


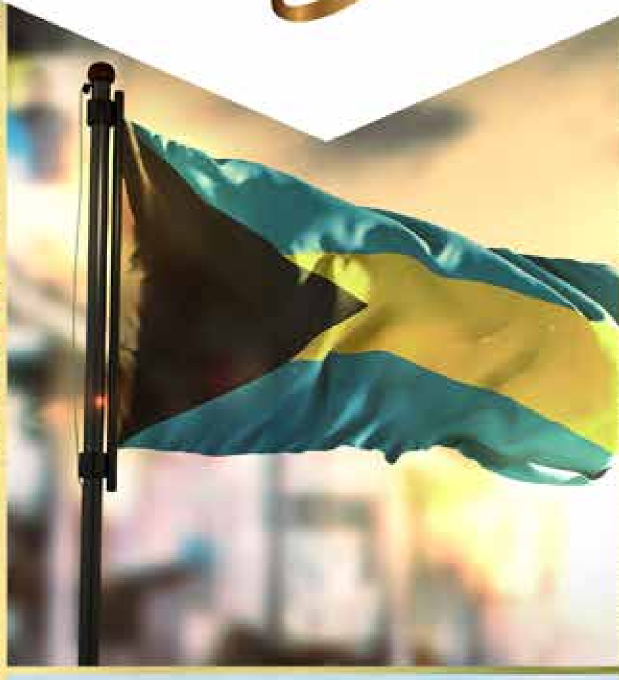
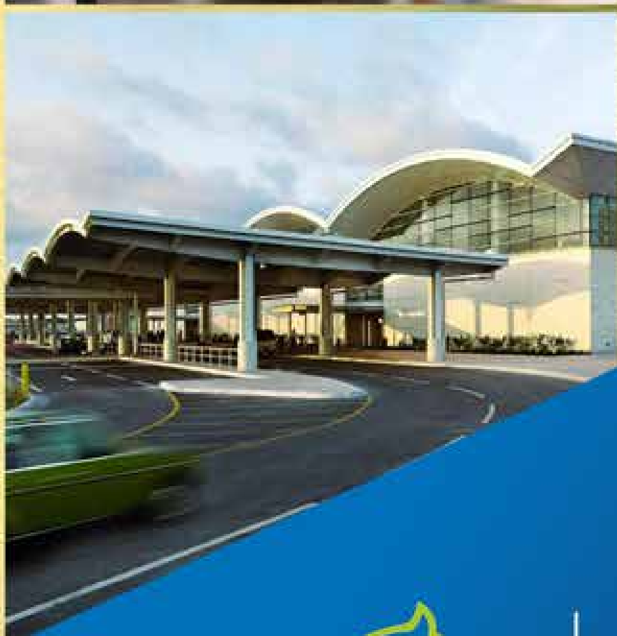

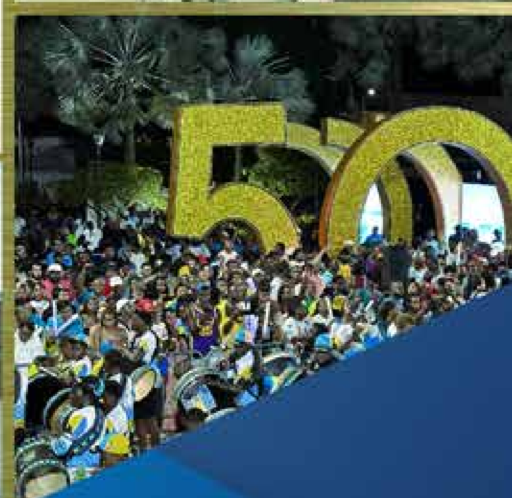

NAD
Nassau Airport
Development Company

2023 ANNUAL REPORT

The Bahamas, 50 Years of Independence

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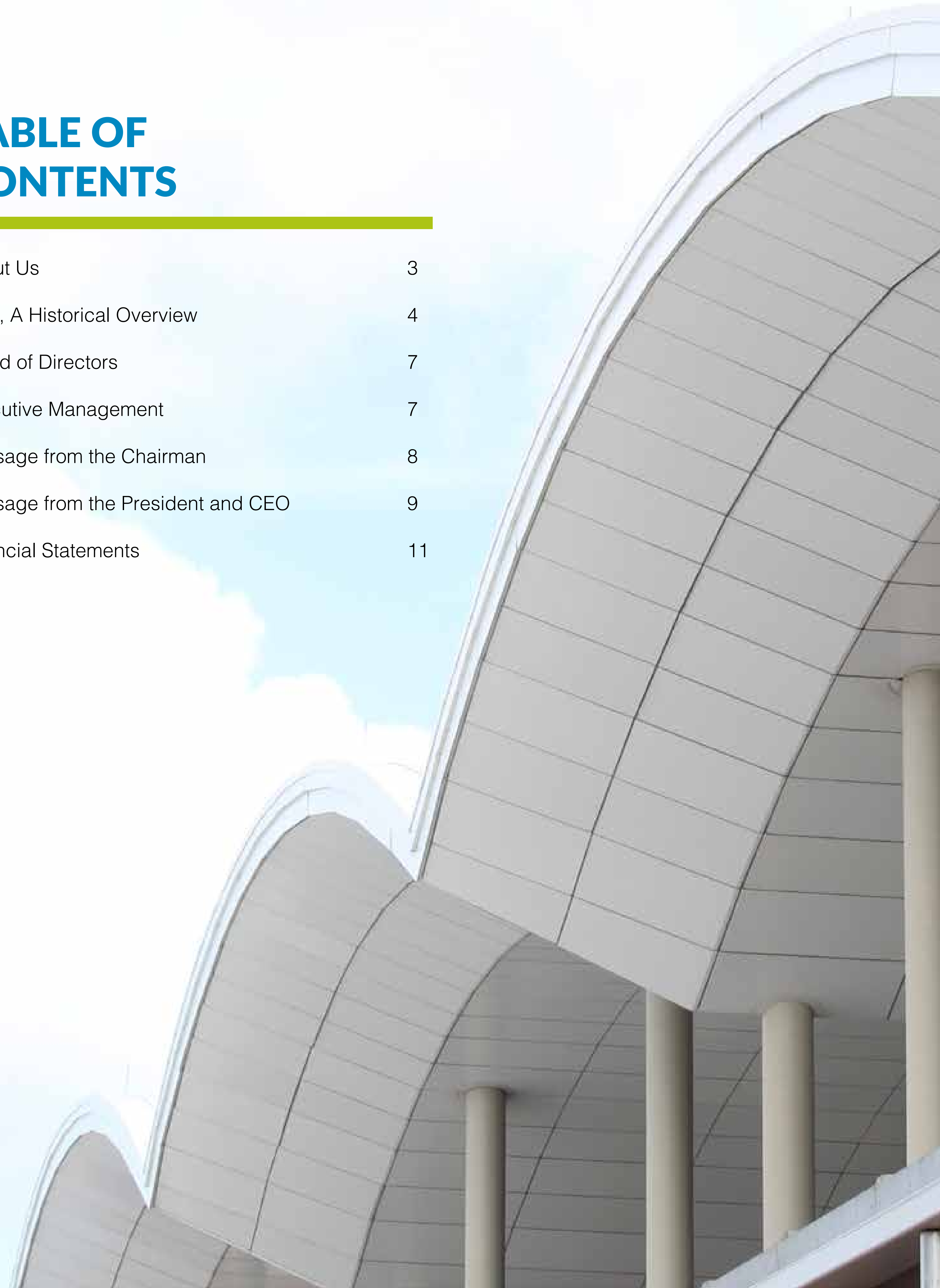


Nassau Airport Development Company

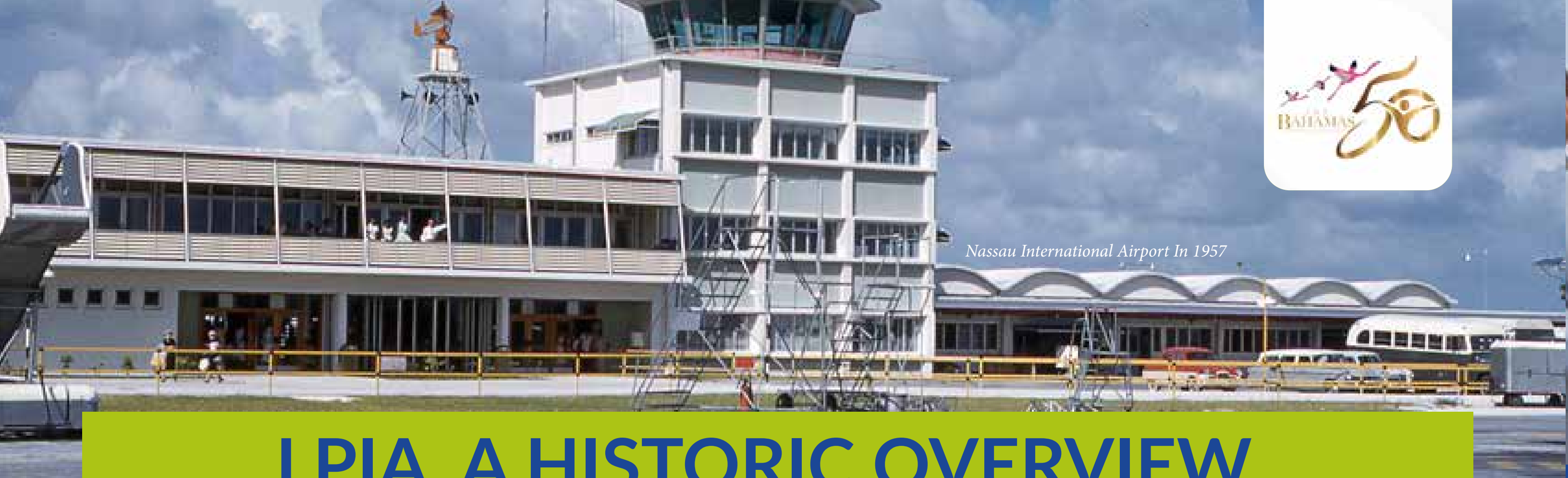
ABOUT US

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 and transportation infrastructure around the world. Since 1994, Vantage has made more than 30 airports more efficient, profitable, sustainable and connected to the communities they serve. Its current network is composed of 13 active airport and rail station operations, in locations ranging from large capital cities and tourist destinations to regional destinations in the US, Canada, the Caribbean and Europe. These include the $5.1 billion redevelopment and management of LaGuardia's new Terminal B, now complete, and major concessions redevelopment projects at Chicago's Midway International Airport and Kansas City International Airport's new terminal. As the lead member of JFK Millennium Partners, Vantage is developing a new $4.9 billion Terminal 6 at John F Kennedy International Airport. Elsewhere, Vantage is part of a team redeveloping the historic Amtrak 30th Street Station in Philadelphia.

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 strategic airport development and operating platform of specialized investment firm Corsair, for capital deployment in the airport sector.



Nassau International Airport In 1957

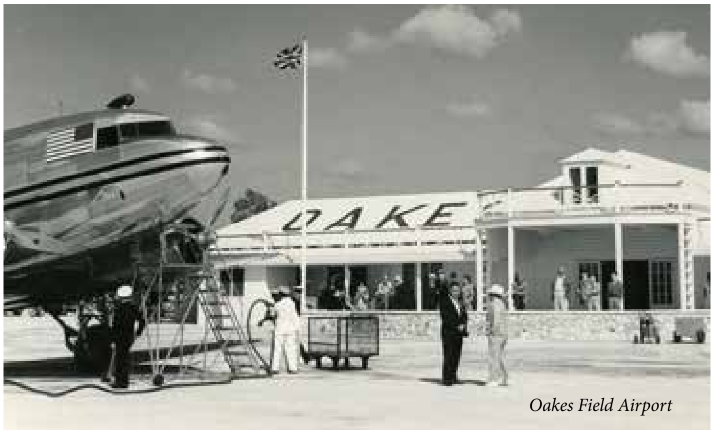
LPIA, A HISTORIC OVERVIEW

As a destination airport, Lynden Pindling International Airport (LPIA) is the first and last impression for millions of guests coming to The Bahamas. How visitors access this chain of islands scattered across 100,000 sq miles has been a key focus since the first winter tourists travelled here to escape the cold. From our country's independence in 1973 to now, successive administrations have prioritized air access as a means of attracting more stopover visitors to our shores.

LPIA's history began in the fall of 1957 with the official opening of Nassau International Airport - a two-storey, 26,075 sq ft terminal. Prior to this, guests primarily accessed the country by sea. There was also commercial air service from the old Oakes Field Airport including Pan American Airways daily flights to Miami, and British Overseas Airways Corporation daily flights to New York. Small charter flights made up the rest of the air service into the Oakes Field airspace along with seaplane arrivals near the Eastern Parade on New Providence.

In his autobiography, *A Bahamian Life Story*, former Governor General His Excellency Sir Clifford Darling described the new Nassau International Airport terminal as an "ultra-modern, £550,000 airport with its new, state-of-the-art radar and other facilities especially for handling the new jet aircraft."

Recognizing the importance of tourism to our future economic viability, Lynden Oscar Pindling, later Sir Lynden, appointed himself as Minister of Tourism and Development in 1967 when he became the country's first black premier. Just one year later, in 1968 the destination welcomed one million visitors.



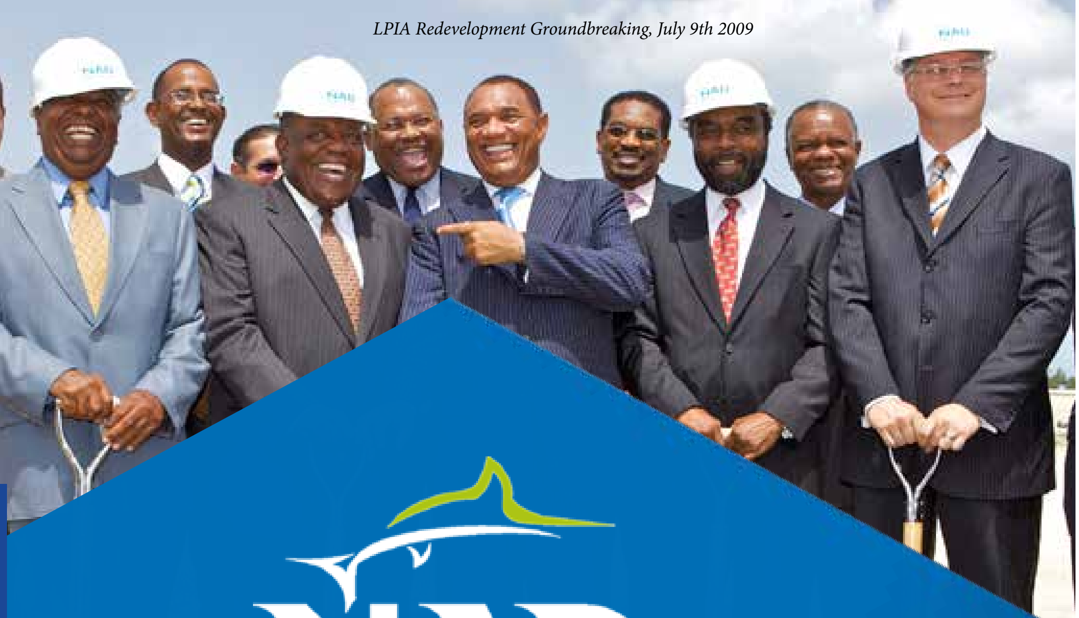
Oakes Field Airport

As tourism developed over the next four decades, The Bahamas continued to take advantage of its capacity to attract new air service. Short flights from major US destinations meant more stopover traffic to the destination. Regulation in the aviation sector also developed alongside air service growth. On June 26, 1973, just days before the country's independence on July 10, 1973, The Bahamas became a Contracting/ Signatory State of the International Civil Aviation Organization (ICAO). The organization is the United Nations body responsible for setting global regulatory and safety standards for the aviation industry.

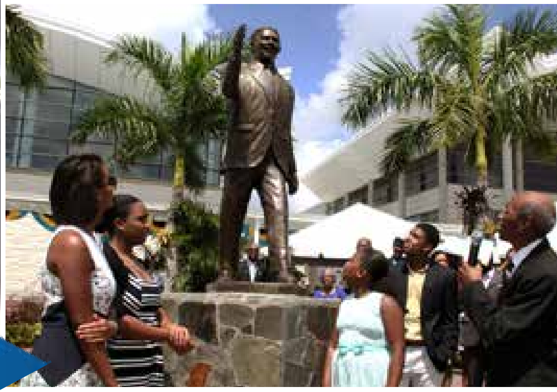
Air service continued to expand, with the Bahamas Civil Aviation Department logging more than 1.25 million passengers moving through the airport and over 100,000 flights in 1982. Growth moved at a steady pace thanks to the government's investment in marketing and promotional campaigns including the successful "It's Better In The Bahamas" branding. By 1989, total visitor numbers by air and sea exceeded three million.

After decades of steady growth in passenger numbers but no significant maintenance program in place, by the 1990s Nassau's International Airport faced challenges from an operational and financial standpoint. The terminal buildings were aging significantly, and the airport's operations were heavily subsidized by the government, running on an annual deficit of some $6 million.

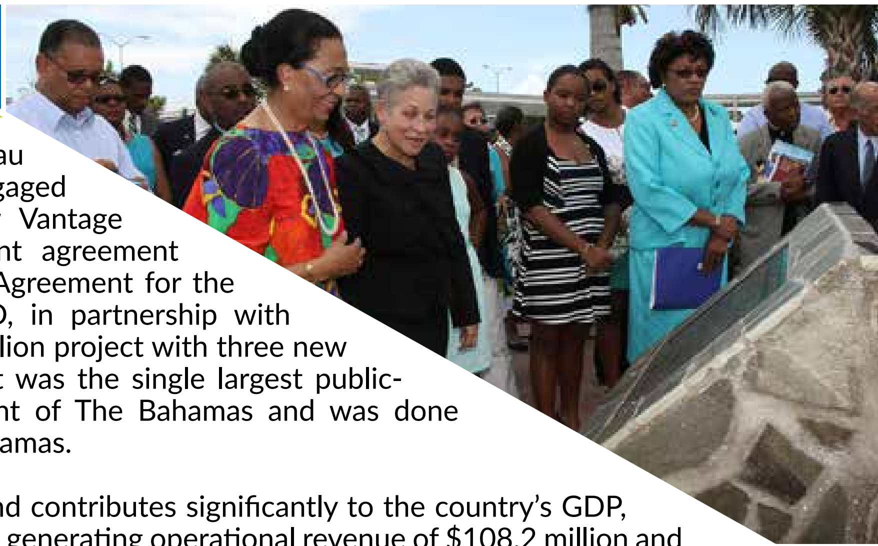
The need to upgrade Nassau's airport to a world-class international facility became more evident after the September 11 terrorist attacks in 2001. Immediately, airports around the world were required to adhere to new safety procedures for passengers and operators. In the mid-2000s, the government began seeking out proponents to spearhead the redevelopment and management of the airport. By 2006, when the airport was renamed after Sir Lynden Oscar Pindling, plans were well underway to completely transform LPIA.



LPIA Redevelopment Groundbreaking, July 9th 2009



Lynden Pindling International Airport in 2017

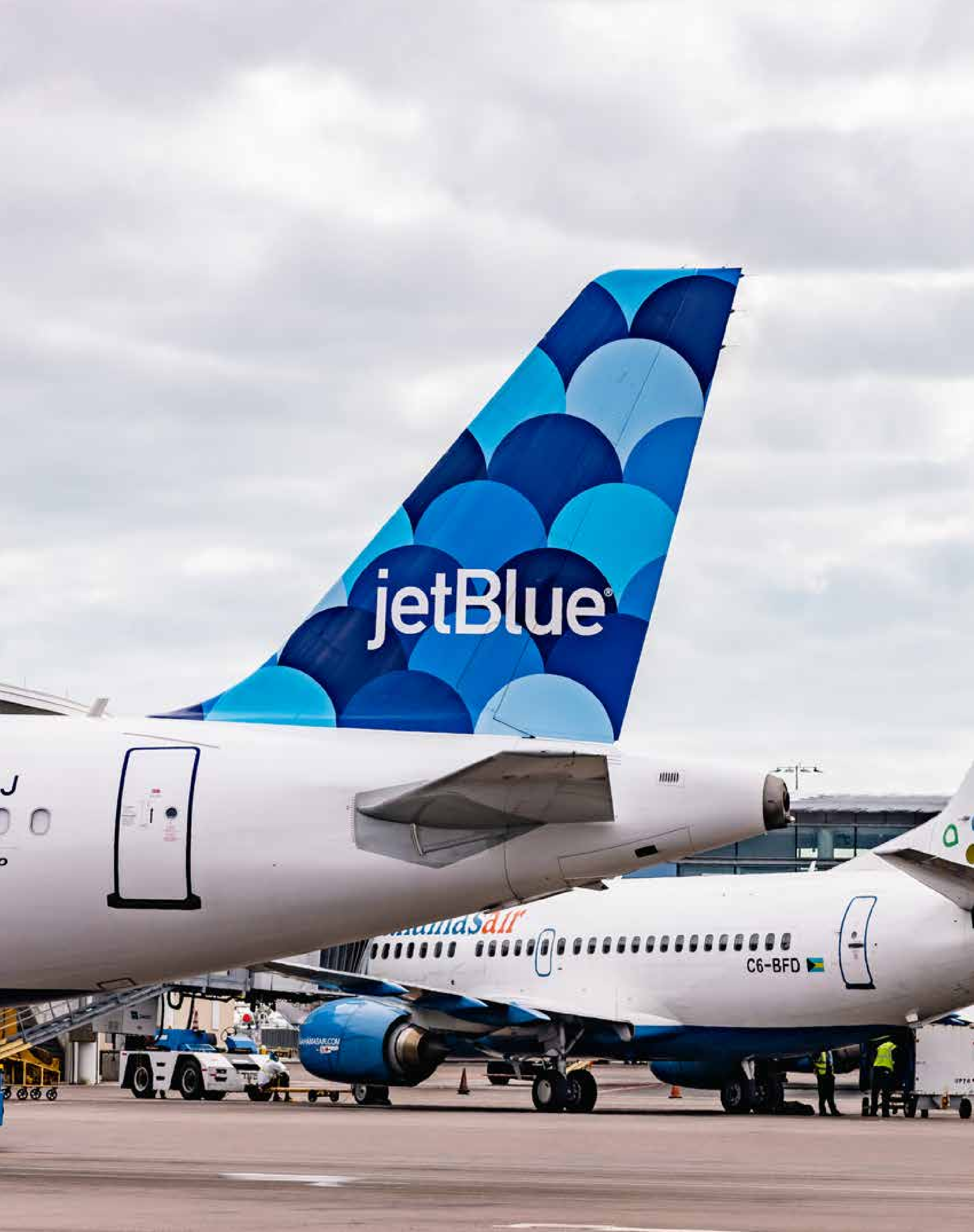


The government created its own company, Nassau Airport Development Company (NAD), which engaged the services of Vancouver-based YVRAS (now Vantage Airport Group), signing a ten-year management agreement from April 1, 2007, and a Project Management Agreement for the redevelopment of LPIA. Within six years, NAD, in partnership with Vantage Airport Group, delivered on the $409 million project with three new terminals totaling 606,000 sq ft. The investment was the single largest public-private partnership executed by the Government of The Bahamas and was done without financial burden to the people of The Bahamas.

Today, LPIA employs more than 3,500 workers and contributes significantly to the country's GDP, moving from the position of running on a deficit to generating operational revenue of $108.2 million and net income of $26.6 million this past fiscal year.

Coming out of the global pandemic, in FY2023, a total of 3.71 million passengers travelled through LPIA closing the gap on a record-breaking 3.99 million passengers in FY2019. Our facilities are designed to span 20-40 years and accommodate up to 5 million passengers. Over the next five years, NAD's management team and key public/private partners will focus on growing capacity to meet new airlift and passenger traffic.

LPIA was built with future growth in mind. Some 66 years later, we are now in a position to develop this airport site to its true potential. Today, a fully Bahamian executive management team is at the helm and opportunities still exist for local business owners and airport workers. As we advance, we move forward guided by the vision of Sir Lynden and other nation builders who saw the importance of investing in Bahamians first to build a more sustainable future for the country.


jetBlue
C6-BFD

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 & CEO

Jonathan Hanna, Vice President of Operations

Jan Knowles, Vice President of Marketing & Commercial Development

Kevin McDonald, Vice President of Maintenance & Engineering

Paula Rigby, Vice President of Finance & Chief Financial Officer

MESSAGE FROM THE CHAIRMAN

GARY SAWYER

As the aviation industry moves towards a full recovery from the global pandemic, LPIA is poised to welcome new business and to build capacity for future growth. FY2023 began with all COVID-19 travel restrictions lifted in the jurisdiction. Entering the traditional summer peak, we saw high demand for travel to Nassau/Paradise Island and our passenger performance was strong across the US, International and Domestic sectors at LPIA.

Increased passenger traffic resulted in non-aeronautical revenue exceeding the budgeted amount in August by 6% and by 5% above the same period in FY2019. We attribute this uptick to our current retail program and the introduction of new concessionaires during this period. Despite this increase on the non-aeronautical side, total revenue for August stood at $9.2M down 7% from FY2019. At the end of the first fiscal quarter, revenue rounded out at $25M compared to $26M in 2019.

Heading into the fall, our optimism was tempered by ongoing challenges with inflation in the US and Europe and the persistent impact of the war in Ukraine. As we mapped out the upcoming quarter, the board and the executive team at NAD considered the potential of a global recession, existing supply chain issues and lingering concerns about COVID variants and sub-variants.

September remained a soft month overall. In October, LPIA numbers showed the benefits of travellers taking advantage of moderate airfares and a boost from conferences and incentive travel business. Overall seat capacity increased 15% over the previous year with the addition of Virgin Atlantic Airways on the international side. By the end of October, total revenue YTD stood at $31M up 9% over budget and just 3% below FY2019.

Early indicators from our tourism partners forecasted a robust holiday season with healthy occupancies for hotels from Thanksgiving through early January 2023. Between the US Thanksgiving weekend and the first weekend in December 2022, LPIA welcomed more than 50,000 passengers. In November alone, US passenger enplanements were up 10.3% over budget and were just 3.9% below 2019 figures.

Moving into the third fiscal quarter, LPIA saw a steady increase in passenger numbers bolstered by strong Spring Break passenger loads and additional traffic from the CARIFTA Games. For non-aeronautical revenue from retail and F&B when compared to February and March 2022, 2021 and 2019, we saw increases of 43.6%, 206% and 53.1% respectively. Overall passenger numbers for February through April reaching 93% of 2019 levels.

The final quarter of FY2023 began with April numbers ahead of budget. Over the Easter holiday weekend, LPIA tracked 2,925 aircraft movements. Easter passenger traffic increased by 14.8% over 2022 but remained 12.2% behind 2019 traffic. By the end of April, there was an increase in passenger performance across all sectors compared to prior year - US passenger numbers up by 21%, International by 21%, and Domestic by 15%.

Thanks to a collaborative approach to air service development with key industry stakeholders, overall seat capacity YTD improved by 18%. The uptick came primarily from Virgin Atlantic Airways and British Airways in the International sector.

We rounded out the fiscal period with total operational revenue of $108.2M up from $83.9M in 2022 and a net income of $26.6M compared to $7.5M in 2022. FY2023 ended with 3,716,264 total passengers, FY2022 ended with 2,807,650, and FY2019 ended with 3,997,082.

The steady recovery seen over the past fiscal year required diligence, financial prudence and a commitment to running LPIA in the most efficient manner. On behalf of the Board of Directors, we extend thanks to NAD's leadership team and staff for the exceptional work done every day to manage our country's major gateway.

I would also like to commend our key industry partners in the public and private sector who collaborate with us as we work towards the common goal of remaining at the forefront in the region.

Together, we look forward to continued growth and a strong year ahead.

MESSAGE FROM PRESIDENT AND CEO

VERNICE WALKINE

FY2023 was the first time in nearly three years that LPIA operated with minimal travel restrictions in place. At the height of the pandemic, NAD and the wider airport community used the down time and reduced passenger traffic to focus on retooling our teams and improving operational procedures. We began the year ready to push towards full recovery.

In July, we introduced an artificial intelligence-driven Airport Operations Management System allowing our team to pull flight data in real time to better forecast and prepare for delays, diversions, or cancellations. The new software also enhanced our ability to plan gating operations up to 90 days out. Through the new AeroCloud™ technology we also improved operations by making it easier for airport stakeholders to anticipate staffing requirements and for LPIA passengers to track flights and receive accurate updates via a mobile app.

Central to our plans for recovery in the short term and building capacity for the future is having a precise understanding of the passenger experience at LPIA. To get the hard data needed to guide our decisions, we were pleased to reengage the Airport Service Quality (ASQ)™ program in January 2023. The program collects direct feedback from passengers, which is critical to customer service, operating at high levels of efficiency, and determining next steps on how to further enhance the guest experience.

In FY2023, we maintained LPIA's Aerodrome Certification ensuring our facilities and operational procedures continued to meet local and international safety standards. NAD's Airside Operations Department also teamed up with the Royal Bahamas Police Force to participate in a four-hour workshop conducted by Air Accident Investigation Authority (AAIA). The course equipped participants with the skills necessary to minimize injury on the scene of an incident.

While millions of tourists use LPIA as a main gateway to The Bahamas, our country continues to attract major world leaders. In February 2023, more than 117 delegates landed at LPIA to participate in the Conference of Heads of Government of The Caribbean Community (CARICOM), including sitting heads of state and senior diplomats. NAD joined airport and governmental partners to plan a successful visit.

In June 2023, NAD partnered with the United States Embassy and local government officials to welcome Vice President of the United States, Kamala Harris, the highest-ranking sitting US government official to visit the country since President John F Kennedy in 1962. VP Harris arrived at LPIA on Air Force 2 to meet with Caribbean leaders to discuss the impact of climate change.

As we progressed through the year, our leadership team began reinstating employee programs to incentivize staff. We wanted to show appreciation for the level of dedication and commitment our team demonstrated during the pandemic and in our recovery phase.

This year, NAD also concluded negotiations and signed a five-year agreement with the Bahamas Public Services Union. Frontline employees benefited from a signing bonus with immediate effect and two salary increases over the next two fiscal periods.

Community outreach efforts reignited in FY2023. For autism awareness month, NAD partnered the Airport Authority, Bahamasair and local non-profit REACH (Resources and Education of Autism and Related Challenges) and invited the autism unit from the Garvin Tynes Primary School to tour the airport. On the tour, students, parents, and educators became more familiar with airport processes and airport staff were able to learn how to better assist all travellers.

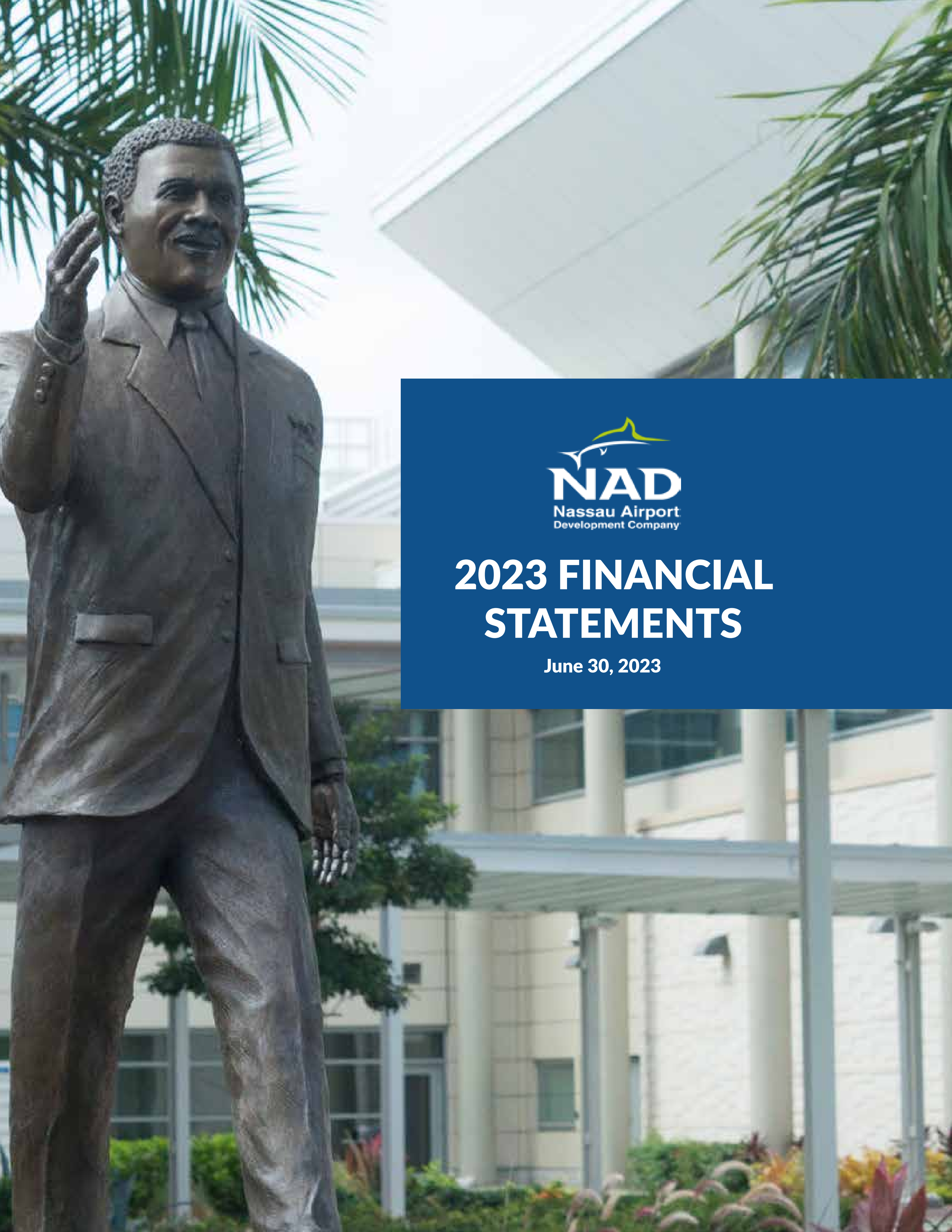
Taking our community outreach even further, NAD rolled out the globally recognized Sunflower Lanyard program - a visible marker for airport workers to identify passengers who may need additional assistance. LPIA joins more than 190 airports around the world to support travellers with non-visible or hidden disabilities. The National Commission for Persons with Disabilities and airline partners have assisted with distributing the lanyards. Staff training is ongoing as we work with facilitators to reach more than 3,500 airport workers to ensure maximum buy-in for the program.

This year, we welcomed Jonathan Hanna to our executive management team as Vice President of Operations. He began his journey with NAD as a college intern and steadily moved up the ranks. We are pleased to have his leadership as VP of Operations.

As we begin to turn the corner and look towards the future, we are optimistic about the possibilities that still exist. Our tourism product has proven to be resilient and our resolve to rebuild is evident. As a leadership team, we are positioned to continue to lead an exceptional group of employees to build upon what we have started.

I would like to thank our Board of Directors for their guidance, support, encouragement and confidence in our team.

We look forward to a bright future at NAD.



Nassau Airport Development Company

2023 FINANCIAL STATEMENTS

June 30, 2023

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, 2023, 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, 2023;
- 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.

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.

PricewaterhouseCoopers, 2 Bayside Executive Park, West Bay Street & Blake Road, P.O. Box N-3910
Nassau, Bahamas, T: + 1 242 302 5300, F: + 1 242 302 5350, www.pwc.com/bs

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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

September 26, 2023

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

Statement of Financial Position
As at June 30, 2023
(Expressed in Bahamian dollars)

	Notes	June 30, 2023 $	June 30, 2022 $
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents:	16		
Operating accounts		6,873,460	3,556,056
Construction and controlled accounts		21,547,678	14,165,570
Restricted cash	7 & 16	25,176,360	16,674,195
Accounts receivable	3 & 16		
Private sector		16,859,229	14,129,205
Government		1,930,304	3,347,674
Inventories and supplies		2,244,464	2,284,695
Prepaid expenses and deposits		359,617	512,599
Total current assets		**74,991,112**	**54,669,994**
NON-CURRENT ASSETS:			
Fixed assets – operational	6	18,612,588	19,845,512
Intangible assets – leasehold/financing	4	22,955,807	24,620,277
Intangible assets – resurfacing of runway	9	15,631,230	16,090,971
Intangible assets – operational	5	281,759,913	293,077,361
Total non-current assets		**338,959,538**	**353,634,121**
TOTAL ASSETS		**413,950,650**	**408,304,115**

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, 2023
(Expressed in Bahamian dollars)

LIABILITIES AND EQUITY	Notes	June 30, 2023 $	June 30, 2022 $
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities:			
Construction project	5 & 16	-	43,613
Trade	16	4,516,905	4,943,503
Management fees payable	10 & 16	943,617	1,830,096
Payable to Government entities	8, 10, & 16	8,662,239	10,212,506
Current portion of long-term debts	7 & 16	25,920,000	24,007,500
Total current liabilities		**40,042,761**	**41,037,218**
NON-CURRENT LIABILITIES:			
Long-term debts	7 & 16	434,642,579	454,644,870
Total non-current liabilities		**434,642,579**	**454,644,870**
Total liabilities		**474,685,340**	**495,682,088**
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		(60,734,695)	(87,377,978)
Total Equity		**(60,734,690)**	**(87,377,973)**
TOTAL LIABILITIES AND EQUITY		**413,950,650**	**408,304,115**

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

Director

Director

September 26, 2023
Date

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, 2023
(Expressed in Bahamian dollars)

	Notes	2023 $	2022 $
OPERATING REVENUE:			
Aeronautical operations revenue:			
Passenger facility charge		59,944,484	44,807,096
Passenger processing fee		14,829,180	11,077,370
Landing fees		11,050,661	8,034,527
Terminal fees		1,078,106	964,158
Loading bridges		739,454	575,278
Aircraft parking fees		90,799	81,907
Total aeronautical operations revenue	15	**87,732,684**	**65,540,336**
Commercial operations revenue:			
Terminal leases and concessions		14,702,675	12,457,529
Car parking		2,865,440	2,114,533
Refueling royalties		2,551,808	2,179,444
Interest and other income		397,939	1,668,368
Total commercial operations revenue	15	**20,517,862**	**18,419,874**
TOTAL OPERATING REVENUE		**108,250,546**	**83,960,210**
OPERATING EXPENSES:			
Material, supplies and services	12	13,284,768	9,901,378
Salaries and benefits	10 & 11	9,355,545	9,406,803
Management fees	10	5,079,131	3,842,208
Rent	10 & 14	2,165,011	1,649,204
Property taxes	8 & 10	833,163	1,008,226
Provision for doubtful accounts/(reversal)	3	-	(1,108,147)
Total operating expenses		**30,717,618**	**24,699,672**
OPERATING INCOME		**77,532,928**	**59,260,538**
NON-OPERATING EXPENSES:			
Interest	7	33,228,024	34,024,763
Amortization - operational	5	12,393,984	12,395,941
Amortization - leasehold and financing	4	1,664,470	1,664,470
Depreciation – operational assets	6	2,805,647	2,806,746
Amortization - resurfacing runways	9	459,741	464,306
Financing cost		335,463	329,826
Loss on disposal of operational assets		2,316	-
Total non-operating expenses		**50,889,645**	**51,686,052**
NET INCOME AND TOTAL COMPREHENSIVE INCOME		**26,643,283**	**7,574,486**

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, 2023
(Expressed in Bahamian dollars)

	Capital $	Deficit $	Total $
Balance at June 30, 2021	**5**	**(94,952,464)**	**(94,952,459)**
Net income and total comprehensive income	-	7,574,486	7,574,486
Balance at June 30, 2022	**5**	**(87,377,978)**	**(87,377,973)**
Net income and total comprehensive income	-	26,643,283	26,643,283
Balance at June 30, 2023	**5**	**(60,734,695)**	**(60,734,690)**

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, 2023
(Expressed in Bahamian dollars)

	Notes	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income		26,643,283	7,574,486
Adjustments to reconcile net income to net cash provided by operating activities:			
Adjustments for items not involving use of cash:			
Interest expense		33,228,024	34,024,763
(Reversal) for expected credit losses	3	-	(1,108,147)
Depreciation – operational	6	2,805,647	2,806,746
Amortization - operational	5	12,393,984	12,395,941
Amortization – leasehold/financing	4	1,664,470	1,664,470
Amortization – resurfacing runways	9	459,741	464,306
Loss on disposal of operational assets		2,316	-
Accounts receivable written-off		(69,361)	(33,978)
		77,128,104	57,788,587
Changes in operating assets and liabilities:			
(Increase) in restricted cash		(8,502,165)	(5,000,871)
(Increase) in accounts receivable		(1,243,293)	(4,749,180)
Decrease/(increase) in prepaid expenses and deposits		152,982	(66,658)
Decrease/(increase) in inventory and supplies		40,231	(97,766)
(Decrease)/increase in accounts payable and accrued liabilities		(426,598)	465,455
(Decrease)/increase in payable to Government entities		(1,550,267)	3,126,843
(Decrease)/increase in management fees payable		(886,479)	1,285,841
Cash generated from operations		64,712,515	52,752,251
Interest paid		(27,310,315)	(22,828,950)
Net cash from operating activities		**37,402,200**	**29,923,301**
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Investment in)/refund of intangible assets – operational, net	5	(1,076,536)	114,821
Investment in fixed assets – operational, net	6	(1,575,039)	(1,214,559)
Decrease in construction payables		(43,613)	(119,957)
Net cash used in investing activities		**(2,695,188)**	**(1,219,695)**

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, 2023
(Expressed in Bahamian dollars)

	Notes	2023 $	2022 $
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments of senior notes	7	(24,007,500)	(22,845,000)
Net cash used in financing activities		**(24,007,500)**	**(22,845,000)**
Net increase in cash and cash equivalents		**10,699,512**	**5,858,606**
Cash and cash equivalents at beginning of year		**17,721,626**	**11,863,020**
Cash and cash equivalents at end of year		**28,421,138**	**17,721,626**
Cash and cash equivalents is represented by:			
Operating accounts		6,873,460	3,556,056
Construction and controlled accounts		21,547,678	14,165,570
		28,421,138	**17,721,626**
Non-cash transactions:			
Interest capitalized to Participating Debt Notes	7	5,917,709	11,195,812

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

Nassau Airport Development Company Limited

Notes to the Financial Statements
June 30, 2023

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.

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.

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 judgements 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, 2022 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, 2023 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.

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.

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.

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.

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.

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

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 2023 and 2022.

(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.

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 2023 and 2022.

(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.

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 10% on services rendered.

The Company is also subject to real property taxes which are levied on a calendar year basis based on a prorated portion of 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 2023 assessment was 0.75% on the first $500,000 of the assessed value and 2% on the assessed value above $500,000.

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 strong performance following the recovery from the effects of the COVID-19 pandemic. A downside scenario was also considered with estimated impacts primarily based on a slower pace of growth due to various factors including the rate of inflation and recession in the U.S. 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, including subordinated debt cash interest payments.

Notwithstanding the aforementioned, on September 30, 2020, the Company was unable to achieve the debt service coverage ratio covenant requirement (the DSCR Covenant) of 1.30 to 1.00 under the Senior Financing Agreements (Senior Financing Agreements, as more fully defined and explained in Note 7). However, on November 25, 2020, the Company obtained a waiver of the DSCR Covenant through the execution of an amendment and waiver agreement, which was extended to December 31, 2022. Additionally, The Government of The Bahamas 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. The Commitment Letter was also extended to December 31, 2022. On September 30, 2022 the DSCR was 1.36 to 1.00 and as of June 30, 2023, the DSCR is 1.55 to 1.00.

The Company's current forecasted 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, 2024.

Management has concluded, based upon its considerations outlined above, which include: a) the Company's forecasted 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) two consecutive fiscal years of net income, c) compliance with the DSCR Covenant for each quarter during the fiscal year ending June 30, 2023, and d) the DSCR covenant is projected 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, 2024, that it is appropriate for the Company's financial statements to be prepared on the going concern basis.

Nassau Airport Development Company Limited

Notes to the Financial Statements
June 30, 2023
(Continued)

2. Significant Accounting Policies (Continued)

(s) Corresponding figures

Where necessary, certain corresponding figures have been adjusted to conform with changes in presentation in the current year. Accounts Receivable – Government (trade receivables) in Note 3 was adjusted to present material receivables from Government entities as of June 30 2023, and refunds on capital projects which were previously presented in adjustments to reconcile net income to net cash provided by operating activities were netted against investment in fixed assets-operational in investing activities.

3. Accounts Receivable

At June 30, 2023, accounts receivable comprise:

	2023 $	2022 $
Private Sector		
Trade receivables	17,351,452	14,639,323
Allowance for expected credit losses	(492,223)	(510,118)
	16,859,229	**14,129,205**

Government	2023 $	2022 $
Trade receivables		
Bahamasair	1,534,718	2,780,185
Nassau Flight Services	109,004	323,727
The Airport Authority	31,164	34,189
Bahamas Telecommunications Corporation	47,541	48,724
Department of Meteorology	22,059	5,547
Others	43,398	90,800
Total	**1,787,884**	**3,283,172**
Allowance for expected credit losses	(52,777)	(104,243)
	1,735,107	**3,178,929**
VAT receivable		
Ministry of Finance – Value Added Tax (VAT)	195,197	168,745
	1,930,304	**3,347,674**

3. Accounts Receivable (Continued)

The expected credit loss allowance at June 30, 2023 and June 30, 2022 was determined as follows for accounts receivable:

Private

June 30, 2023	Current	31-60 days	61-90 days	Over 90 days	Total
	$	$	$	$	$
Gross carrying amount	16,268,236	99,244	215,997	767,975	17,351,452
Expected credit losses	11,889	114	755	479,465	492,223

June 30, 2022	Current	31-60 days	61-90 days	Over 90 days	Total
	$	$	$	$	$
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

Government

June 30, 2023	Current	31-60 days	61-90 days	Over 90 days	Total
	$	$	$	$	$
Gross carrying amount	1,653,436	43,444	42,866	48,138	1,787,884
Expected credit losses	3,588	1,264	1,454	46,471	52,777

June 30, 2022	Current	31-60 days	61-90 days	Over 90 days	Total
	$	$	$	$	$
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

Nassau Airport Development Company Limited

Notes to the Financial Statements
June 30, 2023
(Continued)

3. Accounts Receivable (Continued)

The closing loss allowances for trade receivables at June 30, 2023 reconcile to the opening loss allowances as follows:

	Private Sector $	Governmental $	Total $
Balance at June 30, 2021	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	(33,978)	-	(33,978)
Balance at June 30, 2022	**510,118**	**104,243**	**614,361**
(Decrease)/Increase in the allowance for expected credit losses	51,466	(51,466)	-
(Write-offs)/Recoveries	(69,361)	-	(69,361)
Balance at June 30, 2023	**492,223**	**52,777**	**545,000**

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.

Nassau Airport Development Company Limited

Notes to the Financial Statements
June 30, 2023
(Continued)

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, 2021	(23,315,875)	(333,463)	(23,649,338)
Charge for the year	(1,641,000)	(23,470)	(1,664,470)
Balance at June 30, 2022	(24,956,875)	(356,933)	(25,313,808)
Charge for the year	(1,641,000)	(23,470)	(1,664,470)
Balance at June 30, 2023	(26,597,875)	(380,403)	(26,978,278)
CARRYING VALUE:			
As at June 30, 2023	**22,632,125**	**323,682**	**22,955,807**
As at June 30, 2022	**24,273,125**	**347,152**	**24,620,277**

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 $Nil (2022: $43,613).

Nassau Airport Development Company Limited

Notes to the Financial Statements
June 30, 2023
(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, 2021	1,690,197	23,483,248	21,410,923	404,746,919	2,607,402	3,609	5,173,794	1,312,972	460,429,064
Additions	-	-	-	-	-	-	-	-	-
Transfers	-	360,073	-	-	-	-	-	(360,073)	-
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	(114,822)	(114,822)
Balance at June 30, 2022	**1,690,197**	**23,843,321**	**21,410,923**	**404,746,919**	**2,607,402**	**3,609**	**5,173,794**	**838,077**	**460,314,242**
Additions	-	1,110,951	29,839	28,778	-	-	-	77,941	1,247,509
Transfers	-	91,088	-	-	-	-	-	(91,088)	-
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	(170,973)	(170,973)*
Balance at June 30, 2023	**1,690,197**	**25,045,360**	**21,440,762**	**404,775,697**	**2,607,402**	**3,609**	**5,173,794**	**653,957**	**461,390,778**

*Adjustments to intangible assets-operational primarily comprise refunds received from vendors related to capital projects.

Nassau Airport Development Company Limited

Notes to the Financial Statements
June 30, 2023
(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, 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)**
Amortization	(32,904)	(2,037,852)	(2,060,631)	(7,710,669)	(124,704)	(60)	(427,164)	-	(12,393,984)
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-
Balance at June 30, 2023	**(605,637)**	**(13,966,709)**	**(14,774,029)**	**(146,217,941)**	**(932,067)**	**(1,708)**	**(3,132,774)**	**-**	**(179,630,865)**
CARRYING VALUE:									
As at June 30, 2023	**1,084,560**	**11,078,651**	**6,666,733**	**258,557,756**	**1,675,335**	**1,901**	**2,041,020**	**653,957**	**281,759,913**
As at June 30, 2022	**1,117,464**	**11,914,464**	**8,697,525**	**266,239,647**	**1,800,039**	**1,961**	**2,468,184**	**838,077**	**293,077,361**

Nassau Airport Development Company Limited

Notes to the Financial Statements
June 30, 2023
(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, 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**
Additions	9,859	-	-	-	68,110	8,864	196,739	274,838	1,503,479	2,061,889
Transfers	-	-	-	-	298,448	27,525	-	296,941	(622,914)	-
Disposals	-	-	(219,527)	-	(220,763)	-	(107,107)	-	-	(547,397)
Adjustments	-	-	-	-	-	-	-	(75,176)	(411,674)	(486,850)*
Balance at June 30, 2023	**101,363**	**17,106**	**405,190**	**2,586,185**	**5,550,915**	**1,702,578**	**1,873,075**	**46,990,645**	**8,693,940**	**67,920,997**

Nassau Airport Development Company Limited

Notes to the Financial Statements
June 30, 2023
(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, 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)**
Depreciation	(9,915)	(1,710)	(12,510)	(23,532)	(451,539)	(43,583)	(126,185)	(2,211,849)	-	(2,880,823)
Disposals	-	-	219,527	-	220,763	-	104,791	-	-	545,081
Adjustments	-	-	-	-	-	-	-	75,176	-	75,176
Balance at June 30, 2023	**(33,480)**	**(6,537)**	**(333,716)**	**(2,537,495)**	**(5,049,284)**	**(1,616,620)**	**(1,336,489)**	**(38,394,788)**	**-**	**(49,308,409)**
CARRYING VALUE:										
As at June 30, 2023	**67,883**	**10,569**	**71,474**	**48,690**	**501,631**	**85,958**	**536,586**	**8,595,857**	**8,693,940**	**18,612,588**
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**

*Adjustments to fixed assets-operational primarily comprise refunds received from vendors related to capital projects.

Nassau Airport Development Company Limited

Notes to the Financial Statements
June 30, 2023
(Continued)

7. Long-Term Debts

Long-term debts consist of the following:

	Interest rates	Maturity dates	Balance at 30 June 2023 $	Balance at 30 June 2022 $
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	9,900,000
USD senior notes	6.34%	March 31, 2035	6,780,000	5,932,500
USD senior notes	6.44%	June 30, 2035	5,400,000	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	1,320,000	1,155,000
Total			**25,920,000**	**24,007,500**

	Interest rates	Maturity dates	Original Loan Amount $	Balance at 30 June 2023 $	Balance at 30 June 2022 $
Long-term portion					
Senior debt notes:					
USD senior notes	8.50%	December 31, 2031	12,000,000	5,760,000	6,480,000
USD senior notes	7.00%	November 30, 2033	165,000,000	99,000,000	108,900,000
USD senior notes	6.34%	March 31, 2035	113,000,000	76,275,000	83,055,000
USD senior notes	6.44%	June 30, 2035	90,000,000	62,100,000	67,500,000
BSD senior notes	8.50%	December 31, 2031	30,000,000	14,400,000	16,200,000
BSD senior notes	6.34%	March 31, 2035	22,000,000	14,850,000	16,170,000
Participating debt notes:					
USD Global Note	7.50%	December 31, 2035	44,097,067	53,098,949	51,162,373
BSD Global Note	7.50%	December 31, 2035	90,652,933	109,158,630	105,177,497
Total				**434,642,579**	**454,644,870**

Nassau Airport Development Company Limited

Notes to the Financial Statements
June 30, 2023
(Continued)

7. Long-Term Debts (Continued)

	Senior Debt Notes	Participating Debt Notes	Total
	$	$	$
Balance at June 30, 2022	322,312,500	156,339,870	478,652,370
Principal payments	(24,007,500)	-	(24,007,500)
Capitalized interest	-	5,917,709	5,917,709
Balance at June 30, 2023	298,305,000	162,257,579	460,562,579
Ending balance comprised of:			
Current portion	25,920,000	-	25,920,000
Long-term portion	272,385,000	162,257,579	434,642,579
Total at June 30, 2023	**298,305,000**	**162,257,579**	**460,562,579**

	Senior Debt Notes	Participating Debt Notes	Total
	$	$	$
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
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
Total at June 30, 2022	**322,312,500**	**156,339,870**	**478,652,370**

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 $2,061,675 (2022: $2,275,875) 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. At June 30, 2023, the Company is in compliance.

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 12 months' principal and interest on the senior debt notes (2022: 5 months). The debt service reserve account for the outstanding debt at June 30, 2023, amounted to $4,442,713 (2022: $1,886,548).

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 (2022: $ 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%.

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 $8,056,125 (2022: $8,727,469) 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 6 months' principal and interest on the senior debt notes (2022: 5 months). The debt service reserve account for the outstanding debt at June 30, 2023, amounted to $8,718,188 (2022: $6,855,541).

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 $6,579,731 (2022: $7,007,681) 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 6 months' principal and interest on the senior debt notes (2022: 4 months). The debt service reserve account for the outstanding debt at June 30, 2023, amounted to $7,163,336 (2022: $4,729,127).

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.

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 $4,528,125 (2022: $4,817,925) 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 6 months' principal and interest on the senior debt notes (2022: 4 months). The debt service reserve account for the outstanding debt at June 30, 2023 amounted to $4,852,123 (2022: $3,202,979).

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 $12,002,368 (2022: $11,195,813) and has been included in the statement of comprehensive income. This interest was capitalized to the participating debt notes for September and December 2022 and interest payments resumed for the quarter ended March 31, 2023 as the debt service coverage ratio exceeded 1.40:1.00 at this date and sufficient cashflows was available

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

	2023 **$**	**2022** **$**
Senior debt notes:		
Financing 2009 – USD 12 million/BSD 30 million 8.50%; December 31, 2031	4,442,713	1,886,548
Financing 2010 – USD 165 million 7.00%; November 30, 2032	8,718,188	6,855,541
Financing 2012 – USD 113 million/BSD 22 million 6.34%; March 31, 2035	7,163,336	4,729,127
Financing 2013 – USD 90 million 6.44%; June 30, 2035	4,852,123	3,202,979
	25,176,360	**16,674,195**

Nassau Airport Development Company Limited

Notes to the Financial Statements
June 30, 2023
(Continued)

7. Long-Term Debts (Continued)

Total interest expense on these facilities amounted to $33,228,224 (2022: $34,024,763) as follows:

	2023	2022
	$	$
Financing 2009	2,061,675	2,275,875
Financing 2010	8,056,125	8,727,469
Financing 2012	6,579,731	7,007,681
Financing 2013	4,528,125	4,817,925
Financing 2018	12,002,368	11,195,813
	33,228,024	**34,024,763**

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, the New York Deposit Account Control and Security Agreement dated March 30, 2009 and the Participating Debt Note Purchase Agreement dated December 31, 2018 - constituting the 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) 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. Management had obtained a further extension to the DSCR Waiver up to December 31, 2022. 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 had maintained a minimum DSCR of 1.30 to 1.00 as at the end of the fiscal quarter. 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.

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 made cash interest payments to its Participating Debt Noteholders for the quarters ending March 31, 2023 and June 30, 2023 during the fiscal year as the Company obtained the required DSCR ratio of 1.40:1.00 and accumulated sufficient cashflow for such payments to occur.

8. Payable to Government Entities

At June 30, 2023, the following amounts were payable to Government entities:

	2023 $	2022 $
The Airport Authority (security fees)	3,876,474	4,174,895
Ministry of Finance	747,098	1,580,062
Bahamas Power & Light	622,086	2,283,246
Ministry of Finance (VAT)	956,135	789,370
Bahamas Telecommunications Corp.	24,566	122,533
Water & Sewerage	66,334	191,463
The Airport Authority (other)	2,369,496	1,069,993
Public Treasury	50	944
	8,662,239	**10,212,506**

During the year, the real property tax assessments for the calendar years 2023 and 2022 were transferred to The Airport Authority and the Company was subsequently billed for its prorated share of property taxes for LPIA by The Airport Authority for 2023 and 2022. Included in the amount payable to The Airport Authority (other) is the applicable amount for the period July 2022 to June 2023 in the amount of $833,163 (2022: $Nil). The amount for 2022 ($1,008,226) was due to the Ministry of Finance.

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.

9. Intangible Asset – resurfacing of runways (Continued)

The runway resurfacing project was completed in December 2020.

The movement is as follows:

	Cost $	Amortization $	Intangible $
Balance at June 30, 2021	19,460,248	(2,904,971)	16,555,277
Charge for the year	-	(464,306)	(464,306)
Balance at June 30, 2022	19,460,248	(3,369,277)	16,090,971
Charge for the year	-	(459,741)	(459,741)
Balance at June 30, 2023	**19,460,248**	**(3,829,018)**	**15,631,230**

Cash payments, June 30, 2019	(4,445,119)
Cash payments, June 30, 2020	(14,863,019)
Cash payments, June 30, 2021	(152,110)
Cash payments, June 20, 2022	-
Balance at June 30, 2023	**-**

10. Related-Party Balances and Transactions

The following is a summary of the balances and transactions at June 30, 2023, with related parties:

	2023 $	2022 $
Accounts receivable - Governmental (gross)	1,983,081	3,451,917
Allowance for expected credit loss	52,777	104,243
Payable to Government entities	8,662,239	10,212,506
Management fee payable	943,617	1,830,096
Aeronautical operations revenue	12,849,663	9,627,887
Commercial operations revenue	1,120,420	1,053,243
Utilities	4,893,909	3,383,649
Government fees	2,183,859	2,035,580
Management fees	5,079,131	3,842,208
Rent expense	2,165,011	1,649,204
Telephone expense	304,138	309,913
Directors fees	111,720	95,172
Provision for doubtful accounts expense/(reversal)	(51,466)	20,640

During the year, the Company was billed by The Airport Authority for its prorated share of property taxes for LPIA for the calendar years 2023 and 2022; amounts for 2022 were previously due to the Ministry of Finance. Included in Payable to Government entities and Government fees is the applicable amount for the period July 2022 to June 2023 in the amount of $833,163 (2022: $1,008,226).

Salaries and benefits paid to the Company's key management personnel during the year ended June 30, 2023, amounted to $1,413,889 (2022: $1,501,136).

At June 30, 2023, the following subordinated participating debt Global notes and senior debt notes were held by a related Government entity:

	2023 $	2022 $
National Insurance Board	93,862,071	93,212,537

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, 2023, the Company contributed a total of $313,390 (2022: $317,449) to the plan.

At June 30, 2023, approximately 208 (2022: 219) employees were enrolled in the plan.

12. Material, Supplies and Services

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

	2023 **$**	**2022** **$**
Utilities	4,893,909	3,383,649
Repairs and maintenance	3,372,825	2,468,476
Professional fees	295,239	275,975
Others	4,722,795	3,773,278
	13,284,768	**9,901,378**

13. Commitments

The Company is contingently liable for corporate credit cards in the amount of $48,000 utilized limited and $100,000 authorized limited (2022: $38,000 utilized, $100,000 authorized).

Nassau Airport Development Company Limited

Notes to the Financial Statements
June 30, 2023
(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, 2023, the Company had outstanding commitments relating to open capital and maintenance contracts with a value of $1,808,175 (2022: $2,588,942). 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 $2,165,011 (2022: $1,649,204).

Future minimum lease rentals due under operating leases at June 30, 2023 are as follows:

	2023 $	2022 $
Within one year	500,000	500,000
Between one to five years	2,500,000	2,500,000
More than five years	13,875,000	14,375,000

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 $14,702,675 (2022: $12,457,529). 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.

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June 30, 2023
(Continued)

14. Operating Leases (Continued)

Future minimum lease rentals receivable under operating leases at June 30, 2023 are as follows:

	2023 $	2022 $
Within one year	6,686,871	6,464,111
Between one to five years	13,864,636	13,698,137
More than five years	10,456,465	12,180,068

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:

	2023		
	At a point in time **$**	**Over time** **$**	**Total** **$**
Aeronautical			
Passenger facility charge	59,944,484	-	59,944,484
Passenger processing fee	14,829,180	-	14,829,180
Landing fees	11,050,661	-	11,050,661
Terminal fees	1,078,106	-	1,078,106
Loading bridges	739,454	-	739,454
Aircraft parking fees	90,799	-	90,799
Total	**87,732,684**	**-**	**87,732,684**
Commercial			
Concession	10,246,947	-	10,246,947
Car parking	2,504,977	360,463	2,865,440
Refueling royalties	2,551,808	-	2,551,808
Other income	213,844	-	213,844
Total	**15,517,576**	**360,463**	**15,878,039**

15. Revenue from Contracts with Customers (Continued)

	2022		
	At a point in time $	**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	**65,540,336**	**-**	**65,540,336**
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	**13,891,595**	**304,519**	**14,196,114**

During 2022: $1,500,000 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.

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, 2023 and 2022, 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.

<u>Accounts receivable</u>

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, 2023 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.

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.

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, 2023 and 2022. 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:

	2023				
	Within 3 Months	**3-6 Months**	**6-12 Months**	**More than 1 Year**	**Total**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents:					
Operating accounts	6,873,460	-	-	-	6,873,460
Construction and controlled accounts	21,547,678	-	-	-	21,547,678
Restricted cash	-	22,944,160	2,232,200	-	25,176,360
Accounts receivable, net:					
Private sector	16,859,229	-	-	-	16,859,229
Governmental	1,735,107	-	-	-	1,735,107
	47,015,474	**22,944,160**	**2,232,200**	**-**	**72,191,834**
Financial liabilities					
Accounts payable and accrued liabilities:					
Construction project	-	-	-	-	-
Trade	2,605,601		-	1,448,739	4,054,340
Management fees payable	943,617	-	-	-	943,617
Payable to Government entities	6,436,710	-	1,269,394	-	7,706,104
Long term debt – current portion	14,569,496	14,458,965	28,586,335	-	57,614,796
Long term debt	-	-	-	672,178,188	672,178,188
	24,555,424	**14,458,965**	**29,855,729**	**673,626,927**	**742,497,045**
Net liquidity gap	**22,460,050**	**8,485,195**	**(27,623,529)**	**(673,626,927)**	

16. Financial Risk Management Objectives and Policies (Continued)

2022	Within 3 Months	3-6 Months	6-12 Months	More than 1 Year	Total
	$	$	$	$	$
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
	35,029,760	**16,674,195**	**-**	**-**	**51,703,955**
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
	20,157,590	**13,523,264**	**25,813,482**	**737,332,502**	**796,826,838**
Net liquidity gap	**14,872,170**	**3,150,931**	**(25,813,482)**	**(737,332,502)**	

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.

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, 2023 and 2022.

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.

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