned over the same period in FY2019.

As a board, we worked closely with NAD's Executive Management team to monitor passenger performance and revenue trends heading into the Spring of 2022. Global

threats including the conflict in Ukraine and emerging COVID-19 variants and sub-variants added more uncertainty. NAD; the Ministry of Tourism, Investments & Aviation; the Nassau/Paradise Island Promotion Board and other stakeholders remained resolved in repositioning the destination. Large hotel properties indicated strong occupancy rates for the Spring/Easter season.

In April 2022, LPIA logged the highest performing month for passenger enplanements (departures) since the onset of the pandemic. Over the Easter holiday weekend, there were 2,843 aircraft movements, up 41.8% year-over-year. NAD also reported revenue spikes between February and April, with concession revenue coming in at \$4M and the income to NAD was \$1.8M. This represents 95% of revenue for the same period in 2019 and was welcomed news for our concession partners.

We ended FY2022 with passenger traffic at 70% of the total achieved in FY2019 and revenue at approximately 78% of pre-pandemic levels. Looking forward, the future growth and sustainability of our business will depend heavily on our ability to grow passenger numbers and revenue at LPIA.

Our rate of recovery is promising. In the short, medium and long term, our focus is on balancing financial prudence with operational sustainability. We will continue to monitor global events that may impact future business.

As a board, we want to express thanks to our industry partners for their unwavering commitment to the success of the sector. We would especially like to commend the team at NAD for their diligence in running a world-class facility while operating under strenuous circumstances. We remain focused and look forward to what the future holds for tourism and aviation in The Bahamas.



A MESSAGE FROM
PRESIDENT AND CEO

**VERNICE
WALKINE**

**NAD
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2022**

Over the past three fiscal periods, NAD has experienced record-breaking growth and extreme losses. This season has forced us to reassess our approach to managing a world-class airport facility, to retool to meet the challenges and to be more agile in the face of moderate growth.

We started FY2022 with staff returning to full time hours at full pay. After protracted lockdowns and shutdowns in 2020, we made the difficult decision to reduce staff hours to 50%-60% in an effort to retain all of our employees. During the lockdowns and reduced work hours, our team had the opportunity to scrutinize our overall operations and determine the most efficient ways to manage our facilities and passenger experience. To facilitate a safe return in July 2021, our Operations team mapped out a comprehensive plan reiterating important health and safety protocols.

We jumpstarted our recovery in the summer of 2021 with the launch of the Cruise Ship Homeporting Program, which provided strong passenger arrivals throughout the summer months, allowing the airport to refine its operations while still in the pandemic. In the Fall, we welcomed our new Board of Directors and immediately began outlining our current position. The Board fully supported our proposed recovery plan.

LPIA completed a five-phase certification process on October 26, 2021, thus receiving an Aerodrome Certificate valid until October 2024. That same month, our airport also obtained the Airports Council International (ACI) Health Accreditation for the second year in a row, joining more than 400 airports around the world who prioritize the health and safety of all airport users.

While many of our capital development projects were put on hold due to financial constraints, we were pleased to complete some projects in partnership with specific airport stakeholders. In November 2021, we began a baggage handling and screening equipment upgrade project, a joint venture between NAD and the Airport Authority (AA) who invested several million dollars in new explosive detection devices for baggage screening. NAD invested millions as well in upgrading the baggage handling system to integrate with the new screening devices.

LPIA also became the first preclearance facility outside of the United States to rollout the TSA PreCheck Program for US citizens and US permanent residents. The expedited

level of screening saw approximately 25% of passengers utilize the service daily. After a successful pilot, the program officially launched in February 2022. We congratulate our partners at Airport Authority for spearheading this initiative.

In an effort to streamline Parking & Ground Transportation (PGT) operations, our team transitioned to a cashless platform for persons utilizing the domestic and international parking facilities, ground transportation operators and persons needing to pay towing fees. The move was taken to improve efficiency and reduce risk to staff and was rolled out over several months to ensure public awareness.

As we continue to work to recover revenue shortfalls, NAD's Commercial Development team remained persistent in seeking opportunities to build out our existing concessions program. Two new F&B outlets were added in February 2022. Both the KFC Express in the domestic and international terminal and a Dunkin Donuts Kiosk in the US terminal are performing as expected.

Being the principal gateway to The Bahamas, LPIA is often the backdrop for major international events. In March 2022, we welcomed His and Her Royal Highness, the Duke and Duchess of Cambridge, at an airside reception, in honour of the Queen's Jubilee celebrations. NAD's team worked in conjunction with the Government's Planning Committee and key airport and other stakeholders to successfully facilitate the seamless movement of the Duke and Duchess, as they visited Nassau, Abaco and Grand Bahama, and their departure to London, England at the end of the visit.

On April 1, NAD marked another major milestone as we celebrated our 15th anniversary. The 51 members of our team who were here from the start were recognized. NAD continues to be an employer of choice, attracting employees from all sectors.

As required by the International Civil Aviation Organization and the Civil Aviation Authority Bahamas, we conducted a full-scale emergency drill to test the preparedness and response of all airport emergency stakeholders. Dubbed "Operation Hot Seat", the exercise simulated a catastrophic plane crash, and was the first exercise since the onset of the pandemic. The initiative was executed successfully by our Public Safety team and our various partners on May 18, 2022.

In June, we said farewell to Vice President of Operations, Deborah Coleby who retired after 15 years of dedicated service. She was a steadfast and committed leader and we wish her well in her retirement.

When looking forward to operations in a post-pandemic era, I am encouraged by our teams' perseverance, our diligence and our ability to adapt as an organization. At the executive level, we know that how we rebound and reposition our business depends on our strategic partners and our team. We take this opportunity to thank them for their commitment to excellence now and in the future.





2022 FINANCIAL STATEMENTS

June 30, 2022



Independent auditors' report

To the Shareholders of Nassau Airport Development Company Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nassau Airport Development Company Limited (the Company) as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at June 30, 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter

We draw attention to Note 2(r) in the financial statements, in which management has described the uncertainties related to the impact of the COVID-19 pandemic on the Company's operations as well as the measures, both taken and planned, to deal with these events or circumstances. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

This report, including the opinion, has been prepared for and only for the Shareholders in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers
Chartered Accountants
Nassau, Bahamas

October 19, 2022

Nassau Airport Development Company Limited
(Incorporated under the laws of The Commonwealth of The Bahamas)

Statement of Financial Position
As at June 30, 2022
(Expressed in Bahamian dollars)

| | Notes | June 30, 2022 \$ | June 30, 2021 \$ |
|---|--------|---------------------------|---------------------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents: | 16 | | |
| Operating accounts | | 3,556,056 | 2,830,316 |
| Construction and controlled accounts | | 14,165,570 | 9,032,704 |
| Restricted cash | 7 & 16 | 16,674,195 | 11,673,324 |
| Accounts receivable | 3 & 16 | | |
| Private sector | | 14,129,205 | 9,490,671 |
| Government | | 3,347,674 | 2,094,902 |
| Inventories and supplies | | 2,284,695 | 2,186,930 |
| Prepaid expenses and deposits | | <u>512,599</u> | <u>445,941</u> |
| Total current assets | | <u>54,669,994</u> | <u>37,754,788</u> |
| NON-CURRENT ASSETS: | | | |
| Fixed assets – operational | 6 | 19,845,512 | 21,437,699 |
| Intangible assets – leasehold/financing | 4 | 24,620,277 | 26,284,747 |
| Intangible assets – resurfacing of runway | 9 | 16,090,971 | 16,555,277 |
| Intangible assets – operational | 5 | <u>293,077,361</u> | <u>305,588,124</u> |
| Total non-current assets | | <u>353,634,121</u> | <u>369,865,847</u> |
| TOTAL ASSETS | | <u>408,304,115</u> | <u>407,620,635</u> |

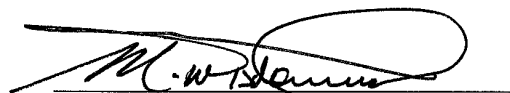
The accompanying notes are an integral part of these financial statements.

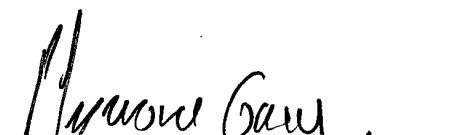
Nassau Airport Development Company Limited
(Incorporated under the laws of The Commonwealth of The Bahamas)

Statement of Financial Position (Continued)
As at June 30, 2022
(Expressed in Bahamian dollars)

| LIABILITIES AND EQUITY | Notes | June 30, 2022 | June 30, 2021 |
|--|--------------|----------------------------|----------------------------|
| | | \$ | \$ |
| CURRENT LIABILITIES: | | | |
| Accounts payable and accrued liabilities: | | | |
| Construction project | 5 & 16 | 43,613 | 163,570 |
| Trade | 16 | 4,943,503 | 4,478,048 |
| Management fees payable | 10 & 16 | 1,830,096 | 544,255 |
| Payable to Government entities | 8, 10, & 16 | 10,212,506 | 7,085,663 |
| Current portion of long-term debts | 7 & 16 | <u>24,007,500</u> | <u>22,845,000</u> |
| Total current liabilities | | <u>41,037,218</u> | <u>35,116,536</u> |
| NON-CURRENT LIABILITIES: | | | |
| Long-term debts | 7 & 16 | <u>454,644,870</u> | <u>467,456,558</u> |
| Total non-current liabilities | | <u>454,644,870</u> | <u>467,456,558</u> |
| Total liabilities | | <u>495,682,088</u> | <u>502,573,094</u> |
| EQUITY: | | | |
| Share capital | | | |
| Authorized issued and fully paid: | | | |
| 5,000 ordinary shares authorized of which 5 | | | |
| shares of par value 1.00 each are issued and | | | |
| fully paid | | | |
| | | 5 | 5 |
| Deficit | | <u>(87,377,978)</u> | <u>(94,952,464)</u> |
| Total Equity | | <u>(87,377,973)</u> | <u>(94,952,459)</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>408,304,115</u> | <u>407,620,635</u> |

These financial statements were approved by the Board of Directors on October 19, 2022 and are signed on its behalf by:


 Director


 Director

The accompanying notes are an integral part of these financial statements.

Nassau Airport Development Company Limited
(Incorporated under the laws of The Commonwealth of The Bahamas)

Statement of Comprehensive Income
For the year ended June 30, 2022
(Expressed in Bahamian dollars)

| | Notes | 2022 \$ | 2021 \$ |
|--|---------|--------------------------|----------------------------|
| OPERATING REVENUE: | | | |
| Aeronautical operations revenue: | | | |
| Passenger facility charge | | 44,807,096 | 12,516,254 |
| Passenger processing fee | | 11,077,370 | 2,989,730 |
| Landing fees | | 8,034,527 | 3,669,136 |
| Terminal fees | | 964,158 | 427,939 |
| Loading bridges | | 575,278 | 221,799 |
| Aircraft parking fees | | 81,907 | 84,200 |
| Total aeronautical operations revenue | 15 | <u>65,540,336</u> | <u>19,909,058</u> |
| Commercial operations revenue: | | | |
| Terminal leases and concessions | | 12,457,529 | 7,800,346 |
| Car parking | | 2,114,533 | 901,436 |
| Refueling royalties | | 2,179,444 | 740,059 |
| Interest and other income | | 1,668,368 | 208,116 |
| Total commercial operations revenue | 15 | <u>18,419,874</u> | <u>9,649,957</u> |
| TOTAL OPERATING REVENUE | | <u>83,960,210</u> | <u>29,559,015</u> |
| OPERATING EXPENSES: | | | |
| Material, supplies and services | 12 | 9,901,378 | 7,059,225 |
| Salaries and benefits | 10 & 11 | 9,406,803 | 6,083,208 |
| Management fees | 10 | 3,842,208 | 1,185,102 |
| Rent | 10 & 14 | 1,649,204 | 591,180 |
| Property taxes | 10 | 1,008,226 | - |
| Provision for doubtful accounts/(reversal) | 3 | (1,108,147) | (2,757,056) |
| Total operating expenses | | <u>24,699,672</u> | <u>12,161,659</u> |
| OPERATING INCOME | | <u>59,260,538</u> | <u>17,397,356</u> |
| NON-OPERATING EXPENSES: | | | |
| Interest | 7 | 34,024,763 | 34,671,356 |
| Amortization - operational | 5 | 12,395,941 | 12,315,375 |
| Amortization - leasehold and financing | 4 | 1,664,470 | 1,664,470 |
| Depreciation – operational assets | 6 | 2,806,746 | 3,561,596 |
| Amortization - resurfacing runways | 9 | 464,306 | 464,218 |
| Financing cost | | 329,826 | 639,847 |
| Loss on disposal of operational assets | | - | 1,476,573 |
| Total non-operating expenses | | <u>51,686,052</u> | <u>54,793,435</u> |
| NET INCOME/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) | | <u>7,574,486</u> | <u>(37,396,079)</u> |

The accompanying notes are an integral part of these financial statements.

Nassau Airport Development Company Limited
(Incorporated under the laws of The Commonwealth of The Bahamas)

Statement of Changes in Equity
For the year ended June 30, 2022
(Expressed in Bahamian dollars)

| | Capital | Deficit | Total |
|--|-----------------|----------------------------|----------------------------|
| | \$ | \$ | \$ |
| Balance at June 30, 2020 | 5 | (57,556,385) | (57,556,380) |
| <i>Net loss and total comprehensive loss</i> | <u>-</u> | <u>(37,396,079)</u> | <u>(37,396,079)</u> |
| Balance at June 30, 2021 | 5 | (94,952,464) | (94,952,459) |
| <i>Net income and total comprehensive income</i> | <u>-</u> | <u>7,574,486</u> | <u>7,574,486</u> |
| Balance at June 30, 2022 | <u>5</u> | <u>(87,377,978)</u> | <u>(87,377,973)</u> |

The accompanying notes are an integral part of these financial statements.

Nassau Airport Development Company Limited
(Incorporated under the laws of The Commonwealth of The Bahamas)

Statement of Cash Flows
For the year ended June 30, 2022
(Expressed in Bahamian dollars)

| | Notes | 2022 \$ | 2021 \$ |
|---|-------|---------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income / (loss) | | 7,574,486 | (37,396,079) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Adjustments for items not involving use of cash: | | | |
| Interest expense | | 34,024,763 | 34,671,356 |
| Reversal of allowance for expected credit losses | 3 | (1,108,147) | (2,757,056) |
| Depreciation – operational | 6 | 2,806,746 | 3,561,596 |
| Amortization - operational | 5 | 12,395,941 | 12,315,375 |
| Amortization – leasehold/financing | 4 | 1,664,470 | 1,664,470 |
| Amortization – resurfacing runways | 9 | 464,306 | 461,031 |
| Loss on disposal of operational assets | | - | 1,476,573 |
| Adjustment to capital assets | | 134,954 | - |
| Accounts receivable written-off | | (33,978) | (507,809) |
| | | <u>57,923,541</u> | <u>13,489,457</u> |
| Changes in operating assets and liabilities: | | | |
| (Increase)/decrease in restricted cash | | (5,000,871) | 12,999,325 |
| (Increase)/decrease in accounts receivable | | (4,749,180) | 1,040,790 |
| Decrease in receivable from management company | | - | 443,081 |
| (Increase)/decrease in prepaid expenses and deposits | | (66,658) | 38,201 |
| (Increase)/decrease in inventory and supplies | | (97,766) | 253,407 |
| Increase/(decrease) in accounts payable and accrued | | 465,455 | (119,841) |
| Increase in payable to Government entities | | 3,126,843 | 4,364,794 |
| Increase in management fees payable | | 1,285,841 | 137,844 |
| | | <u>52,887,205</u> | <u>32,647,058</u> |
| Cash generated from operations | | 52,887,205 | 32,647,058 |
| Interest paid | | (22,828,950) | (24,277,298) |
| Net cash from operating activities | | <u>30,058,255</u> | <u>8,369,760</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Investment in runway resurfacing | 9 | - | (152,110) |
| Refund of/(investment in) intangible assets – operational | 5 | 114,821 | (498,043) |
| Investment in fixed assets – operational | 6 | (1,349,513) | (2,880,931) |
| Decrease in construction payables | | (119,957) | (2,996) |
| Net cash used in investing activities | | <u>(1,354,649)</u> | <u>(3,534,080)</u> |

The accompanying notes are an integral part of these financial statements.

Nassau Airport Development Company Limited
(Incorporated under the laws of The Commonwealth of The Bahamas)

Statement of Cash Flows (Continued)
For the year ended June 30, 2022
(Expressed in Bahamian dollars)

| | Notes | 2022 \$ | 2021 \$ |
|---|-------|----------------------------|----------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Principal payments of senior notes | 7 | <u>(22,845,000)</u> | <u>(20,107,500)</u> |
| Net cash used in financing activities | | <u>(22,845,000)</u> | <u>(20,107,500)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 5,858,606 | (15,271,820) |
| Cash and cash equivalents at beginning of year | | <u>11,863,020</u> | <u>27,134,840</u> |
| Cash and cash equivalents at end of year | | <u>17,721,626</u> | <u>11,863,020</u> |
| Cash and cash equivalents is represented by: | | | |
| Operating accounts | | 3,556,056 | 2,830,316 |
| Construction and controlled accounts | | <u>14,165,570</u> | <u>9,032,704</u> |
| | | <u>17,721,626</u> | <u>11,863,020</u> |
| Non-cash transactions: | | | |
| Interest capitalized to Participating Debt Notes | 7 | 11,195,812 | 10,394,058 |

The accompanying notes are an integral part of these financial statements.

Nassau Airport Development Company Limited

Notes to the Financial Statements June 30, 2022

1. General

Nassau Airport Development Company Limited (the Company) was incorporated in The Commonwealth of The Bahamas on June 6, 2006, under the provisions of the Companies Act 1992. The Company is a subsidiary of The Airport Authority (the Authority). The registered office and principal place of business is located at the Lynden Pindling International Airport (LPIA), Nassau, The Bahamas.

The principal functions of the Company are to manage, develop and maintain LPIA and to transform the airport into a premier world-class facility operated in a most efficient and commercial manner.

The Company commenced its operations on October 1, 2006. The Company commenced the collection of revenue and management of the LPIA on April 1, 2007.

On October 19, 2006, the Company entered into a 10-year Management Agreement commencing April 1, 2007 (the Agreement) with Vantage Airport Group (Bahamas) Limited (Vantage) (formerly named, YVR Airport Services Ltd.), to manage, operate and maintain the LPIA and to place certain executives within the Company. The Agreement has been extended for two additional years until April 1, 2019 and further extended for 10 years to April 1, 2029. Fees paid to Vantage are based on a percentage of adjusted project gross revenue and adjusted operating income with an annual minimum of \$800,000 adjusted by the annual Consumer Price Index, plus the recovery of direct expenses including executive compensation.

On April 1, 2007, the Company entered into a 30-year Lease Agreement with the Authority. The Lease Agreement has been extended for an additional twenty (20) years to April 1, 2057. In accordance with the Lease Agreement, the Company is responsible to manage, maintain and operate LPIA and rent is paid to the Authority based on a percentage of gross revenue with an annual minimum.

On April 1, 2007, the Company also entered into a 30-year Transfer Agreement which provided for the transfer of certain assets, rights, and employees from the Authority to the Company. The Transfer Agreement has been extended for an additional twenty (20) years to April 1, 2057. In accordance with the Transfer Agreement, the Company was obligated to pay the Authority \$50,000,000 upon receipt of initial funding which occurred on April 17, 2007.

These agreements have been deemed as service concessions arrangements under IFRIC 12.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

1. General (Continued)

The redevelopment of LPIA updated the airport facilities to world-class standards and expanded LPIA's terminal capacity. The redevelopment was implemented in three stages as follows:

Stage I

The design, construction, and opening of a new United States (US) Departures Terminal. Stage I was completed on February 28, 2011 with a construction cost of \$191.2 million.

Stage II

A complete renovation, modernization and reconfiguring of the existing US Terminal to serve as the new US/International Arrivals Terminal. Stage II was completed on October 15, 2012 with a construction cost of \$145 million.

Stage III

The design, construction, and opening of a new International and Domestic Departures/Domestic Arrivals Terminal. Stage III was completed on October 23, 2013 with a construction cost of \$72.1 million.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost basis.

Nassau Airport Development Company Limited

Notes to the Financial Statements June 30, 2022 (Continued)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Critical accounting estimates and assumptions

Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change.

Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

Significant judgement and estimates include the following:

- Allowance for expected credit losses (Notes 2(e) and 3)
- Carrying value of intangible and fixed assets with respect to impairment (Notes 2(j), 2(k), 2(l), 4, 5, 6 and 9)
- Classification of leases (Notes 2(h) and 14)
- Revenue recognition with respect to reliable measurement (Note 2(i))
- Application of service concession arrangements, including provisions for obligations under the arrangements (Note 2(m))
- Going concern assumption (Note 2(r))

(b) Changes in applicable accounting policies and disclosures

(i) New standards, amendments and interpretations adopted by the Company

Standards, amendments and interpretations to published standards that became effective for the Company's financial year beginning on July 1, 2021 were not relevant or not significant to the Company's operations and accordingly did not have a material impact on the financial statements.

(ii) New standards, amendments and interpretations not yet adopted by the Company.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for June 30, 2022 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

2. Significant Accounting Policies (Continued)

(c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash and deposits held with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Foreign currency translation

(i) *Functional and presentation currency*

The financial statements are presented in Bahamian dollars, which is the Company's functional and presentation currency, as it represents the currency of the primary economic environment in which the Company operates.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. The Bahamian dollar was equivalent to the US dollar for the period presented. Transactions denominated in US dollars have been translated to Bahamian dollars at this rate.

(e) Financial instruments

Financial instruments include financial assets and financial liabilities.

(i) *Financial assets*

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:

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

The Company classifies all of its financial assets at amortized cost. Management determines the classification of its financial assets at initial recognition. The Company reclassifies its financial assets when and only when its business model for managing those assets changes.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

2. Significant Accounting Policies (Continued)

(e) Financial instruments (continued)

(i) Financial assets (continued)

Recognition and derecognition (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular-way trades) are recognized on the trade date, which is the date that the Company commits to purchase or sell the asset.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. If the Company has neither transferred nor retained substantially all the risks and rewards of ownership, an assessment is made whether the Company has retained control of the financial assets.

Gains or losses arising from sales of financial assets are recognized in the statement of comprehensive income as a part of net income in the financial period in which they arise.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Accounts receivable, which generally has a 30 to 90 day term, is recognized and carried at the original invoice amount less an allowance for expected credit losses. The Company has an agreement with the International Airline Traffic Association (“IATA”) wherein payments may remain outstanding for smaller airlines up to 90 days.

The Company holds its financial assets with the objective to collect the contractual cash flows and these assets represent solely payments of principal and interest and therefore are subsequently measured at amortized cost using the effective interest method, less expected credit losses.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

2. Significant Accounting Policies (Continued)

(e) Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

Measurement

ECLs are recognized in a three-stage model. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For accounts receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the ECL is recognized in the statement of comprehensive income. If in a subsequent period the amount of the ECL decreases, the previously recognized ECL is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of comprehensive income.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The write offs represent a derecognition event. The uncollectible financial asset is written off against the related allowance account. Recoveries of accounts previously written off are recognized directly in the statement of comprehensive income.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

2. Significant Accounting Policies (Continued)

(e) Financial instruments (continued)

(ii) *Financial liabilities*

Accounts payable and accrued liabilities, management fees payable, and payable to government entities represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 day terms. These payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(f) Inventories

Inventories are stated at the lower of cost and net realizable value using the weighted average basis. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(g) Loans and borrowings

All loans and borrowings are initially recognized at the fair value of consideration received less directly attributable transaction costs, being issue costs associated with the borrowings which are amortized using the effective interest method.

General and specific borrowing costs directly attributable to the acquisition, and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

2. Significant Accounting Policies (Continued)

(h) Leases

Leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term in the same basis as rental income. The respective leased assets are included in the statement of financial position based on their nature. Operating lease receipts are recognized as income in the statement of comprehensive income on a straight-line basis over the lease term.

(i) Revenue recognition

The Company recognizes revenue from contracts with customers when all of the following five criteria are met: (i) a contract is identified with a customer, (ii) a performance obligation is identified in the contract, (iii) the transaction price of the contract is determined, (iv) the transaction price is allocated to each identified performance obligation, and (v) a performance obligation has been wholly performed.

Fees earned for the provision of services over a period of time (e.g., monthly) are accrued over that period. These fees include prepaid car parking fees. Transaction based fees for passenger facility charge, passenger processing fee, landing fee, terminal fees, loading bridges, aircraft parking fees, terminal leases and concession, car parking, and refueling royalties are charged to individual customers when the transaction takes place. Revenue for these fees are recognized at a point in time.

Revenue contracts did not contain any variable consideration. Advance receipts are deferred and included in deferred revenue until services are provided to the customers.

All other income is recognized on the accrual basis.

(j) Fixed assets

Fixed assets for which a useful life has been assigned are depreciated on a straight-line basis over their assigned useful lives. Fixed assets are recognized on the statement of financial position at the cost determined at the date of acquisition, less any accumulated depreciation or impairment losses. Assets are categorized as follows:

| | |
|---------------------------------|---------------|
| Roads and parking lots | 10 - 30 years |
| Terminal and structures | 10 - 25 years |
| Leasehold improvements | 10 - 25 years |
| Furniture and office equipment | 5 - 10 years |
| Computer equipment and software | 3 - 5 years |
| Vehicles and machinery | 5 - 10 years |
| Equipment and systems | 3 - 15 years |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

2. Significant Accounting Policies (Continued)

(j) Fixed assets (continued)

Subsequent costs are included in the asset's carrying amount or derecognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset, calculated as the difference between net disposal proceeds and the assets carrying amount, is recognized in other income or expense in the statement of comprehensive income.

Fixed assets are reviewed for indicators of impairment or changes in estimated future benefits annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. If evidence exists, the asset is written down to its recoverable amount and the amount of the loss is included in the statement of comprehensive income. No such write downs were recorded during 2022 and 2021.

(k) Intangible assets

Intangible assets for which a useful life has been assigned are amortized on a straight-line basis over their assigned useful lives. Intangible assets are recognized on the statement of financial position at the cost determined at the date of acquisition, less any accumulated amortization or impairment losses. Assets are categorized as follows:

| | |
|--------------------------------|---------------|
| Artwork | 10 - 37 years |
| Runways and taxiways | 10 - 37 years |
| Roads and parking lots | 10 - 37 years |
| Terminal and structures | 10 - 37 years |
| Leasehold improvements | 10 - 37 years |
| Furniture and office equipment | 10 - 37 years |
| Equipment and systems | 10 - 37 years |

An item of intangible assets is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset, calculated as the difference between net disposal proceeds and the assets carrying amount, is recognized in other income or expense in the statement of comprehensive income.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

2. Significant Accounting Policies (Continued)

(k) Intangible assets (continued)

Intangibles are reviewed for indicators of impairment or changes in estimated future benefits annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. If evidence exists, the asset is written down to its recoverable amount and the amount of the loss is included in the statement of comprehensive income. No such write downs were recorded during 2022 and 2021.

(l) Impairment of assets

An assessment is made at each statement of financial position date whether there is objective evidence that an asset or group of assets may be impaired. If such evidence exists, the carrying amount of the asset is reduced to its estimated recoverable amount either directly or through the use of an allowance account and the amount of the loss is included in the statement of comprehensive income.

(m) Service concession arrangement

This consists of concessions for the construction and operation of LPIA and is recognized according to the intangible asset model, since the Company receives the right to impose a charge on airport users in exchange for the obligation to provide construction and maintenance services.

The determination of the applicability of IFRIC 12 to the Company's operations was made based on the grantor regulating services and prices and the assets being returned to the grantor after the end of the term of the arrangement.

(n) Related-party balances and transactions

A party is related to the Company if:

- (i) directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the Company;
 - has an interest in the Company that gives it significant influence over the Company;
- (ii) the party is a member of the key management personnel, including directors and officers, of the Company or its shareholders;
- (iii) the party is a close member of the family of any individual referred to in (ii) above; and
- (iv) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entities resides with, directly or indirectly, any individual referred to in (ii) or (iii) above.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

2. Significant Accounting Policies (Continued)

(n) Related-party balances and transactions (continued)

All balances and transactions with related parties, including the Company's shareholder, other affiliated companies and Vantage, are disclosed in these financial statements.

(o) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions.

(p) Employee pensions

The Company has a defined contribution pension plan for all eligible employees whereby the Company makes contributions to a privately administered pension plan. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior years. The Company and employees make contributions based on eligible earnings, and the Company's contributions are recognized in the statement of comprehensive income in the financial period to which they relate. Enrolment in the defined contribution pension plan is mandatory for all employees following the successful completion of their probationary period.

(q) Taxation

Under the current laws of The Bahamas, the country of domicile of the Company, there are no income, capital gains or other corporate taxes imposed. The Company was subject to Value Added Tax (VAT) applied at a rate of 12% on services rendered through December 31, 2021. Effective January 1, 2022 the VAT rate was amended to a rate of 10%.

The Company is also subject to real property taxes which are levied on a calendar year basis based on the assessed value of land and improvements, taxable at the applicable rate at the time of the assessment under the Real Property Tax Act. The applicable rate for the 2022 assessment was 0.75% on the first \$500,000 of the assessed value and 2% on the assessed value above \$500,000.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

2. Significant Accounting Policies (Continued)

(r) Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern. As part of management's consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, a range of scenarios have been reviewed. The assumptions modelled over the next 12 months from the date of approval of these financial statements are based on the estimated continued recovery from the effects of COVID-19 restrictions and regulations. A downside scenario was also considered with estimated impacts primarily based on a slower pace of recovery due to various factors including levels of restrictions reimposed and the length of time these are in place and the severity of the consequent impact of those restrictions on the Company's operations, rate of inflation, and recession in the US economy. Under each scenario, mitigating actions are within management's control and can be initiated as they relate to discretionary spend. Further, under each scenario, the Company is expected to continue operations within available cash levels and continue to meet its senior debt repayment obligations, and subordinated debt interest is being capitalized. The Government of The Bahamas has expressed to the Noteholders of the Company's senior debt (the Senior Noteholders), through a letter dated November 25, 2020 (the Commitment Letter), a commitment to take such action as may be necessary to enable the Company to continue to meet its obligations under the senior financing agreements (Senior Financing Agreements, as more fully defined and explained in Note 18). The Government's obligations under the Commitment Letter extend to the earlier of a) June 30, 2022 b) the first date when the Company delivers a compliance certificate to the Senior Intercreditor Agent of the Senior Noteholders demonstrating the Company's compliance with the debt service coverage ratio covenant requirement (the DSCR Covenant) and the debt service reserve account (refer to Note 7) is funded up to the requirements of the Senior Financing Agreements or c) an event of default has occurred under the Senior Financing Agreements and the Senior Noteholders exercise their respective rights thereon. The DSCR Covenant requires the Company to maintain a debt service coverage ratio of not less than 1.30 to 1.00 as at the end of each calendar quarter.

The Company's cash flow projections for the period ending September 30, 2020, indicated that the DSCR Covenant was expected to be less than 1.30 to 1.00 for each of the consecutive calendar quarters in the period through to September 30, 2021, which would have resulted in a breach of the DSCR Covenant. Management obtained a waiver from the Senior Noteholders to temporarily waive the DSCR Covenant requirement for the calendar quarter of September 30, 2020. The temporary waiver was subsequently extended on November 25, 2020 through the execution of an amendment and waiver agreement (refer to Note 18) which provided for a waiver of the DSCR Covenant through to June 30, 2022, unless there is an Event of Default under the Senior Financing

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

2. Significant Accounting Policies (Continued)

(r) Going concern (continued)

Agreements resulting in the termination of the DSCR waiver by the Senior Noteholders (the DSCR Waiver). The Company's updated cash flows indicate that the DSCR covenant is expected to be in compliance at 1.30 to 1.00 or above for each of the consecutive calendar quarters in the period through to September 30, 2023. Subsequent to year end, management has obtained a further extension to the DSCR Waiver up to December 31, 2022 (refer to Note 19).

Management has concluded, based upon its considerations outlined above, which include: a) the Company's forecast cash flows for the next twelve months under which it expects the Company to continue to meet its obligations to the Senior Noteholders as they fall due, b) compliance of the DSCR by the quarter ending September 30, 2022, and c) further extension of the Commitment Letter issued by the Government and the DSCR Waiver issued by the Noteholders on November 25, 2020 and extended on September 30, 2022 through the period to December 31, 2022, that it is appropriate for the Company's financial statements to be prepared on the going concern basis.

(s) Corresponding figures

Where necessary, certain corresponding figures have been adjusted to conform with changes in presentation in the current year. Accounts Receivable - Government in Note 3 has been adjusted to conform with the presentation used in the current year.

3. Accounts Receivable

At June 30, 2022, accounts receivable comprise:

| | 2022 | 2021 |
|--------------------------------------|--------------------------|-------------------------|
| | \$ | \$ |
| Private Sector | | |
| Trade receivables | 14,639,323 | 11,163,555 |
| Allowance for expected credit losses | <u>(510,118)</u> | <u>(1,672,884)</u> |
| | <u>14,129,205</u> | <u>9,490,671</u> |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

3. Accounts Receivable (Continued)

| Government | 2022 | 2021 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| Trade receivables | | |
| Bahamasair | 2,780,185 | 856,107 |
| Nassau Flight Services | 323,727 | 1,594 |
| The Airport Authority | 34,189 | 1,082,451 |
| Bahamas Telecommunications Corporation | 48,724 | 50,329 |
| Bahamas Immigration | 26,252 | 17,350 |
| Others | 70,095 | 29,596 |
| | <u>3,283,172</u> | <u>2,037,427</u> |
| Total | | |
| Allowance for expected credit losses | <u>(104,243)</u> | <u>(83,603)</u> |
| | 3,178,929 | 1,953,824 |
| VAT receivable | | |
| Ministry of Finance – Value Added Tax (VAT) | <u>168,745</u> | <u>141,078</u> |
| | <u>3,347,674</u> | <u>2,094,902</u> |

During the prior year, a \$300,000 non-reimbursable VAT credit was approved by The Department of Inland Revenue under the Government’s Tax Credit and Tax Deferral Employment Retention Programme that launched in April 2020. The program aimed to provide payroll support and encourage employee retention. This was approved in the amount of \$100,000 per month for: July, August and September 2020. The total tax credit granted in the amount of \$300,000 was utilized during the prior year. In accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, the Company accounted for the tax credit in profit or loss as a reduction to salaries and wages for each corresponding month. At June 30, 2021, there were no unfulfilled conditions and contingencies attached to those recognized tax credits. No such credits were obtained in the current year.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

3. Accounts Receivable (Continued)

The expected credit loss allowance at June 30, 2022 and June 30, 2021 was determined as follows for accounts receivable:

Private

| June 30, 2022 | Current | 31-60 | 61-90 | Over 90 | Total |
|------------------------|------------|--------|---------|---------|------------|
| | \$ | days | days | days | \$ |
| | \$ | \$ | \$ | \$ | \$ |
| Gross carrying amount | 13,835,868 | 12,316 | 160,580 | 630,559 | 14,639,323 |
| Expected credit losses | 6,957 | 10 | 4,362 | 498,789 | 510,118 |

| June 30, 2021 | Current | 31-60 | 61-90 | Over 90 | Total |
|------------------------|-----------|---------|---------|-----------|------------|
| | \$ | days | days | days | \$ |
| | \$ | \$ | \$ | \$ | \$ |
| Gross carrying amount | 8,856,678 | 198,527 | 323,748 | 1,784,602 | 11,163,555 |
| Expected credit losses | 15,560 | 429 | 2,846 | 1,654,049 | 1,672,884 |

Government

| June 30, 2022 | Current | 31-60 | 61-90 | Over 90 | Total |
|------------------------|-----------|--------|---------|---------|-----------|
| | \$ | days | days | days | \$ |
| | \$ | \$ | \$ | \$ | \$ |
| Gross carrying amount | 2,627,922 | 35,529 | 333,092 | 286,629 | 3,283,172 |
| Expected credit losses | 27,808 | 724 | 1,345 | 74,366 | 104,243 |

| June 30, 2021 | Current | 31-60 | 61-90 | Over 90 | Total |
|------------------------|---------|--------|---------|-----------|-----------|
| | \$ | days | days | days | \$ |
| | \$ | \$ | \$ | \$ | \$ |
| Gross carrying amount | 694,567 | 28,534 | 172,141 | 1,142,185 | 2,037,427 |
| Expected credit losses | 2,520 | 158 | 1,989 | 78,936 | 83,603 |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

3. Accounts Receivable (Continued)

The closing loss allowances for trade receivables at June 30, 2022 reconcile to the opening loss allowances as follows:

| | Private Sector \$ | Government \$ | Total \$ |
|--|-----------------------|-----------------------|-----------------------|
| Beginning balance | 1,672,884 | 83,603 | 1,756,487 |
| Increase/(Decrease) in the allowance for expected credit losses | (1,128,788) | 20,640 | (1,108,148) |
| (Write-offs)/Recoveries | <u>(33,978)</u> | <u>-</u> | <u>(33,978)</u> |
| Ending balance | <u>510,118</u> | <u>104,243</u> | <u>614,361</u> |

At June 30, 2021, the Company had outstanding receivables over 90 days from private entities totaling \$1.7 million. At June 30, 2022 outstanding receivables over 90 days from private entities had significantly reduced. and the Company reassessed the allowance for expected credit losses. This resulted in the reversal of \$1.1 million of the previously recorded provision on the outstanding receivable balance.

4. Intangible Assets – Leasehold and Financing

| | Leasehold Acquisitions \$ | Financing Cost \$ | Total \$ |
|----------------------------|---------------------------------|-------------------------|--------------------------|
| COST | 49,230,000 | 704,085 | 49,934,085 |
| AMORTIZATION: | | | |
| Balance at June 30, 2020 | (21,674,875) | (309,993) | (21,984,868) |
| Charge for the year | <u>(1,641,000)</u> | <u>(23,470)</u> | <u>(1,664,470)</u> |
| Balance at June 30, 2021 | (23,315,875) | (333,463) | (23,649,338) |
| Charge for the year | <u>(1,641,000)</u> | <u>(23,470)</u> | <u>(1,664,470)</u> |
| Balance at June 30, 2022 | <u>(24,956,875)</u> | <u>(356,933)</u> | <u>(25,313,808)</u> |
| CARRYING VALUE: | | | |
| As at June 30, 2022 | <u>24,273,125</u> | <u>347,152</u> | <u>24,620,277</u> |
| As at June 30, 2021 | <u>25,914,125</u> | <u>370,622</u> | <u>26,284,747</u> |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

4. Intangible Assets – Leasehold and Financing (Continued)

Intangible assets include \$50,000,000 paid to the Authority as per the Transfer Agreement (Note 1) less all tangible assets transferred to the Company by the Authority. Also included in intangible assets are financing costs for debts raised to fund the Transfer Agreement obligation.

5. Intangible Assets – Operational

Capital assets in progress represent amounts paid in relation to contracts undertaken with respect to the Terminal Redevelopment project for LPIA and refurbishment of airport facilities. Included in accounts payable and accrued liabilities are balances totaling \$43,613 (2021: \$163,570).

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

5. Intangible Assets – Operational (Continued)

| | Artwork \$ | Runways and Taxiways \$ | Roads and Parking Lots \$ | Terminal and Structure \$ | Leasehold Improvements \$ | Furniture and Office Equipment \$ | Equipment and Systems \$ | Capital Assets in Progress \$ | Total \$ |
|-------------------------------------|-------------------------|-------------------------------|------------------------------------|---------------------------------|---------------------------------|--|--------------------------------|--|---------------------------|
| COST: | | | | | | | | | |
| Balance at | | | | | | | | | |
| June 30, 2020 | 1,690,197 | 21,535,665 | 21,410,923 | 404,746,919 | 2,607,402 | 3,609 | 5,173,794 | 2,762,512 | 459,931,021 |
| Additions | - | 311,066 | - | - | - | - | - | 186,977 | 498,043 |
| Transfers | - | 1,636,517 | - | - | - | - | - | (1,636,517) | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Adjustments | - | - | - | - | - | - | - | - | - |
| Balance at June 30, 2021 | <u>1,690,197</u> | <u>23,483,248</u> | <u>21,410,923</u> | <u>404,746,919</u> | <u>2,607,402</u> | <u>3,609</u> | <u>5,173,794</u> | <u>1,312,972</u> | <u>460,429,064</u> |
| Additions | - | - | - | - | - | - | - | - | - |
| Transfers | - | 360,073 | - | - | - | - | - | (360,073) | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Adjustments | - | - | - | - | - | - | - | (114,822) | (114,822) |
| Balance at June 30, 2022 | <u>1,690,197</u> | <u>23,843,321</u> | <u>21,410,923</u> | <u>404,746,919</u> | <u>2,607,402</u> | <u>3,609</u> | <u>5,173,794</u> | <u>838,077</u> | <u>460,314,242</u> |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

5. Intangible Assets – Operational (Continued)

| | Artwork \$ | Runways and Taxiways \$ | Roads and Parking Lots \$ | Terminal and Structure \$ | Leasehold Improvements \$ | Furniture and Office Equipment \$ | Equipment and Systems \$ | Capital Assets in Progress \$ | Total \$ |
|-------------------------------------|------------------|-------------------------------|------------------------------------|---------------------------------|---------------------------------|--|--------------------------------|--|----------------------|
| ACCUMULATED AMORTIZATION: | | | | | | | | | |
| Balance at | | | | | | | | | |
| June 30, 2020 | (506,925) | (7,938,804) | (8,581,193) | (123,087,879) | (557,971) | (1,528) | (1,851,265) | - | (142,525,565) |
| Amortization | (32,904) | (1,954,750) | (2,066,103) | (7,709,694) | (124,692) | (60) | (427,172) | - | (12,315,375) |
| Disposals | - | - | - | - | - | - | - | - | - |
| Adjustments | - | - | - | - | - | - | - | - | - |
| Balance at June 30, 2021 | (539,829) | (9,893,554) | (10,647,296) | (130,797,573) | (682,663) | (1,588) | (2,278,437) | - | (154,840,940) |
| Amortization | (32,904) | (2,035,303) | (2,066,102) | (7,709,699) | (124,700) | (60) | (427,173) | - | (12,395,941) |
| Disposals | - | - | - | - | - | - | - | - | - |
| Adjustments | - | - | - | - | - | - | - | - | - |
| Balance at June 30, 2022 | (572,733) | (11,928,857) | (12,713,398) | (138,507,272) | (807,363) | (1,648) | (2,705,610) | - | (167,236,881) |
| CARRYING VALUE: | | | | | | | | | |
| As at June 30, 2022 | <u>1,117,464</u> | <u>11,914,464</u> | <u>8,697,525</u> | <u>266,239,647</u> | <u>1,800,039</u> | <u>1,961</u> | <u>2,468,184</u> | <u>838,077</u> | <u>293,077,361</u> |
| As at June 30, 2021 | <u>1,150,368</u> | <u>13,589,694</u> | <u>10,763,627</u> | <u>273,949,346</u> | <u>1,924,739</u> | <u>2,021</u> | <u>2,895,357</u> | <u>1,312,972</u> | <u>305,588,124</u> |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

6. Fixed Assets - Operational

| | Roads and Parking Lots | Terminal and Structure | Leasehold Improvements | Furniture and Office Equipment | Computer Equipment | Computer Software | Vehicles and Machinery | Equipment and Systems | Capital Assets in Progress | Total |
|-------------------------------------|---------------------------|------------------------------|---------------------------|--------------------------------------|-----------------------|----------------------|------------------------------|--------------------------|----------------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| COST: | | | | | | | | | | |
| Balance at June 30, 2020 | 91,504 | 17,106 | 635,765 | 2,586,385 | 4,647,906 | 1,750,402 | 1,937,065 | 49,875,311 | 5,547,780 | 67,089,224 |
| Additions | - | - | - | - | 12,661 | - | 84,007 | 142 | 2,784,121 | 2,880,931 |
| Transfers | - | - | - | - | 349,348 | - | 69,400 | 58,011 | (476,759) | - |
| Disposals | - | - | (11,048) | (200) | - | (114,182) | - | (3,846,535) | - | (3,971,965) |
| Adjustments | - | - | - | - | - | - | - | - | - | - |
| Balance at June 30, 2021 | 91,504 | 17,106 | 624,717 | 2,586,185 | 5,009,915 | 1,636,220 | 2,090,472 | 46,086,929 | 7,855,142 | 65,998,190 |
| Additions | - | - | - | - | 91,434 | 29,969 | - | - | 1,228,110 | 1,349,513 |
| Transfers | - | - | - | - | 303,771 | - | - | 419,479 | (723,250) | - |
| Disposals | - | - | - | - | - | - | (307,029) | (12,366) | - | (319,395) |
| Adjustments | - | - | - | - | - | - | - | - | (134,953) | (134,953) |
| Balance at June 30, 2022 | 91,504 | 17,106 | 624,717 | 2,586,185 | 5,405,120 | 1,666,189 | 1,783,443 | 46,494,042 | 8,225,049 | 66,893,355 |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

6. Fixed Assets – Operational (Continued)

| | Roads and Parking Lots | Terminal and Structure | Leasehold Improvements | Furniture and Office Equipment | Computer Equipment | Computer Software | Vehicles and Machinery | Equipment and Systems | Capital Assets in Progress | Total |
|----------------------------------|---------------------------|------------------------------|---------------------------|--------------------------------------|-----------------------|----------------------|------------------------------|--------------------------|----------------------------------|---------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| ACCUMULATED DEPRECIATION: | | | | | | | | | | |
| Balance at June 30, 2020 | (5,262) | (1,405) | (480,741) | (2,439,848) | (3,934,703) | (1,603,788) | (1,342,348) | (33,686,192) | - | (43,494,287) |
| Depreciation | (9,153) | (1,712) | (43,463) | (50,464) | (421,852) | (50,731) | (153,572) | (2,830,649) | - | (3,561,596) |
| Disposals | - | - | 2,322 | 200 | - | 114,182 | - | 2,378,688 | - | 2,495,392 |
| Balance at June 30, 2021 | (14,415) | (3,117) | (521,882) | (2,490,112) | (4,356,555) | (1,540,337) | (1,495,920) | (34,138,153) | - | (44,560,491) |
| Depreciation | (9,150) | (1,710) | (18,851) | (23,851) | (461,953) | (32,700) | (126,203) | (2,132,328) | - | (2,806,746) |
| Disposals | - | - | - | - | - | - | 307,028 | 12,366 | - | 319,394 |
| Balance at June 30, 2022 | (23,565) | (4,827) | (540,733) | (2,513,963) | (4,818,508) | (1,573,037) | (1,315,095) | (36,258,115) | - | (47,047,843) |
| As at June 30, 2022 | 67,939 | 12,279 | 83,984 | 72,222 | 586,612 | 93,152 | 468,348 | 10,235,927 | 8,225,049 | 19,845,512 |
| As at June 30, 2021 | 77,089 | 13,989 | 102,835 | 96,073 | 653,360 | 95,883 | 594,552 | 11,948,776 | 7,855,142 | 21,437,699 |

Nassau Airport Development Company Limited

Notes to the Financial Statements June 30, 2022 (Continued)

7. Long-Term Debts

Long-term debts consist of the following:

| | Interest rates | Maturity dates | | Balance at 30 June 2022 \$ | Balance at 30 June 2021 \$ |
|---------------------------|----------------|-------------------|----------------------------|-------------------------------------|-------------------------------------|
| Current portion | | | | | |
| Senior debt notes: | | | | | |
| USD senior notes | 8.50% | December 31, 2031 | | 720,000 | 720,000 |
| USD senior notes | 7.00% | November 30, 2033 | | 9,900,000 | 9,075,000 |
| USD senior notes | 6.34% | March 31, 2035 | | 5,932,500 | 5,650,000 |
| USD senior notes | 6.44% | June 30, 2035 | | 4,500,000 | 4,500,000 |
| BSD senior notes | 8.50% | December 31, 2031 | | 1,800,000 | 1,800,000 |
| BSD senior notes | 6.34% | March 31, 2035 | | 1,155,000 | 1,100,000 |
| Total | | | | 24,007,500 | 22,845,000 |
| Long-term portion | | | | | |
| | Interest rates | Maturity dates | Original Loan Amount \$ | Balance at 30 June 2022 \$ | Balance at 30 June 2021 \$ |
| Senior debt notes: | | | | | |
| USD senior notes | 8.50% | December 31, 2031 | 12,000,000 | 6,480,000 | 7,200,000 |
| USD senior notes | 7.00% | November 30, 2033 | 165,000,000 | 108,900,000 | 118,800,000 |
| USD senior notes | 6.34% | March 31, 2035 | 113,000,000 | 83,055,000 | 88,987,500 |
| USD senior notes | 6.44% | June 30, 2035 | 90,000,000 | 67,500,000 | 72,000,000 |
| BSD senior notes | 8.50% | December 31, 2031 | 30,000,000 | 16,200,000 | 18,000,000 |
| BSD senior notes | 6.34% | March 31, 2035 | 22,000,000 | 16,170,000 | 17,325,000 |
| Participating debt notes: | | | | | |
| USD Global Note | 7.50% | December 31, 2035 | 44,097,067 | 51,162,373 | 47,498,533 |
| BSD Global Note | 7.50% | December 31, 2035 | 90,652,933 | 105,177,497 | 97,645,525 |
| Total | | | | 454,644,870 | 467,456,558 |

Nassau Airport Development Company Limited

Notes to the Financial Statements June 30, 2022 (Continued)

7. Long-Term Debts (Continued)

Movement in debt is as follows:

| | <u>Senior Debt Notes</u> \$ | <u>Participating Debt Notes</u> \$ | <u>Total</u> \$ |
|-------------------------------|------------------------------------|---|---------------------------|
| Balance at June 30, 2021 | 345,157,500 | 145,144,058 | 490,301,558 |
| Principal payments | (22,845,000) | - | (22,845,000) |
| Capitalized interest | - | 11,195,812 | 11,195,812 |
| | <u>322,312,500</u> | <u>156,339,870</u> | <u>478,652,370</u> |
| Balance at June 30, 2022 | 322,312,500 | 156,339,870 | 478,652,370 |
| Ending balance comprised of: | | | |
| Current portion | 24,007,500 | - | 24,007,500 |
| Long-term portion | 298,305,000 | 156,339,870 | 454,644,870 |
| | <u>298,305,000</u> | <u>156,339,870</u> | <u>454,644,870</u> |
| Total at June 30, 2022 | <u>322,312,500</u> | <u>156,339,870</u> | <u>478,652,370</u> |
| | <u>Senior Debt Notes</u> \$ | <u>Participating Debt Notes</u> \$ | <u>Total</u> \$ |
| Balance at June 30, 2020 | 365,265,000 | 134,750,000 | 500,015,000 |
| Principal payments | (20,107,500) | - | (20,107,500) |
| Capitalized interest | - | 10,394,058 | 10,394,058 |
| | <u>365,265,000</u> | <u>134,750,000</u> | <u>500,015,000</u> |
| Balance at June 30, 2021 | 345,157,500 | 145,144,058 | 490,301,558 |
| Ending balance comprised of: | | | |
| Current portion | 22,845,000 | - | 22,845,000 |
| Long-term portion | 322,312,500 | 145,144,058 | 467,456,558 |
| | <u>322,312,500</u> | <u>145,144,058</u> | <u>467,456,558</u> |
| Total at June 30, 2021 | <u>345,157,500</u> | <u>145,144,058</u> | <u>490,301,558</u> |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

7. Long-Term Debts (Continued)

Financing 2009

Senior debt notes

In March 2009, the Company entered into an agreement with several syndicated lenders, to provide senior debt notes in the amount of \$30 million BSD and \$12 million USD to fund the Terminal Redevelopment project costs. The senior debt notes have a 23-year maturity and bear interest at 8.5% per annum. Interest expense on these facilities during the year amounted to \$2,275,875 (2021: \$2,490,075) and have been included in the statement of comprehensive income. The senior debt notes are secured by a first priority security interest in all assets of the Company.

As a part of the debt covenants of the financing arrangements, the Company must maintain a debt service coverage ratio of not less than 1.30 to 1.00 commencing the earlier of the date that is six months after the completion of Stage I, or if approved Stage II, or if approved Stage III. This debt service coverage ratio debt covenant became effective June 30, 2014 and at June 30, 2022, the Company is not in compliance (See Note 18).

As an additional requirement of the financing, the Company has established a restricted debt service reserve account with Citibank, New York. The account balance comprises of 5 months' principal and interest on the senior debt notes (2021: 3 months). The debt service reserve account for the outstanding debt at June 30, 2022, amounted to \$1,886,548 (2021: \$1,536,820).

Subordinated participating debt notes

In March 2009, the Company entered into an agreement with several syndicated lenders, to provide subordinated participating debt notes in the amount of \$70 million to fund the Terminal Redevelopment project costs. The subordinated participating debt notes consist of Series A and Series B Notes. Series A in the amount of \$10 million USD and \$10 million BSD bear interest at 13% per annum. The interest is split with a 2% cash pay and the remaining 11% payment in kind. Series B in the amount of \$50 million USD bear interest at 13% per annum with the full 13% payment in kind. The subordinated participating debt notes have no scheduled principal repayment but are repayable, by way of excess cash sweeps after the earlier of the completion of Stage I, or if approved Stage II, or if approved Stage III or 72 months after financial close, at any time without penalty provided that any prepayment includes a premium as necessary to achieve the target internal rate of collateral securing the senior notes. Interest expense on this facility amounted to \$Nil (2021: \$ Nil).

In December 2018, the Company repaid the syndicated lenders to the subordinated participating debt lenders and refinanced the debt at an interest rate of 7.5%.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

7. Long-Term Debts (Continued)

Financing 2010

In June 2010, the Company entered into an agreement with several syndicated lenders, to provide senior debt notes in the amount of \$165 million USD to fund the Terminal Redevelopment project costs. The senior debt notes have a 23-year maturity and bear interest at 7% per annum. The senior notes are secured by a first priority security interest in all assets of the Company and rank pari passu in priority of payment with the other senior debt. Interest expense on this facility amounted to \$8,727,469 (2021: \$9,312,188) and has been included in the statement of comprehensive income.

As an additional requirement of the financing, the Company has established a restricted debt service reserve account with Citibank, New York. The account balance comprises of 5 months' principal and interest on the senior debt notes (2021: 3 months). The debt service reserve account for the outstanding debt at June 30, 2022, amounted to \$6,855,541 (2021: \$4,300,313).

Financing 2012

In May 2012, the Company entered into an agreement with several syndicated lenders, to provide senior debt notes in the amount of \$113 million USD and \$22 million BSD to fund the Terminal Redevelopment project costs. The senior debt notes have a 23-year maturity and bear interest at 6.34% per annum.

The senior notes are secured by a first priority interest in all assets of the Company and rank pari passu in priority of payment with the other senior debt. Interest expense on this facility amounted to \$7,007,681 (2021: \$7,403,535) and has been included in the statement of comprehensive income.

As an additional requirement of the financing, the Company has established a restricted debt service reserve account with Citibank, New York. The account balance comprises 4 months' principal and interest on the senior debt notes (2021: 3 months). The debt service reserve account for the outstanding debt at June 30, 2022, amounted to \$4,729,127 (2021: \$3,479,541).

Financing 2013

In August 2012, the Company entered into an agreement with several syndicated lenders to provide senior debt notes in the amount of \$90 million USD to fund the Terminal Redevelopment project costs.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

7. Long-Term Debts (Continued)

The senior debt notes have a 23-year maturity and bear interest at 6.44% per annum. The senior debt notes are secured by a first priority security interest in all assets of the Company and rank pari passu in priority of payment with the other senior debt. Interest on this facility amounted to \$4,817,925 (2021: \$5,071,500) and has been included in the statement of comprehensive income.

As an additional requirement of the financing, the Company has established a restricted debt service reserve account with Citibank New York. The account balance comprises 4 months' principal and interest on the senior debt notes (2021: 3 months). The debt service reserve account for the outstanding debt at June 30, 2022 amounted to \$3,202,979 (2021: \$2,356,650).

Financing 2018

In December 2018, the Company entered into an agreement with several syndicated lenders, to provide subordinated participating debt notes in the amount of \$134.75 million to refinance the Terminal Redevelopment project costs. The subordinated participating debt notes consist of BSD Global Notes 1 and USD Global Notes 1. BSD Global Note 1 in the amount of \$90.75 million and USD Global Note 1 in the amount of \$44 million, both Notes bear interest at 7.5% per annum. The subordinated participating debt notes have no scheduled principal repayment but are repayable, at any time without penalty provided that any prepayment includes a premium as necessary to achieve the target internal rate of collateral securing the senior notes. Interest expense on this facility amounted to \$11,195,812 (2021: \$10,394,058) and has been included in the statement of comprehensive income. This interest has been capitalized to the participating debt notes during the year.

Total restricted cash included in the debt reserve account is comprised of the following:

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Senior debt notes: | | |
| Financing 2009 – \$12 million USD/BSD \$30 million 8.50%; December 31, 2031 | 1,886,548 | 1,536,820 |
| Financing 2010 – \$165 million USD 7.00%; November 30, 2032 | 6,855,541 | 4,300,313 |
| Financing 2012 – \$113 million USD/BSD \$22 million 6.34%; March 31, 2035 | 4,729,127 | 3,479,541 |
| Financing 2013 – \$90 million USD 6.44%; June 30, 2035 | 3,202,979 | 2,356,650 |
| | <u>16,674,195</u> | <u>11,673,324</u> |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

7. Long-Term Debts (Continued)

Total interest expense on these facilities amounted to \$34,024,763 (2021: \$34,671,356) as follows:

| | 2022 | 2021 |
|----------------|-------------------|-------------------|
| | \$ | \$ |
| Financing 2009 | 2,275,875 | 2,490,075 |
| Financing 2010 | 8,727,469 | 9,312,188 |
| Financing 2012 | 7,007,681 | 7,403,535 |
| Financing 2013 | 4,817,925 | 5,071,500 |
| Financing 2018 | 11,195,813 | 10,394,058 |
| | <u>34,024,763</u> | <u>34,671,356</u> |

8. Payable to Government Entities

At June 30, 2022, the following amounts were payable to Government entities:

| | 2022 | 2021 |
|--|-------------------|------------------|
| | \$ | \$ |
| The Airport Authority (security fees) | 4,174,895 | 1,984,987 |
| Ministry of Finance | 1,580,062 | 281,729 |
| Bahamas Power & Light | 2,283,246 | 3,118,419 |
| Ministry of Finance (VAT) | 789,370 | 638,920 |
| Bahamas Telecommunications Corporation | 122,533 | 170,824 |
| Water & Sewerage | 191,463 | 145,468 |
| The Airport Authority (other) | 1,069,993 | 744,621 |
| Public Treasury | 944 | 695 |
| | <u>10,212,506</u> | <u>7,085,663</u> |

During the year, the Company was assessed property taxes for LPIA for the calendar year 2022. Included in the amount payable to the Ministry of Finance is the applicable amount for the period January to June 2022 in the amount of \$1,008,226 (2021: \$Nil). There were no assessments of real property taxes levied against the Company prior to 2022.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

9. Intangible Asset – resurfacing of runways

Resurfacing of runways included the present value of the initial estimated \$32,000,000 to resurface the airport runways in 2023 at a discount rate of 13%. As per the Transfer Agreement, the Company is required to “maintain the airport at a world class standard” before it is handed over to the grantor at the end of the service arrangement and the Company must provide for an annual estimate of the expenditures that would be required to settle the present obligation. In accordance with IFRIC 12, this estimate is capitalized as a part of the intangible assets for service concession arrangements.

During 2019, the Company revised its estimate to resurface the runway at a cost of \$24,500,000. In 2020, the estimate was updated to \$19,619,996, based on actual cost and estimated costs to complete. In line with the extension of the service concession agreement, the intangible asset is being amortized over the life of the service concession agreement until 2057.

The runway resurfacing project was completed in December 2020.

The movement is as follows:

| | Cost \$ | Amortization \$ | Intangible \$ |
|---------------------------------|--------------------------|---------------------------|--------------------------|
| Balance at June 30, 2020 | 19,619,996 | (2,443,940) | 17,176,056 |
| Reduction in accrual | (159,748) | 3,187 | (156,561) |
| Charge for the year | <u>-</u> | <u>(464,218)</u> | <u>(464,218)</u> |
| Balance at June 30, 2021 | 19,460,248 | (2,904,971) | 16,555,277 |
| Charge for the year | <u>-</u> | <u>(464,306)</u> | <u>(464,306)</u> |
| Balance at June 30, 2022 | <u>19,460,248</u> | <u>(3,369,277)</u> | <u>16,090,971</u> |
| Cash payments, June 30, 2019 | (4,445,119) | | |
| Cash payments, June 30, 2020 | (14,863,019) | | |
| Cash payments, June 20, 2021 | <u>(152,110)</u> | | |
| Balance at June 30, 2022 | <u>-</u> | | |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

10. Related-Party Balances and Transactions

The following is a summary of the balances and transactions at June 30, 2022, with related parties:

| | 2022 | 2021 |
|--|------------|-------------|
| | \$ | \$ |
| Accounts receivable - Governmental (gross) | 3,451,917 | 2,178,505 |
| Allowance for expected credit loss | 104,243 | 83,603 |
| Payable to Government entities | 10,212,506 | 7,085,663 |
| Management fees payable | 1,830,096 | 544,255 |
| Aeronautical operations revenue | 9,627,887 | 2,479,938 |
| Commercial operations revenue | 1,053,243 | 983,205 |
| Utilities | 3,383,649 | 3,136,964 |
| Government fees | 2,035,580 | 369,065 |
| Management fees | 3,842,208 | 1,185,102 |
| Rent expense | 1,649,204 | 591,180 |
| Telephone expense | 309,913 | 262,935 |
| Directors fees | 95,172 | 108,980 |
| Provision for doubtful accounts expense/(reversal) | 20,640 | (3,545,757) |

During the year, the Company was assessed property taxes for LPIA for the calendar year 2022. Included in Payable to Government entities and Government fees is the applicable amount for the period January to June 2022 in the amount of \$1,008,226 (2021: \$Nil).

Salaries and benefits paid to the Company's key management personnel during the year ended June 30, 2022, amounted to \$1,501,136 (2021: \$1,314,414).

At June 30, 2022, the subordinated participating debt Global notes and senior debt notes were held by a related Government entity.

| | 2022 | 2021 |
|--------------------------|-------------------|-------------------|
| | \$ | \$ |
| National Insurance Board | <u>93,212,537</u> | <u>90,197,136</u> |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

11. Defined Contribution Pension Plan

On January 1, 2008, the Company entered into a Pension Administration Agreement with a financial institution and the implementation of the plan took effect on July 1, 2008.

The Company's contribution was retroactive from April 1, 2007, contributing 2.50% of employees' salary until June 30, 2008. Employee's contribution to the plan commenced July 1, 2008, with minimum contributions of 2.50% and no maximum. The Company matches employee contributions up to a maximum of 5.00%. The vesting period for the plan is as follows:

| | | |
|----------|-------|--------|
| 5 years | 50 % | vested |
| 6 years | 60 % | vested |
| 7 years | 70 % | vested |
| 8 years | 80 % | vested |
| 9 years | 90 % | vested |
| 10 years | 100 % | vested |

For the year ended June 30, 2022, the Company contributed a total of \$317,449 (2021: \$195,650) to the plan.

At June 30, 2022, approximately 219 (2021: 223) employees were enrolled in the plan.

12. Material, Supplies and Services

Material, supplies and services for the year are as follows:

| | 2022 | 2021 |
|-------------------------|------------------|------------------|
| | \$ | \$ |
| Utilities | 3,383,649 | 3,136,964 |
| Repairs and maintenance | 2,468,476 | 1,570,810 |
| Professional fees | 275,975 | 290,556 |
| Others | 3,773,278 | 2,060,895 |
| | <u>9,901,378</u> | <u>7,059,225</u> |

13. Commitments

The Company is contingently liable for corporate credit cards in the amount of \$38,000 utilized limited and \$100,000 authorized limited (2021: \$48,000 utilized, \$100,000 authorized).

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

13. Commitments (Continued)

Since assuming control of the airport, the Company has awarded contracts for undertaking works relating to the terminal building, airport plant and equipment and furniture and fittings. At June 30, 2022, the Company had outstanding commitments relating to open capital and maintenance contracts with a value of \$2,588,942 (2021: \$2,576,152). All payments are due within the next 12 months.

The Company is involved in legal actions arising from its normal course of business. No material adverse impact on the financial position of the Company is expected to arise from these proceedings except where accrued.

14. Operating Leases

The Company has an operating land lease with the Authority for a term of thirty (30) years which expires March 31, 2037. The lease has been extended for an additional 20 years until March 31, 2057. Total rent expense relevant to this operating lease is \$1,649,204 (2021: \$591,180).

Future minimum lease rentals due under operating leases at June 30, 2022 are as follows:

| | 2022 | 2021 |
|---------------------------|-------------------|-------------------|
| | \$ | \$ |
| Within one year | <u>500,000</u> | <u>500,000</u> |
| Between one to five years | <u>2,500,000</u> | <u>2,500,000</u> |
| More than five years | <u>14,375,000</u> | <u>14,875,000</u> |

In addition, the Company has concessions and terminal leases as lessor. The Company leases out land and space within the airport terminals under operating leases with rentals payable monthly. Lease payments for some contracts include variable lease payments based on a percentage of revenues, but there are no variable lease payments that depend on an index or rate. Total rental income relevant to these concessions and leases is \$12,457,529 earned and \$12,457,529 recognized (2021: \$7,800,346 earned; \$7,800,346 recognized). Although the risks associated with rights the Company retains in the underlying assets are not considered to be significant, the Company employs strategies to further minimize these risks. The Company requires the lessee to either deliver an irrevocable letter of credit in an amount equal to three months' rent or to submit a cash security deposit upon signing the lease for the majority of its lease contracts.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

14. Operating Leases (Continued)

Future minimum lease rentals receivable under operating leases at June 30, 2022 are as follows:

| | 2022 \$ | 2021 \$ |
|---------------------------|-------------------|-------------------|
| Within one year | <u>6,464,111</u> | <u>8,235,953</u> |
| Between one to five years | <u>13,698,137</u> | <u>17,522,870</u> |
| More than five years | <u>12,180,068</u> | <u>19,211,170</u> |

15. Revenue from Contracts with Customers

The Company derives revenue from the delivery of services over time and at a point in time in the following major revenue streams:

| | At a point in time \$ | 2022 Over time \$ | Total \$ |
|---------------------------|-----------------------------|-------------------------|--------------------------|
| Aeronautical | | | |
| Passenger facility charge | 44,807,096 | - | 44,807,096 |
| Passenger processing fee | 11,077,370 | - | 11,077,370 |
| Landing fees | 8,034,527 | - | 8,034,527 |
| Terminal fees | 964,158 | - | 964,158 |
| Loading bridges | 575,278 | - | 575,278 |
| Aircraft parking fees | 81,907 | - | 81,907 |
| Total | <u>65,540,336</u> | <u>-</u> | <u>65,540,336</u> |
| Commercial | | | |
| Concession | 8,348,882 | - | 8,348,882 |
| Car parking | 1,810,014 | 304,519 | 2,114,533 |
| Refueling royalties | 2,179,444 | - | 2,179,444 |
| Other income | 1,553,255 | - | 1,553,255 |
| Total | <u>13,891,595</u> | <u>304,519</u> | <u>14,196,114</u> |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

15. Revenue from Contracts with Customers (Continued)

| | At a point in time \$ | 2021 Over time \$ | Total \$ |
|---------------------------|-----------------------------|-------------------------|-------------------|
| Aeronautical | | | |
| Passenger facility charge | 12,516,254 | - | 12,516,254 |
| Passenger processing fee | 2,989,730 | - | 2,989,730 |
| Landing fees | 3,669,136 | - | 3,669,136 |
| Terminal fees | 427,939 | - | 427,939 |
| Loading bridges | 221,799 | - | 221,799 |
| Aircraft parking fees | 84,200 | - | 84,200 |
| Total | 19,909,058 | - | 19,909,058 |
| Commercial | | | |
| Concession | 4,007,866 | - | 4,007,866 |
| Car parking | 593,012 | 308,424 | 901,436 |
| Refueling royalties | 740,059 | - | 740,059 |
| Other income | 162,924 | - | 162,924 |
| Total | 5,503,861 | 308,424 | 5,812,285 |

During the year, \$1,500,000 (2021: \$Nil) was included in other income from two payments made in the amount of \$750,000 each by the Ministry of Finance to Bahamas Power & Light on behalf of the Company. In accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, the Company accounted for the payments in profit or loss as other income. At June 30, 2022, there were no unfulfilled conditions and contingencies attached to the recognized income.

16. Financial Risk Management Objectives and Policies

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, current liabilities, and long-term debt. Financial liabilities are carried at amortized cost.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk and liquidity risk. The Board of Directors reviews and agrees on policies for managing each of these risks and they are summarized as follows:

Credit risk

Credit risk arising from the inability of a counterparty to meet the terms of the Company's financial instrument contracts is generally limited to the amount, if any, by which the counterparty's obligations exceed the obligations of the Company.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

16. Financial Risk Management Objectives and Policies (Continued)

Credit risk (continued)

It is the Company's policy to enter into financial instruments with a diverse group of credit worthy counterparties. Therefore, the Company does not expect to incur material credit losses on its risk management or other financial instruments.

In addition, receivable balances are monitored on an ongoing basis with necessary provisions being made. The Company's maximum exposure to credit risk in the event any counterparties fail to perform their obligation at June 30, 2022 and 2021, in relation to each class of recognized financial assets, is the carrying amount of those assets as indicated in the statement of financial position.

Due to the nature of its operations, the Company has significant credit risk with Government entities.

Impairment

The Company has assessed the expected credit loss for cash and accounts receivable. Cash is considered to be investment grade credit rating with a well-known ratings agency and is in stage 1 of the expected credit loss model. The identified impairment losses, based on the credit quality of the counterparties, were determined to be immaterial and are not recorded in these financial statements.

Accounts receivable

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable.

To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due. The expected loss rates for the trade receivables are based on the payment profiles of accounts receivable over a period of 36 months before June 30, 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivable.

The Company has identified Gross Domestic Product of The Bahamas to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

See Note 3 for the aged analysis of accounts receivable.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

16. Financial Risk Management Objectives and Policies (Continued)

Other financial assets

Debt instruments comprise cash and cash equivalents and restricted cash. Cash and cash equivalents and restricted cash are considered to be investment grade as per an external rating agency and in stage 1 of the expected credit loss model and therefore the loss allowance was limited to 12 months expected credit losses. The identified loss allowance was determined by management to be immaterial and was not recorded in these financial statements.

Interest rate risk

The Company is not exposed to significant fair value interest rate risk. Exposure to this risk relates primarily to the Company's debt facilities as they are all fixed-rate-term debt facilities.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. This risk is mitigated due to management's ability to increase rates and fees and borrow funds from its bankers.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

16. Financial Risk Management Objectives and Policies (Continued)

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities at June 30, 2022 and 2021. The table presents the undiscounted cash flows payable by the Company under non-derivative financial liabilities by remaining period to contractual maturity from the date of the statement of financial position:

| | 2022 | | | | Total \$ |
|---|--------------------------|-------------------|----------------------|---------------------------|--------------------|
| | Within 3 Months \$ | 3-6 Months \$ | 6-12 Months \$ | More than 1 Year \$ | |
| Financial assets | | | | | |
| Cash and cash equivalents: | | | | | |
| Operating accounts | 3,556,056 | - | - | - | 3,556,056 |
| Construction and controlled accounts | 14,165,570 | - | - | - | 14,165,570 |
| Restricted cash | - | 16,674,195 | - | - | 16,674,195 |
| Accounts receivable, net: | | | | | |
| Private sector | 14,129,205 | - | - | - | 14,129,205 |
| Governmental | 3,178,929 | - | - | - | 3,178,929 |
| | <u>35,029,760</u> | <u>16,674,195</u> | <u>-</u> | <u>-</u> | <u>51,703,955</u> |
| Financial liabilities | | | | | |
| Accounts payable and accrued liabilities: | | | | | |
| Construction project | 43,613 | - | - | - | 43,613 |
| Trade | 2,425,379 | 538,956 | - | 1,454,959 | 4,419,294 |
| Management fees payable | 1,022,364 | 807,732 | - | - | 1,830,096 |
| Payable to Government entities | 5,289,981 | 901,882 | 3,231,273 | - | 9,423,136 |
| Long term debt – current portion | 11,376,253 | 11,274,694 | 22,582,209 | - | 45,233,156 |
| Long term debt | - | - | - | 735,877,543 | 735,877,543 |
| | <u>20,157,590</u> | <u>13,523,264</u> | <u>25,813,482</u> | <u>737,332,502</u> | <u>796,826,838</u> |
| Net liquidity gap | <u>14,872,170</u> | <u>3,150,931</u> | <u>(25,813,482)</u> | <u>(737,332,502)</u> | |

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

16. Financial Risk Management Objectives and Policies (Continued)

| | 2021 | | | | |
|---|--------------------|-------------------|---------------------|----------------------|--------------------|
| | Within 3 Months | 3-6 Months | 6-12 Months | More than 1 Year | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Financial assets | | | | | |
| Cash and cash equivalents: | | | | | |
| Operating accounts | 2,830,316 | - | - | - | 2,830,316 |
| Construction and controlled accounts | 9,032,704 | - | - | - | 9,032,704 |
| Restricted cash | - | 11,673,324 | - | - | 11,673,324 |
| Accounts receivable, net: | | | | | |
| Private sector | 9,490,671 | - | - | - | 9,490,671 |
| Governmental | 1,953,824 | - | - | - | 1,953,824 |
| Receivable from Management Company | - | - | - | - | - |
| | <u>23,307,515</u> | <u>11,673,324</u> | <u>-</u> | <u>-</u> | <u>34,980,839</u> |
| Financial liabilities | | | | | |
| Accounts payable and accrued liabilities: | | | | | |
| Construction project | 163,570 | - | - | - | 163,570 |
| Trade | 2,054,429 | 601,098 | - | 1,452,966 | 4,108,493 |
| Management fees payable | 544,255 | - | - | - | 544,255 |
| Payable to Government entities | 3,053,383 | 630,320 | 2,394,621 | 368,419 | 6,446,743 |
| Long term debt – current portion | 11,355,553 | 11,261,213 | 23,057,184 | - | 45,673,950 |
| Long term debt | - | - | - | 772,372,582 | 772,372,582 |
| | <u>17,171,190</u> | <u>12,492,631</u> | <u>25,451,805</u> | <u>774,193,967</u> | <u>829,309,593</u> |
| Net liquidity gap | <u>6,136,325</u> | <u>(819,307)</u> | <u>(25,451,805)</u> | <u>(774,193,967)</u> | |

The liquidity gap will be addressed through the Company's revenue operating activities. The repayment of the loan facilities will occur as required and management is confident that the revenue receipts from service fees are sufficient to meet the repayment requirements. In addition, the Company has a statutory right to fund its loan facilities by increasing its tariff rates and fees.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

16. Financial Risk Management Objectives and Policies (Continued)

Fair Values of Financial Instruments

Fair value estimates are generally subjective in nature and are dependent upon a number of significant assumptions associated with each instrument or group of similar instruments, including estimates of discount rates, risks associated with specific financial instruments, estimates of future cash flows and relevant available market information. Fair value information is intended to represent an estimate of an amount at which a financial instrument could be exchanged in a current transaction between a willing buyer and seller engaging in an exchange transaction.

The carrying amounts of financial assets and liabilities are considered to approximate their fair value, given that they are either short term in nature or for long term financial liabilities with fixed interest rates, despite a change in market rates since the issuance of the financial liabilities there has been no observable change in fair values; accordingly, the carrying values approximate fair values. Per the fair value hierarchy of IFRS 13, financial assets and liabilities are principally classified as Level 2.

17. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Total capital is calculated as 'equity' as shown in the statement of financial position.

To maintain or adjust the capital structure, the Company may adjust dividend payments to the shareholder, return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended June 30, 2022 and 2021.

The Company monitors capital using ratios which compare income, assets and liabilities to capital. The Company does not have any statutory or regulatory capital requirements; as such, management adjusts capital levels as required for the Company's future development plans, maintenance of required debt covenants (Note 7) and returns the remainder of its capital to its shareholder.

18. Impact of COVID-19

The outbreak of the novel coronavirus known as COVID-19 significantly impacted the Company's operations resulting in limited operations at the airport due to travel and border restrictions, quarantines, lower consumer demand and general market uncertainty.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

18. Impact of COVID-19 (Continued)

Effective July 1, 2020, the Government of The Bahamas re-opened the borders for international commercial travel with the requirement that visitors present a negative COVID-19 test prior to arrival, however, more restrictive measures were put in place shortly thereafter, inclusive of quarantine periods and a Bahamas Travel Health Visa requirement.

Beginning October 15, 2020, beaches and major hotels were allowed to re-open for guest services. For the remainder of the 2021 fiscal year, passenger traffic experienced gradual increases month over month.

As the majority of the Company's revenues are dependent on passenger traffic, this resulted in significantly decreased revenues for the 2021 fiscal year. In response to COVID-19, measures were taken to reduce operating costs as well as optimize working capital. These measures included a reduction in staff hours, elimination of operating expenses unrelated to maintenance of the airport and salaries, and deferral of all non-critical capital expenditures. The Company also took advantage of the Tax Credit and Tax Deferral Employment Retention Programme offered by the Department of Inland Revenue resulting in a VAT credit of \$300,000) granted during that year and with the total amount of \$600,000 being utilized during the prior year.

Fiscal year 2022 has been marked by the continued impacts of the COVID-19 pandemic, which has lingered well beyond initial expectations. During the end of December 2021, the highly infectious Omicron variant caused a fourth wave of infections and saw countries, including The Bahamas, adjust their restrictions to meet the challenge of controlling the variant. Fortunately, this variant started to wane in its spread by early to mid-winter 2022. The Bahamas was able to keep its infection rate to minimal levels, thereby easing its restrictions; countries around the globe also began easing restrictions by March 1, 2022. With this, the remainder of the fiscal year saw a steady flow of passenger traffic with the recovery of passenger traffic and revenues at approximately seventy and eighty percent, respectively, of pre-pandemic levels (2019).

The Company's operational and financial performance including its impact on revenues will depend on the continued rate of recovery and the impact on the Company's suppliers, customers, employees and vendors, all of which are uncertain, even with the introduction of vaccines globally.

The Company is continuing to monitor the evolving situation relating to COVID-19 and other economic factors, and its impact on both its business and the industry as a whole. Management believes that these events would not have an impact on the carrying amount of assets and liabilities at the reporting date.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

18. Impact of COVID-19 (Continued)

As described in Note 7, the Company has \$322,312,500 outstanding in senior debt. These debts are governed by the Common Terms Agreement dated March 2009 as amended, Note Purchase Agreements dated March 20, 2009, June 29, 2010 and April 24, 2012 and the New York Deposit Account Control and Security Agreement dated March 30, 2009 - constituting the Senior Financing Agreements.

As a requirement under the Company's Senior Financing Agreements, the Company is required to maintain a minimum Debt Service Coverage Ratio (DSCR) of 1.30 to 1.00 as at the end of each calendar quarter (the DSCR Covenant). On June 30, 2022, the DSCR was 1.25 to 1.00. This was not an "Event of Default" under the Senior Financing Agreements as the amendment and waiver agreement obtained by the Company on November 25, 2020 (Amendment and Waiver Agreement) remains effective through to June 30, 2022, unless there was an Event of Default under the Senior Financing Agreements resulting in the termination of the DSCR Waiver by the Senior Noteholders.

The Amendment and Waiver Agreement also provided for additional interest of 0.75% that would accrue on the senior debt in the event that its assigned credit rating falls below BB-. Such additional interest would be payable in 8 equal quarterly instalments from September 30, 2025. As at the date of approval of these financial statements the senior debt was rated by Fitch as BB-.

The Amendment and Waiver Agreement further provided for the withdrawal of funds from the Debt Service Reserve Account (the DSRA) to pay any deficiency in the payments due to the Senior Noteholders on each quarterly date. The DSCR waiver was effective until the earlier of a) June 30, 2022 b) termination of the Government's Commitment Letter or c) the date the Company demonstrates that it has maintained a minimum DSCR of 1.30 to 1.00 as at the end of the fiscal quarter.

In accordance with the Participating Debt Note Purchase Agreement, New York Deposit Account Control and Security Agreement and Bahamas Deposit Account Control and Security Agreements, the Company did not make any payments to its Participating Debt Noteholders during the fiscal year as the Company did not maintain the required DSCR ratio of 1.40:1.00 for such payments to occur.

Nassau Airport Development Company Limited

Notes to the Financial Statements

June 30, 2022

(Continued)

19. Subsequent events

The Company evaluated events occurring after the reporting period for recognition and disclosure through October 19, 2022, the date the financial statements were available for release.

On June 30, 2022, the DSCR was 1.25 to 1.00. This was not an “Event of Default” under the Senior Financing Agreements as the amendment and waiver agreement obtained by the Company on November 25, 2020 (Amendment and Waiver Agreement) remained effective through to June 30, 2022, unless there was an Event of Default under the Senior Financing Agreements resulting in the termination of the DSCR Waiver by the Senior Noteholders.

Subsequently, as a precautionary measure against possible non-compliance of the DSCR up to December 31, 2022, management requested and obtained, on September 30, 2022, an extension to the Amendment and Waiver Agreement which provided for a waiver of the DSCR Covenant through to December 31, 2022, unless there is an Event of Default under the Senior Financing Agreements resulting in the termination of the DSCR Waiver by the Senior Noteholders. The Commitment Letter to the Senior Noteholders by The Government of The Bahamas was also extended to December 31, 2022. All conditions of the previous waiver and Commitment Letter remained unchanged.

On September 30, 2022 the DSCR was 1.36 to 1.00 and the Debt Service Reserve Account was fully funded in compliance with the Senior Financing Agreements.



↑ US Departures
→ Ground Transportation





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