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2021 Annual Report

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FLUGHAFEN GRAZ BETRIEBS GMBH, FELDKIRCHEN BEI GRAZ

Shareholders

- 93,9% Holding Graz –
Kommunale Dienstleistungen GmbH, Graz
- 6% MCG Graz e.gen. Graz
- 0,1% GSU Gesellschaft für Strategische
Unternehmensbeteiligungen m.b.H., Graz

Meeting of shareholders/Owner's representatives:

Dipl.-Ing. Wolfgang Malik, Chairman of the board of Holding Graz – Kommunale Dienstleistungen GmbH
 Mag. Mark Perz, MA, MBA, board director of Holding Graz – Kommunale Dienstleistungen GmbH
 Mag. Dr. Gert Heigl, board director of Holding Graz – Kommunale Dienstleistungen GmbH
 Armin Egger, director of Messe Congress Graz GmbH
 Mag.^a Barbara Muhr, director of der Messe Congress Graz GmbH

Supervisory Authority

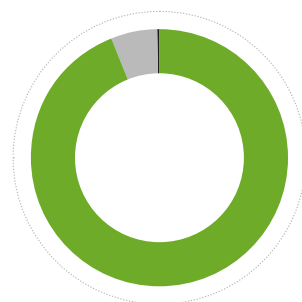
Bundesministerium für Verkehr, Innovation und Technologie als Oberste Zivilluftfahrtbehörde

Managing Directors

Wolfgang Grimus, EMBA
 Mag. Jürgen Löschnig

Authorised signatory

Ing. Johann Fasching



AFFILIATED COMPANIES (FULLY CONSOLIDATED)

FLUGHAFEN GRAZ BODENSERVICES GMBH, FELDKIRCHEN BEI GRAZ

Shareholders/Owners

- 92,6% Flughafen Graz Betriebs GmbH,
Feldkirchen bei Graz
- 7,4% Swissport DACH Holding AG

Shareholders' Committee

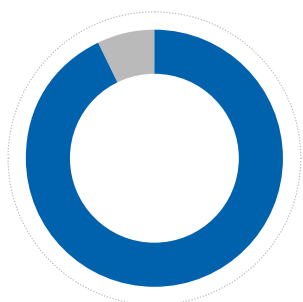
Mag. Jürgen Löschnig (chairman),
 Flughafen Graz Betriebs GmbH
 Patrick Kohlmann, Swissport International AG

Managing Director

Wolfgang Grimus, EMBA

Authorised signatory

Michael Hirt



AIRPORT PARKING GRAZ GMBH, FELDKIRCHEN BEI GRAZ

Shareholders/Owners

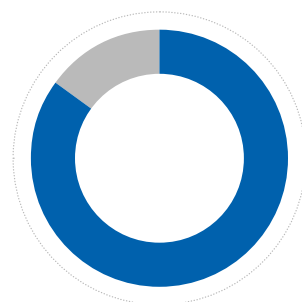
- 85% Flughafen Graz Betriebs GmbH,
Feldkirchen bei Graz
- 15% APCOA Parking Austria GmbH, Wien

Shareholders' Committee

Wolfgang Grimus, EMBA,
 Flughafen Graz Betriebs GmbH
 Ing. Johann Fasching, Flughafen Graz Betriebs GmbH
 Mag. Stefan Sadleder, Managing Director APCOA Parking Austria GmbH
 Mag. Roman Freisinger, Flughafen Graz Betriebs GmbH

Managing Director

Mag. Jürgen Löschnig
 Wolfgang Grimus, EMBA



EQUITY-ACCOUNTED INVESTMENTS

FLUGHAFEN GRAZ SICHERHEITSDIENSTE GMBH, FELDKIRCHEN BEI GRAZ

Shareholders/Owners

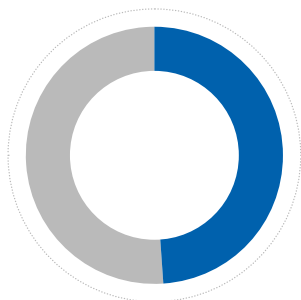
- 49% Flughafen Graz Betriebs GmbH,
Feldkirchen bei Graz
- 51% Securitas Sicherheitsdienste GmbH, Wien

Shareholders' Committee

Mag. Martin Wiesinger (chairman),
Securitas Sicherheitsdienstleistungen GmbH
Paul Divjak, Securitas Sicherheitsdienstleistungen GmbH
Mag. Jürgen Löschnig, Flughafen Graz Betriebs GmbH
Ing. Johann Fasching, Flughafen Graz Betriebs GmbH

Managing Directors

Mag. Ingo Almer
Gerhard Amtmann



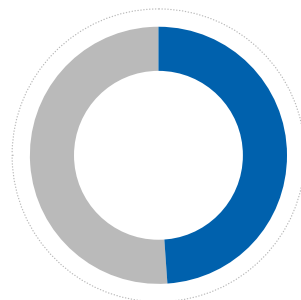
SWISSPORT CARGO SERVICES GRAZ GMBH, FELDKIRCHEN BEI GRAZ

Shareholders/Owners

- 49% Flughafen Graz Betriebs GmbH,
Feldkirchen bei Graz
- 51% Swissport Cargo Services Austria GmbH

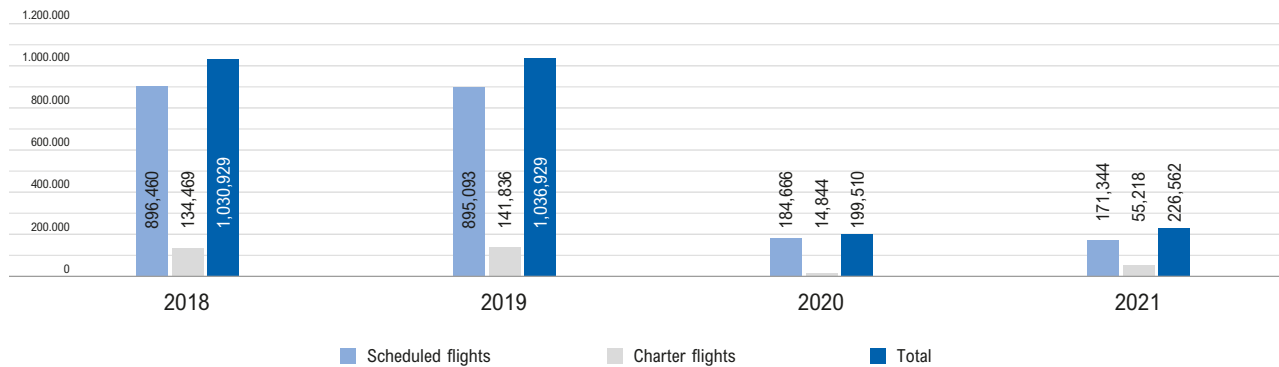
Managing Directors

Wolfgang Grimus,
Flughafen Graz Betriebs GmbH
Bernd-Hennig Dieter,
Swissport Cargo Services
Austria GmbH

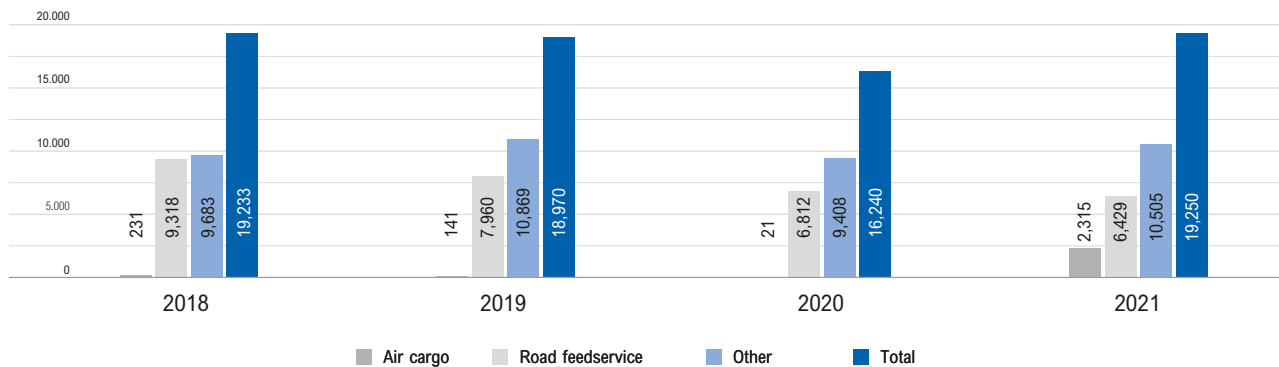


TRAFFIC RESULTS

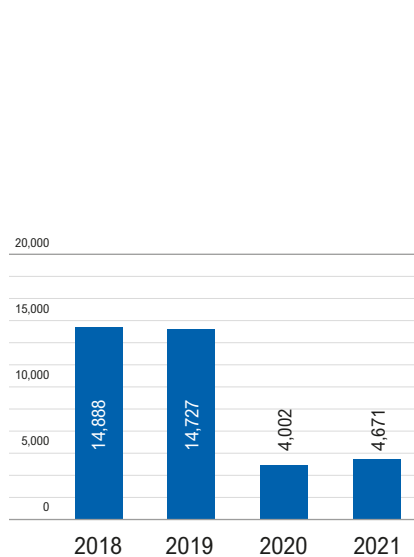
PASSENGER NUMBERS



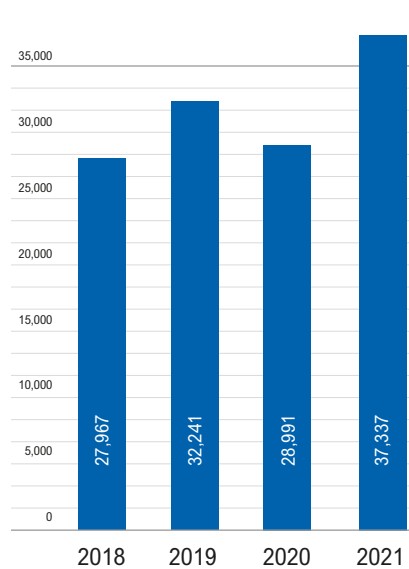
CARGO VOLUME IN TONS



FLIGHT MOVEMENTS SCHEDULED/CHARTER



FLIGHT MOVEMENTS GENERAL AVIATION



ECONOMIC INDICATORS

in EUR'000	2019	2020	2021
RESULT OF OPERATIONS			
Sales revenue	37,302	14,653	14,155
of which Aviation	29,867	7,757	9,678
of which Non-Aviation	7,435	6,896	4,477
Earnings before taxes	8,332	-4,343	-4,033
Profit for the year	6,082	-4,329	-3,799
Return on sales	23%	-29%	-28%
Return on equity	14%	-7%	-7%
Return on total assets	11%	-6%	-6%
EBITDA	12,064	-549	-294
ASSET AND FINANCIAL SITUATION			
Investments	1,744	812	936
Cash flow (from ordinary business activities)	9,615	-4,410	293
Equity	60,703	56,374	54,936
Balance sheet total	78,529	70,142	69,335

REPORT ON BUSINESS DEVELOPMENT

FOR THE FINANCIAL YEAR OF 2021

REPORT ON THE BUSINESS DEVELOPMENT, BUSINESS RESULTS AND THE COMPANY'S SITUATION IN 2021

The beginning of 2021 was very difficult globally and therefore also for Graz Airport. Europe was almost completely locked down for months. Travel regulations in Austria were only relaxed throughout the course of May. In the first 5 months of 2021, just over 16,000 passengers were taken care of at Graz Airport. Therefore, the first half of 2021 was clearly in the red compared to 2020, which was characterised by an almost normal passenger development in the first three months.

Upon the end of the lockdown and the start of the holiday season, there was a noticeable recovery in demand. In addition to Vienna, the scheduled services of four major transfer airports of Amsterdam, Frankfurt, Munich and Zurich as well as the economic centres of Stuttgart and Düsseldorf have been successfully reconnected to Graz.

The first charter flights to the two Greek islands of Paros and Naxos — operated by the tour operator Springer Reisen — finally took off on 5 June. The charter season therefore started much later than usual, but was able to develop well in the further course of the year despite the ongoing pandemic.

The tour operators and airlines have connected around 15 varied destinations — including the new destinations Calvi on Corsica — the three Greek islands of Karpathos, Naxos and Zakynthos, as well as Larnaca. The impressive demand for travel after a Corona winter and spring could be seen from the good bookings performance; a situation that also allows us to look forward to the remainder of 2022 with cautious optimism. The new lock-down of late autumn 2021 slowed the positive development again, as it led to the temporary suspension of scheduled flights to Stuttgart and Düsseldorf as well as the thinning out of various destinations.

Despite the difficult start to 2021, Graz Airport was able to achieve a passenger increase of +13.6% compared to the previous year with 226,562.

In the area of scheduled flights, the travel restrictions in winter and spring naturally led to a greater negative impact, which is why passenger volume was 7.2% lower (-13,322 passengers) than in 2020. However, this minus was more than made up for with an increase of 272% (+40,374 passengers) in the charter segment.

In terms of the number of flights, -8% (-279 flights) was recorded in the area of scheduled flights. The increase of 178.2% (+948 flights) in the charter sector showed that significantly more flights were carried out in 2021 than in 2020 and that these were also better utilised.

GENERAL AVIATION:

General Aviation also developed positively. A number of companies and private travellers have increasingly resorted to this mode of transport in order to be able to keep important appointments, which has led to an increase in flights of 28.8%.

In addition to air traffic, the so-called non-aviation business was of course also negatively affected by the effects of the coronavirus. In the events sector, approximately 100 events were able to be held again (a small increase compared to 2020), albeit on a smaller scale due to the COVID requirements. Large events or trade fairs as well as Christmas parties were cancelled completely. The partners Lagardère and Gebrüder Heinemann swiftly reopened large parts of the gastronomy and the Duty Free Shop after the end of the lockdown in order to continue to offer passengers a comprehensive service. In order to make the passenger experience at Graz Airport even more attractive, the VIP lounge underwent a relaunch at the beginning of last year, which was very positively received by the passengers.

To cushion the revenue loss caused by the pandemic, the strict cost management which commenced in 2020 was continued throughout 2021 and beyond. Furthermore, short-time work was used throughout the year in many areas. All other pandemic-related subsidies such as the Turnover Loss Bonus [Ausfallbonus] and Loss Compensation [Verlustersatz] were also used to the extent possible.

FREIGHT

A very good development was able to be recorded in the field of freight for the year 2021: The joint subsidiary of Swissport Cargo Services Austria and Flughafen Graz Betriebs GmbH, Swissport Cargo Services Graz GmbH, which has been active since 1 February 2016, processed a total freight volume of 19,250 tons, an increase of 18.5% or approximately 3,000 tons.

REPORT ON BUSINESS DEVELOPMENT

FOR THE FINANCIAL YEAR OF 2021

32 cargo flights, inter alia, were responsible for this improvement, mostly with Boeing 747s which transported important medical products such as FFP2 masks and rapid tests to Graz in winter and spring.

Short-time work was also used in the freight sector, of course, adapted to the traffic situation.

AIRLINE RANKING

In the ranking of the airlines with the highest number of passengers this year, Lufthansa (69,005 passengers) is just ahead of Austrian Airlines (68,042 passengers). The charter airline European Air Charter (formerly Bulgarian Air Charter) — which has connected various holiday destinations such as Heraklion or Rhodes with Graz — ranks third with 22,896 passengers. It is followed by KLM, which transported 13,347 passengers between Amsterdam and Graz, as well as Corendon Airlines EU with 12,349 passengers, which was also used for holiday flights.

INVESTMENT MANAGEMENT

Flughafen Graz Betriebs GmbH holds 49 % of the shares of 'Flughafen Graz Sicherheitsdienste GmbH' (FGSG) which is responsible for the implementation of security controls referred to in the Luftfahrtsicherheitsgesetz (LSG) (Austrian aviation safety legislation).

Flughafen Graz Betriebs GmbH also holds 49% of the cargo joint venture Swissport Cargo Services Graz GmbH, which it has operated together with Swissport Cargo Services Austria GmbH since February 2016. Due to the negative results of the past, the participation was completely written down in the previous year. Although the company was able to turn a profit in 2021, no write up took place due to the uncertain future development.

INVESTMENT / MAJOR MAINTENANCE MEASURES

Due to the restricted air traffic caused by the COVID-19 pandemic, the investment programme was also evaluated for urgent necessity and reduced accordingly.

Security and IT equipment that had reached the end of its useful life was replaced, including a central data repository. Investments were also made in expanding the IT equipment for video and home office use.

In the area of airport security, too, primarily security and IT devices were replaced that had reached the end of their useful life, such as an x-ray for bulky luggage. Recovery equipment was also given the same treatment.

Two cars were replaced by environmentally friendly e-cars. The relaunch of the VIP lounge — for which planning was carried out in 2020 — was implemented in March 2021. The expansion of the passport control points within the framework of the EU requirements for the EES (Exit Entry System) was also implemented.

HUMAN RESOURCES

The COVID-19 pandemic is still having a major impact, especially on human resources.

As at 31 December 2021, there were 177 (2020: 184) employees, of whom 77 were women and 100 men. The average number of employees was 182 (2020: 201). Due to the pandemic and the sharp drop in air traffic from 21 March 2020, all employees were sent into short-time work until the end of the year. The reduction in the number of employees by the end of the year was due to resignations and pensions. Not only short-time work but also partial retirement agreements and the lending of employees to other areas of the parent company or the City of Graz (e.g. contact tracing) offered additional flexibility in connection with employment levels.

RESEARCH AND DEVELOPMENT

There were no investments made in research and development during the financial year.

RISK AND OUTLOOK REPORT - THE EXPECTED DEVELOPMENT OF THE COMPANY

a. Risks

The ongoing COVID-19 pandemic has had a greater and longer impact on the airline industry than expected in the previous year. Despite comprehensive vaccination and testing strategies, the recovery in demand and therefore growth in passenger numbers will only set in gradually. There were also significant decreases in traffic volume in Graz with each new wave or mutation and the associated travel restrictions/lock-downs. It is currently assumed that the number of passengers will not reach the pre-crisis level again until 2025/2026.

Climate change and its effects will put even more pressure on the aviation industry in the future. This also applies to Graz Airport, which has been working on reducing its CO2 emissions for many years, but has no influence on which measures are implemented above the clouds. The pressure to fly evermore economically and ecologically will increase. According to experts, although technical solutions are being worked on vigorously, neither electric flight nor synthetic fuels are sufficiently ready for series production at the moment. In addition, the industry is under time constraints as the development and life cycles of an aircraft are significantly longer than those in the automotive industry. In this undisputedly important discussion, however, it must also be taken into account that aviation is only responsible for around 2.7% of global CO2 emissions. Within Europe, this figure is merely 0.52%. Austrian aviation's share in Austria's CO2 emissions is only 0.16%.

As a regional airport, the local economic, demographic and tourist developments in the catchment area also naturally have a significant impact on traffic development. For the Greater Graz region, these influencing factors are assessed as positive for the coming years. In particular, the demographic development will be characterised by further immigration, which means that the risks in this area can be assessed as low. A further typical risk in the industry lies in changes in the regulatory framework, which may require high investments. No such significant developments are currently known. The investments necessary for the currently foreseeable changes are taken into account in business plans and forecast calculations.

The company's liquidity mainly consists of receivables from affiliated companies as part of Group clearing with the parent company. The portfolio increased from €9 million to €12 million as of 31 December 2021. Therefore, liquidity is currently secured for the near future in order to meet current payment obligations on time.

b. Outlook

All experts agree: the aviation industry will only recover slowly from the Corona crisis. Eurocontrol estimates that flights in European air traffic will level off at 74 percent of the pre-crisis level in 2022. It shrunk by 55 percent in 2020. Eurocontrol sees flights recovering to pre-crisis levels between 2024 and 2027, depending on the scenario. The longer-term effects of this pandemic on travel behaviour in both the holiday and business travel sectors are currently difficult to estimate, even for industry experts.

2022 got off to a difficult start under the conditions of the lockdown from December 2021 and various aggravating entry and quarantine regulations due to the Omicron variant. The airlines have already reduced their offerings again for the 1st quarter after the Christmas holidays.

Nevertheless, all airlines resumed their scheduled destinations from Graz last year, with the exception of the destinations Berlin and Istanbul, and gradually expanded them up until the lockdown. It can therefore also be assumed for 2022 that frequency increases are possible in Graz under similar framework conditions.

Tour operators are cautiously optimistic about the summer flight plan and are working on an attractive programme in the tourism sector with numerous weekly holiday chains in sunny destinations and a series of short and city trips from/ to Graz. Ultimately, the success of the summer flight plan depends on the further development of the pandemic and the infection rate.

Feldkirchen, 9 February 2022

The Board of Directors

Wolfgang Grimus, EMBA

Mag. Jürgen Löschnig

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A company of Holding Graz