daa Finance plc

Directors’ report and financial statements

For the financial year ended 31 December 2022

Registered number 326966

daa Finance plc

Reports and Financial statements

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daa Finance plc

Directors and other information

Directors	Catherine Gubbins Dalton Philips (resigned 26 August 2022) Edward Rowney Kenny Jacobs (appointed 27 February 2023) Miriam Ryan Risteard Sheridan (appointed 1 June 2022)
Registered Number	326966
Registered Office	Three The Green Dublin Airport Central Dublin Airport Swords Dublin K67 X4X5 Ireland
Secretary	Feargal O'Reilly
Solicitor	Arthur Cox Ten Earlsfort Terrace Dublin 2
Independent Auditor	Ernst & Young Chartered Accountants & Statutory Audit Firm Harcourt Centre Harcourt Street Dublin 2
Bankers	Allied Irish Banks plc Bank of Ireland Group Barclays Bank Ireland plc BNP Paribas S.A, Dublin Danske Bank A/S European Investment Bank HSBC Bank plc

Report of the directors

The Directors submit their report together with the financial statements of daa Finance plc ("the Company") for the financial year ended 31 December 2022.

Principal Activities

The principal activity of the Company is the provision of funding to undertakings in the Group headed by daa plc ("daa"), which is the Company's parent undertaking.

The Company has listed loan notes on the main securities market of Euronext Dublin and a bank loan from the European Investment Bank.

Business Review and Key Performance Indicators

The Company paid interest and made debt repayments on all borrowings by the due dates during the financial year.

Income to pay interest on borrowings is received by surrendering tax losses to daa and other Irish companies within the Group headed by daa and if required by charging interest on borrowings on-lent to daa and its subsidiary undertaking daa Operations Limited ("daao"). Total tax value of losses surrendered in 2022 was €3.0 million (2021: €0.2 million). Interest charged on monies on-lent in 2022 to daa was €NIL (2021: €6.1 million) and to daao was €NIL (2021: €0.2 million). Debt repayments were funded from repayments by daa of the monies on-lent by the Company.

The Directors consider the following to be the financial key performance indicators of the Company:

- the Company incurred a loss after tax of €5.8 million (2021: loss after tax of €9.2 million);
- there were no credit events that affected the Company during the current and prior financial year;
- interest expense from notes and borrowings amounted to €16.5 million (2021: €16.0 million); and
- the Company's total indebtedness at 31 December 2022 was €1,190.7 million (2021: €1,207.5 million).

Due to the nature of the Company, the Directors consider there to be no significant non-financial key performance indicators.

Principal Risks, Uncertainties and Future Developments

The key risk and uncertainty facing the Company is a premature obligation to repay its borrowings which could occur if a default event arose due to a breach in the terms and conditions of the borrowings which include non-payment of interest and/or principal. The Company considers the possibility of a breach in the terms and conditions arising to be remote because of the credit quality of daa, the guarantor of the borrowings, and the regular review and monitoring of compliance with the terms and conditions of the borrowings.

The Company is not planning any material changes to its operating activities.

Please see Note 19 where liquidity, credit and market risks are discussed.

Principal Risks, Uncertainties and Future Developments continued

Geopolitical events including the war in Ukraine continue to have a significant disruptive effect on global markets. Against the backdrop of the war, measurement of expected credit losses under IFRS 9 Financial Instruments may be challenging for affected issuers. The Company is actively monitoring the impact that ongoing events between Russia and Ukraine may have on the Company's operations. Initial indications are that direct exposure from Ukraine and Russia to Irish business is low. The Company will continue to assess the situation and any potential impact it may have on the Company.

Results and Dividends

The results for the financial year are set out on page 15. The Directors do not propose the payment of a dividend (2021: €Nil).

Directors, Secretary and their Interests

The names of the persons who, at any time during the financial year, were Directors of the Company:

Dalton Philips (resigned 26 August 2022)	Risteard Sheridan (appointed 1 June 2022)
Catherine Gubbins	Edward Rowney
Miriam Ryan	Kenny Jacobs (appointed 27 February 2023)

In accordance with the Articles of Association, the Directors are not required to retire by rotation.

The Directors and Secretary who held office during the financial year had no beneficial interests in the shares, debentures or loan stock of the Company, subsidiary or group companies at any time during the financial year or the preceding financial year or at 31 December 2022 or 1 January 2022 or the date of appointment.

Subsidiary undertakings

The statutory information concerning the subsidiary undertaking, required by section 315 of the Companies Act 2014, is given in Note 21 to the financial statements.

Political donations

The Company did not make any political donations during the year (2021: €Nil).

Going Concern

The financial statements have been prepared on a going concern basis. On the basis of projected financial performance and cash flows for the foreseeable future, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Post Balance Sheet Events

There have been no significant post balance sheet events which require disclosure or adjustment to the financial statements.

Accounting Records

The measures that the Directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the engagement of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's accounting records are maintained at the Company's registered office at Three The Green, Dublin Airport Central, Dublin Airport, Swords, Dublin, K67 X4X5, Ireland.

Directors' Compliance Statement

As required by section 225(2) of the Companies Act 2014 the Directors: (a) acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in that legislation); (b) confirm that a compliance policy statement has been drawn up and that appropriate arrangements or structures are in place that are, in the Directors' opinion, designed to secure material compliance with the relevant obligations; and (c) confirm that a review has been conducted during the year of the arrangements and/or structures that have been put in place as referred to in (b) above.

Corporate Governance

The Directors are committed to maintaining appropriate standards of corporate governance. The Company is subject to and complies with Irish Statute comprising the Companies Act 2014. In addition, daa Group ("the Group") of which the Company is a part, complies with the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice") which sets out the principles of corporate governance which the boards of State bodies are required to observe.

Shareholder engagement

The Board of Director's ("the Board") primary duty is to act in a way that promotes the long-term success of the Company for the benefit of the shareholders. Active engagement with shareholders ensures they are aware of the Company's business environment, strategy, performance and other commitments. The views of our shareholders help to inform the strategic decision making of the Board. The Board ensures it has an effective channel of communication with its shareholders and the Directors maintain ongoing engagement with the Company's sole shareholder through correspondence and meetings. The Company's Annual General Meeting (AGM) provides an opportunity for the Directors to deliver its financial statements and to answer questions of the shareholder. Key topics for the shareholder include compliance with debt agreements and regulatory obligations. All shareholders were able to exercise their right to vote at the AGM.

Financial Reporting Process

The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. The Board is also responsible for the review of the annual financial statements. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Corporate Governance continued

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. The key procedures, which are supported by detailed controls and processes, are as follows:

- active Board involvement in assessing key business risks faced by the Company and determining the appropriate course of action for managing these risks;
- a schedule of items reserved to the Board of the Company and daa for approval;
- a clearly defined organisation structure to perform the activities of the Company with appropriate segregation of duties and delegation of responsibility and authority within which the Company's activities can be planned, executed, controlled and monitored;
- a formalised risk reporting system which forms part of the Group risk reporting process;
- a formal Group code of business ethics; which the Company has adopted and applies appropriately;
- a comprehensive system of management and financial reporting, accounting and treasury management;
- clearly defined procedures for financial expenditure relating to interest and principal loan repayments;
- annual budgets and financial plans for the Company;
- monitoring of performance against budgets and financial plans for the Company;
- the daa Internal Audit function periodically reviews key systems and controls for the Company.

The Board also evaluates and discusses significant accounting and reporting issues as the need arises.

Audit Committee

The Company has not established an Audit Committee on the basis that it is part of a group which has an Audit Committee. The Group Audit Committee performs the relevant functions as required by section 167 of the Companies Act 2014 on a group wide basis and on behalf of the Company, including periodic review of procedures and controls by the Group Internal Audit function and review of the Company's financial performance by the Group finance function.

Key responsibilities of the Audit Committee include:

- the strategic processes for risk, internal control and governance;
- the accounting policies, the financial statements, and the annual report of the organisation, including the process for review of the financial statements, levels of error identified, and the letter of representation to the external auditor;
- the planned activity and results of both internal and external audit including adequacy of management response to issues identified by audit activity;
- external auditor, recommending appointments, monitoring effectiveness, independence and objectivity, approving remuneration and terms of engagement and determining policy on the supply of non-audit services; and
- anti-fraud policies, protected disclosure processes and arrangements for special investigations.

Report of the directors continued

Corporate Governance continued

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and to ensure that these changes are accurately reflected in the Company's financial statements. In respect of the financial reporting process, the Company has in place appropriate practices to ensure that:

- its financial reporting is accurate and complies with the financial reporting frameworks; and systems are in place to achieve high standards of compliance with regulatory requirements.

Control Activity

The Directors are obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's financial statements.

Monitoring

The Board ensures that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditor. In addition, the Company is monitored by the Group's Internal Audit Department who reviews key systems and controls for the Company with full access to the Audit Committee of the parent company, daa.

Statement on Relevant Audit Information

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, resigned effective 22 April 2022 and subsequently, Ernst & Young, Chartered Accountants and Statutory Audit Firm, were appointed to office on 22 April 2022 in accordance with section 383(1) of the Companies Act 2014 and will continue in office in accordance with section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:

Miriam Ryan	Catherine Gubbins	
Director	**Director**	24 March 2023

daa Finance plc

Directors' responsibilities statement

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

Irish company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("Relevant Financial Reporting Framework") as applied in accordance with the provisions of the Companies Act 2014. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and the Main Securities Market Listing Rules of Euronext Dublin applicable to debt issuers and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's corporate and financial information included on the Group's website (www.daa.ie). Legislation in Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board and signed on its behalf by:

Miriam Ryan

Catherine Gubbins

Miriam Ryan	Catherine Gubbins	
Director	**Director**	24 March 2023

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAA FINANCE PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of daa Finance plc ('the Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and notes to the financial statements, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion the financial statements:

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

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of management's Going Concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained management's going concern assessment, including the cash forecast and covenant calculations for the going concern period which covers a year from the date of signing this audit opinion. The assessment included an analysis of the Company's cash position, the Company's significant debt commitments during the year, the Company's available credit facility and the Company's access to group financing;
- We assessed the Company's parent and subsidiary undertaking's liquidity and solvency position to identify any impairment indicators and enquired of key management regarding the approach to credit risk management, including the assessment of the counterparty's debt servicing capacity;
- We reviewed the Company's going concern disclosures included in the financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAA FINANCE PLC (Continued)

Conclusion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to those charged with governance
Recoverability of intercompany receivable balances		
The recoverability of the amounts due from parent and subsidiary undertakings, with a carrying value of €1,185 million (2021: €1,200 million), is considered to be a significant risk area due to the size of the balance. The ability of the Company to fund its cash outflows (and in particular repayment of the interest due on the bonds and capital instalments on the loans) as they fall due depends, in the first instance, on the ability of the parent and subsidiary undertaking from which amounts are due to settle the amounts owing. Management has concluded that the amounts due from the parent and subsidiary undertaking are recoverable and is satisfied that the going concern basis on which the financial statements are prepared, is appropriate. Refer to the Accounting Policies Note 3(c); and Notes 4, 13 and 19 to the Financial Statements.	We performed a range of audit procedures, which included: • Walking through the intercompany process, including management's process of assessing the significant risk; • Confirming the amount due from the Company's parent and subsidiary undertaking; • Reviewing the counterparty's liquidity and solvency position to identify any impairment indicators; and • Enquiring of key management regarding the approach to credit risk management, including the assessment of the counterparty's debt servicing capacity; • Reviewing the adequacy of the disclosures in the financial statements.	Our planned audit procedures were completed without exception.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAA FINANCE PLC (Continued)

Risk	Our response to the risk	Key observations communicated to those charged with governance
Classification and measurement of intercompany receivable balances		
The classification and measurement of the amounts due from parent and subsidiary undertakings, with a carrying value of €1,185 million (2021: €1,200 million), is considered to be a significant risk area due to the significant judgement exercised by management. The classification of the loans receivable from parent and subsidiary undertakings as non-current involves judgement in determining management's intent as well as the counterparties' ability to repay. There is judgement involved in determining the fair value of loans receivable from parent and subsidiary undertakings arising from the difference between the rate of interest charged by the company and arm's length rates of interest for equivalent loans. Refer to the Accounting Policies Notes 3(c) and 3(f); and Notes 4, 13 and 19 to the Financial Statements.	We performed a range of audit procedures, which included: • Walking through the intercompany process, including management's process of assessing the significant risk; • Reviewing the intercompany loan agreements and cashflows, including the Company's precedence in respect of calling for repayments of loans receivable; • Making inquiries of management to assess the Company's intentions and expectation in relation to the timing of repayment of the loans; • Assessment of the Company's conclusion in respect of the appropriateness of the classification of the intercompany loans; • Reviewing management's fair value calculation of the loans receivable from both parent and subsidiary undertakings, and comparison of the interest rates charged by the Company to arm's length rates observable for equivalent debt; • Reviewing the adequacy of the disclosures in the financial statements.	Our planned audit procedures were completed noting a prior year classification error which was corrected by way of a prior year adjustment. Refer to Note 1(g).

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAA FINANCE PLC (Continued)

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be €11.9 million, which is 1% of total assets. We believe that total assets provides us with a reasonable basis as the Company is a financing vehicle for the daa plc Group and its principal functions are the issuance of loan notes, the proceeds of which are advanced to its parent and subsidiary undertakings. During the course of our audit, we reassessed initial materiality and there was no change in final materiality from the original assessment at planning.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely €6.0m. We have set performance materiality at this percentage due to this being an initial audit engagement.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board of Directors that we would report to them all uncorrected audit differences in excess of €0.6m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAA FINANCE PLC (Continued)

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

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

- the information given in the directors' report for the financial year ended for which the financial statement are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

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

Matters on which we are required to report by exception

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

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

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the parent Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial statements

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

Explanation to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud, that could reasonably be expected to have a material effect on the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. In addition, the further removed any non-compliance is from the events and transactions reflected in the financial statements, the less likely it is that our procedure will identify such non-compliance. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are IFRS as adopted by the European Union, Irish Companies Act and relevant tax compliance regulations in Ireland;
- We understood how daa Finance plc is complying with those frameworks by making enquiries of management. We corroborated our enquiries through our review of the Company's compliance policies, board minutes, papers provided to the Board of Directors and correspondence received from regulatory bodies and we noted that there was no contradictory evidence;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by enquiry of management, those charged with governance and others within the Company, as to whether they have knowledge of any actual or suspected fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journal and were designed to provide reasonable assurance that the financial statements were free from fraud or error;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of board minutes to identify any non-compliance with laws and regulations and enquiries of management.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAA FINANCE PLC (Continued)

Other matters which we are required to address

We were appointed by the Board of Directors following the AGM held on 22 April 2022 to audit the financial statements for the year ending 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is one year.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Board of Directors.

The purpose of our audit work and to whom we owe our responsibilities

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

R Wallace

Roger Wallace
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin

31 March 2023

(1) Note: The maintenance and integrity of the daa plc and daa Finance plc web site is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

daa Finance plc

Statement of comprehensive income
for the financial year ended 31 December 2022

	Note	**2022 €000**	2021 €000
Interest income	*7*	**3**	6,312
Interest expense	*7*	**(16,475)**	(16,049)
Net interest expense	*7*	**(16,472)**	(9,737)
Other operating income	*8*	**7,708**	38
Operating costs	*9*	**(58)**	(39)
Loss before income tax		**(8,822)**	(9,738)
Income tax credit	*11*	**3,013**	498
Loss for the financial year and total comprehensive income		**(5,809)**	(9,240)

daa Finance plc

Statement of financial position
as at 31 December 2022

	Note	**31 December 2022**	31 December 2021 as restated
Assets		**€000**	€000
Non-current assets			
Deferred tax asset	*12*	**376**	551
Loans to parent undertaking	*13*	**519,406**	534,700
Loans to subsidiary undertaking	*13*	**650,000**	650,000
Total non-current assets		**1,169,782**	1,185,251
Current assets			
Loans to parent undertaking	*13*	**15,294**	15,294
Other receivables	*14*	**329**	465
Cash and cash equivalents	*15*	**9,173**	10,433
Total current assets		**24,796**	26,192
Total assets		**1,194,578**	1,211,443
Equity			
Called up share capital presented as equity	*20*	**40**	40
Capital contribution reserve		**89,805**	84,020
Retained deficit		**(86,654)**	(80,845)
Total equity attributable to equity holders of the Company		**3,191**	3,215
Liabilities			
Non-current liabilities			
Borrowings	*17*	**1,173,173**	1,189,964
Current liabilities			
Other payables	*16*	**718**	703
Borrowings	*17*	**17,496**	17,561
Total current liabilities		**18,214**	18,264
Total liabilities		**1,191,387**	1,208,228
Total equity and liabilities		**1,194,578**	1,211,443

daa Finance plc

Statement of financial position continued
as at 31 December 2022

The financial statements were approved by the Board and authorised for issue on 24 March 2023.

They were signed on its behalf by:

Miriam Ryan
Director

Catherine Gubbins
Director

daa Finance plc

Statement of cash flows
for the financial year ended 31 December 2022

	Note	**2022** **€000**	2021 €000
Net cash from operating activities	*18*	**10,992**	216
Investing activities			
Loans to subsidiary undertaking	*13*	**-**	(650,000)
Loan repayment from parent undertaking	*13*	**15,294**	15,294
Interest received from parent undertaking		**-**	6,058
Net cash flows from investing activities		**15,294**	(628,648)
Financing activities			
Repayment of bank loans	*17*	**(15,294)**	(15,294)
Capital contribution from parent undertaking		**5,785**	10,019
Issue of loan notes		-	160,407
Interest and similar charges paid		**(18,037)**	(16,455)
Net cash flows from financing activities		**(27,546)**	138,677
Net decrease in cash and cash equivalents		**(1,260)**	(489,755)
Cash and cash equivalents at beginning of financial year		**10,433**	500,188
Cash and cash equivalents at end of Financial year	*15*	**9,173**	10,433

Statement of changes in equity
for the financial year ended 31 December 2022

	Share capital €000	Capital contribution reserve €000	Retained deficit €000	Total equity €000
Balance at 1 January 2021	40	74,001	(71,605)	2,436
Total comprehensive income for the year	-	-	(9,240)	(9,240)
Transactions with equity holders:				
Capital contribution	-	10,019	-	10,019
Balance at 31 December 2021	**40**	**84,020**	**(80,845)**	**3,215**
Balance at 1 January 2022	40	84,020	(80,845)	3,215
Total comprehensive income for the year	-	-	(5,809)	(5,809)
Transactions with equity holders				
Capital contribution	-	5,785	-	5,785
Balance at 31 December 2022	**40**	**89,805**	**(86,654)**	**3,191**

The capital contribution reserve represents monies received from the Company's parent undertaking.

1 Basis of preparation

Statement of compliance
The financial statements of daa Finance plc ("the Company") have been prepared in accordance with the Companies Act 2014 and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and as adopted by the EU.

Basis of measurement
The financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro is rounded to the nearest thousand. The financial statements have been prepared under the historical cost convention. Due to the nature of the Company's activities, no modifications to the historical cost convention are necessary. The Company had no material transactions in foreign currencies in the current financial year or preceding financial year.

The Company is exempt from the requirement to prepare group accounts due to section 299 of the Companies Act 2014. These financial statements present information about the Company as an individual undertaking and not about its group. The Company and its subsidiary are included in the Consolidated financial accounts of daa plc ("daa"), a company incorporated in Ireland with its registered office at Three The Green, Dublin Airport Central, Swords, Dublin, K67 X4X5.

2 Going concern

The financial statements have been prepared on a going concern basis. On the basis of projected financial performance and cash flows for the foreseeable future, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

3 Summary of significant accounting policies

The accounting policies applied in the preparation of the financial statements for the financial year ended 31 December 2022 are set out below.

(a) Details of the entity
daa Finance plc is a public company limited by shares registered and domiciled in Ireland. The address of the Company's registered office is Three The Green, Dublin Airport Central, Dublin Airport, Swords, Dublin, K67 X4X5, Ireland and its registered number is 326966. The Company is primarily involved in the provision of funding to undertakings in the Group headed by daa, which is the Company's parent undertaking.

(b) New standards and amendments

The following amendments to standards and interpretations are effective for the Company from 1 January 2022 and do not have a material effect on the results or financial position of the Company:

Notes to the financial statements continued
for the financial year ended 31 December 2022

3 **Summary of significant accounting policies** continued

(b) **New standards and amendments** continued

	Effective Date – periods beginning on or after
Amendments to IFRS 3 *Business Combinations* – Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 *Property, Plant and Equipment* – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Annual improvements to IFRS Standard 2018-2020	1 January 2022

There are a number of new standards, amendments to standards and interpretations that are not yet effective and have not been applied in preparing these financial statements. These new standards, amendments to standards and interpretations are either not expected to have a material impact on the Company's financial statements or are still under assessment by the Company. The principal new standards, amendments to standards and interpretations are as follows:

	Effective Date – periods beginning on or after
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12 *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates	1 January 2023
Amendments to IFRS 17 *Insurance Contracts* – Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current Date, Classification of Liabilities as Current or Non-current – Deferral of Effective Date and Non-current Liabilities with Covenants	1 January 2024 *
Amendments to IFRS 16 *Leases* – Lease Liability in a Sale and Leaseback	1 January 2024 *

* Not EU endorsed

3 Summary of significant accounting policies continued

(c) Financial Instruments

The Company did not use any derivative financial instruments during the current financial year or preceding financial year.

Non-derivative financial instruments comprise of loans to parent and subsidiary undertakings, other receivables, cash and cash equivalents, borrowings and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the Statement of comprehensive income, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Loans to parent and subsidiary undertakings and other receivables

Loans to parent and subsidiary undertakings and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides funding directly to undertakings in the Group headed by daa with no intention of trading the receivable.

In accordance with IFRS 9, financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the Statement of comprehensive income when the asset is derecognised, modified or impaired. Interest calculated using the effective interest method is recognised in the Statement of comprehensive income.

The SPPI (Solely payments of principal and interest) test requires that the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding (i.e. cash flows that are consistent with a basic lending arrangement).

The loans to the parent and subsidiary undertakings and other receivables satisfy the above criteria and are "hold to collect" financial assets. Thus, it is appropriate for the Company to hold these financial assets at amortised cost.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is assessed and determined on an annual basis. The effective interest rate used is based on the forecasted returns of the Company.

Loans receivable from the parent undertaking, daa, and from the subsidiary undertaking, daao, are repayable on demand.

3 Summary of significant accounting policies continued

The Company applies a twelve-month expected credit loss to calculate the loss allowance for loans to parent and subsidiary undertakings and other receivables as the credit risk of the counterparty is low risk. Twelve month expected credit losses are permitted based on the credit rating of daa and the outlook for their performance as referenced in the report of the directors. The amount of the allowance is recognised in profit or loss.

Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash maturing in less than 3 months and which are subject to an insignificant risk of changes in value.

Borrowings
After initial recognition at fair value less transaction costs, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method in accordance with IFRS 9. Gains and losses that arise from differences between the proceeds (net of transaction costs) and the redemption value are recognised in the Statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of comprehensive income.

Other payables
Other payables are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest rate method.

Derecognition of financial assets and liabilities
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of comprehensive income.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of comprehensive income.

3 Summary of significant accounting policies continued

(d) Interest income and interest expense

Interest income represents the return receivable on deposits from banks and the loans to the parent undertaking and the loans to the subsidiary undertaking and is recognised in the Statement of comprehensive income as it accrues, using the effective interest method.

Interest expense on borrowings is recognised in the Statement of comprehensive income using the effective interest rate method.

(e) Taxation

Current tax represents the expected tax payable or recoverable on the taxable result. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in financial years different from those in which they are recognised in the financial statements.

Unutilised tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Statement of financial position date that are expected to apply to the reversal of the timing difference.

3 Summary of significant accounting policies continued

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction to which it relates.

Receipts for corporation tax group relief to companies within the daa Group that are in excess of the value of the tax value surrendered are treated as a capital contribution when surrendered to the parent undertaking and are treated as distribution income in the Statement of comprehensive income when it is from the subsidiary undertaking. Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Fair value estimation

An area of estimation for this Company would be in the determination of fair values for financial assets and financial liabilities for which there is no observable market price. Loans to parent and subsidiary undertakings, other receivables, borrowings and other payables are initially measured at fair value and subsequently stated at amortised cost. In doing so, this requires management to apply judgement to ensure that they are initially correctly stated at fair value, which equates to market value at the day of execution. After initial measurement, the fair values of loans to parent and subsidiary undertakings, other receivables, borrowings and other payables are disclosed in the notes. This also requires management to apply judgement to ensure that fair values are correctly disclosed.

IFRS 13 "Fair Value Measurement" establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), including inputs from markets that are not considered to be active; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the financial instrument and does not necessarily correspond to the Company's perceived risk inherent in such financial instruments.

3 Summary of significant accounting policies continued

Fair values of the Company have been determined based on the following methods:

- the fair value of the loan notes is based on exit prices obtained from third party financial institutions at the Statement of financial position date;
- fair values for bank loans are based on discounted expected future principal and interest cash flows, assuming no prepayments. The interest rates used are observable and market based and include appropriate credit margins, externally sourced, which take account of the credit quality of the Company;
- where an arms-length rate of interest is not applied to loans to the parent and subsidiary undertakings, an implicit rate of interest is applied to the loans to determine the fair value, being an observable and market-based one-year corporate bond rate.

The fair values of the loan notes and bank loans fall into Level 2 of the hierarchy. The valuation methods use inputs that are market observable and externally sourced and management do not make significant judgements or estimations in the calculations of fair values. Therefore, estimation uncertainty is considered to be low. Loan notes are listed on Euronext Dublin however no active market price is available via Euronext Dublin. Prices are obtained from brokers in order to value the loan notes, and prices can vary based on the broker. For this reason, the fair value of the loan notes are classified as Level 2. The fair values of the loans to the parent undertaking and to subsidiary undertaking fall into Level 2 of the hierarchy. The valuation methods use inputs that are based on observable market data. The assumptions made in determining the fair value of these financial assets are set out below in Note 4 'Critical Accounting Judgements and Estimates'.

Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(g) Restatement

The previous classification of loans to parent undertaking and loans to subsidiary undertaking balances as current represents an error in prior financial statements. In accordance with IAS 8 Accounting Policies, Change in Accounting Estimates and Errors, the correction of this error will be accounted for as a prior year adjustment. This has resulted in:

- An increase in non-current loans to parent undertaking of €534.7 million
- An increase in non-current loans to subsidiary undertaking of €650.0 million
- A decrease in current loans to parent undertaking of €534.7 million
- A decrease in current loans to subsidiary undertaking of €650.0 million

3 Summary of significant accounting policies continued

The table below shows the impact of the restatement on the financial statements.

Statement of Financial Position

	As previously stated 2021 €000	Adjustment €000	As restated 2021 €000
Assets			
Non-current assets			
Deferred tax	551	-	551
Loans to parent undertakings	-	534,700	534,700
Loans to subsidiary undertakings	-	650,000	650,000
Total non-current assets	**551**	**1,184,700**	**1,185,251**
Current Assets			
Loans to parent undertakings	549,994	(534,700)	15,294
Loans to subsidiary undertakings	650,000	(650,000)	-
Other receivables	465	-	465
Cash and cash equivalents	10,433	-	10,433
Total current assets	**1,210,892**	**(1,184,700)**	**26,192**

(h) Distributions from subsidiary undertaking
Distributions from the subsidiary undertaking are credited to the Statement of comprehensive income upon receipt.

4 Critical Accounting Judgements and Estimates

In the application of the Company's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts reported for assets and liabilities as at the date of the Statement of financial position and the amounts reported for income and expenses during the period that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4 Critical Accounting Judgements and Estimates continued

Key sources of estimation uncertainty include, but are not limited to, the following:

Measurement of loans receivable
Loans to parent and subsidiary undertakings are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is determined annually based on the forecasted returns of the Company. In any given year where the interest rate suggests that the loans are not at an arms-length rate, there is judgement in the implicit rate applied by management in order to determine the fair value of the loans. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date. Management considers a one-year corporate bond rate to be appropriate on the basis that while the loans are due on demand, the earliest they are expected to be recalled is after twelve months from year-end.

Classification of loans receivable
Loans receivable from the parent undertaking, daa, and from the subsidiary undertaking, daao, are repayable on demand. Management applies judgement to the classification of the loans carried on the Statement of financial position on the basis that the Company does not have any current intention to call for repayment of the loans within the next twelve months and accordingly, has classified them as non-current.

Allowance for loan receivable losses
The Company recognises an expected credit loss (“ECL”) for financial assets in accordance with IFRS 9 ‘Financial Instruments’. The key judgements and assumptions applied by management in determining the allowance for loan receivable losses of loans to the parent undertaking and subsidiary undertaking are (i) the credit quality of the counter party, daa, and (ii) daa’s ability to repay the loans on demand. Management’s assessment of the credit quality of daa is based on the credit rating assigned to daa by S&P Global Ratings. Management’s assessment of daa’s ability to repay the loans on demand is based on the Company’s knowledge of daa’s working capital and liquidity.

5 Financial risk management

Financial risk factors
The Company can use derivative instruments (principally interest rate swaps) to hedge certain risk exposures which may arise from financing activities but did not use any derivative instruments during the current financial year or preceding financial year. The Company does not trade in financial instruments nor does it enter into any leveraged derivative transactions.

(i) Credit risk
The Company applies a twelve-month expected credit loss to calculate the loss allowance for loans to parent undertaking, loans to subsidiary undertaking and other receivables as the credit risk of the counterparties is low risk. Twelve month expected credit losses are permitted based on the credit rating of daa and the outlook for its performance as referenced in the report of the directors. The amount of the allowance is recognised in the Statement of comprehensive income. The principal financial assets of the Company are the loans to the parent undertaking, daa, and subsidiary undertaking, daao, which are repayable on demand. Due to the nature of the counterparties, the concentration of credit risk is not considered likely to lead to a significant risk of financial loss.

Cash and cash equivalents are placed with banks that have a minimum long term credit rating with S&P Global Ratings of A-.

(ii) Liquidity risk
The loans to parent and subsidiary undertakings have maturity dates between 2028 and 2032. Per the terms of the loan agreements the Company has the ability to call for settlement of the loan on demand, however the Company does not have any intention to call for settlement within the next 12 months. Where the loans are called on demand, the Company has minimal liquidity risk due to the fact that daa has sufficient liquidity to ensure that it will meet its financial commitments to the Company and daao when they fall due.

(iii) Interest rate risk
The Company's policy is to protect the Statement of comprehensive income and cash flows from material adverse movements in interest rates by undertaking controlled management of the interest rate structure on the Company's borrowings and investments. At the end of 2022, 100% (2021: 100%) of the Company's debt was denominated as fixed interest debt.

(iv) Foreign currency risk
All of the Company's financial instruments are denominated in Euro and therefore no foreign currency risks arise.

Further disclosures in accordance with IFRS 7 "Financial Instruments: Disclosures" are given in Note 19.

Notes to the financial statements continued
for the financial year ended 31 December 2022

6 Operating segments

IFRS 8 “Operating Segments”, adopts a strict management approach to segment reporting and requires that operating segments be identified on the same basis as financial information is reported internally for the purpose of allocating resources between segments and assessing their performance. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company’s Chief Operating Decision Maker and for which financial information is available. The Company’s Chief Operating Decision Maker is the Board of Directors (“the Board”).

The Company has one reportable segment - Financing - which is the Company’s strategic business unit. For this strategic business unit, the Board of the Company review internal management reports on a regular basis. Financing includes the provision of funding to undertakings in the Group headed by daa, including the surrender of Group tax relief. There are no other significant operations in the Company. The Company’s revenue is generated from the return receivable on the loans to the parent undertaking, daa, loans to the subsidiary undertaking, daao, and management fees received from the parent undertaking.

7 Interest income and interest expense

	2022	2021
	€000	€000
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans to parent undertaking	**-**	6,058
Interest on loans to subsidiary undertaking	**-**	254
Bank interest	**3**	-
	3	6,312
Interest expense		
Interest expense on financial liabilities measured at amortised cost:		
On loan notes	**15,055**	14,468
On bank borrowings	**1,419**	1,580
Interest on loan from parent undertaking	**1**	1
	16,475	16,049
Net interest expense	**(16,472)**	(9,737)

Included in interest expense on loan notes is an amount of €1.5 million (2021: €0.4 million) relating to the amortisation of the 2028 bond premium.

Notes to the financial statements continued
for the financial year ended 31 December 2022

8 Other operating income

	2022	2021
	€000	€000
Distribution from subsidiary undertaking	**7,665**	-
Management fee income	**43**	38
	7,708	38

Distribution from subsidiary undertaking relates to excess payment on the tax value of losses surrendered for group relief from daao.

9 Operating costs

	2022	2021
	€000	€000
Materials and services	**58**	39

10 Statutory and other information

Loss before income tax has been arrived at after charging the following amounts:

	2022	2021
	€000	€000
Auditor's remuneration		
– audit of individual accounts	**30**	25
– tax advisory services	**7**	-
	37	25
Directors' remuneration/key management compensation	**-**	-

Other than the Directors, the Company had no employees or direct key management personnel during the current financial year or preceding financial year. Directors' remuneration is borne by the parent undertaking for the Group. The Directors' services to the Company do not occupy a significant amount of their time. As such, the Directors do not consider that they receive any remuneration from their incidental services to the Company.

Notes to the financial statements continued
for the financial year ended 31 December 2022

11 Income tax

(i) Income tax recognised in the income statement

	2022	2021
	€000	€000
Current tax:		
Corporation tax group relief credit	**3,009**	199
Adjustment in respect of prior years[1]	**179**	-
	3,188	199
Deferred tax:		
Origination/reversal of temporary differences:		
Deferred tax (charge)/credit for the financial year	**(175)**	299
	(175)	299
Total income tax credit	**3,013**	498

The corporation tax group relief credit in the current and prior year arises due to the surrender of tax losses to undertakings in the Group headed by daa. The deferred tax relates to temporary differences arising on interest payable.

[1] Adjustments in respect of prior years' reflect the change in assumption over 2021 profits. Assumptions at 31 December 2021 and 2022 reflect the best estimate at the year end.

(ii) Reconciliation of tax credit

The following table reconciles the applicable Irish statutory tax rate to the effective tax rate of the Company:

	2022	2021
	€000	€000
Loss before income tax	**(8,822)**	(9,738)
Income tax credit at the standard rate of tax in the Republic of Ireland for the year ended 31 December 2022 of 12.5% (2021: 12.5%)	**1,103**	1,217
Non-deductible expenses	**5**	50
Income not subject to tax	**957**	-
Non-deductible interest	**769**	(769)
Adjustment in respect of prior years	**179**	-
Income tax credit	**3,013**	498

Notes to the financial statements continued
for the financial year ended 31 December 2022

11 Income tax continued

Non-deductible expenses relate to other disallowable expenses booked to the Statement of comprehensive income. Non-deductible interest relates to permanently disallowable interest expensed to the Statement of comprehensive income.

12 Deferred tax asset

	2022	2021
	€000	€000
At the beginning of the financial year	**551**	252
(Charged)/credited to the Statement of comprehensive income	**(175)**	299
At the end of the financial year	**376**	551

The deferred tax asset relates to temporary differences on interest accrued. As the Company has the ability to charge (and regularly does so) for any losses it surrenders to other group companies, including losses arising from the deduction of interest, the Directors are satisfied that the deferred tax asset will be recovered in full.

Factors that may affect future tax charges:

There were no factors that may affect future tax charges.

13 Loans to parent undertaking and subsidiary undertaking

	2022	2021 as restated
	€000	€000
Loans to parent undertaking		
Current	**15,294**	15,294
Non-current	**519,406**	534,700
	534,700	549,994
Loans to subsidiary undertaking		
Non-current	**650,000**	650,000

Prior year adjustment in respect of the classification of loans to parent undertaking and loans to subsidiary undertaking as current in the prior year financial statements.

Notes to the financial statements continued
for the financial year ended 31 December 2022

13 Loans to parent undertaking and subsidiary undertaking continued

Loans to parent undertaking represent external borrowings (pre-2020) that have been on-lent to the Company's parent undertaking and are governed by a loan agreement which gives the flexibility to charge interest on some or all of the loans to the parent undertaking.

In 2022, it was agreed between the Company and the parent undertaking that interest would be charged at €NIL (2021: €6.1 million). The Company considers the risk of default to be remote due to the credit quality of daa.

Loans to subsidiary undertaking represent the external borrowings (from 2020) that have been on-lent to the Company's subsidiary undertaking and are governed by a loan agreement which gives the flexibility to charge interest on the loans to the subsidiary undertaking.

In 2022, interest was charged at €NIL (2021: €0.2 million). The Company considers the risk of default to be remote due to the credit quality of daa, the guarantor of these external borrowings.

The loans to the parent undertaking and subsidiary undertaking are repayable on demand.

14 Other receivables

	2022	2021
	€000	€000
Amounts due from parent undertaking	**56**	12
Amounts due from subsidiary undertaking	**273**	277
Amounts due from fellow subsidiary undertakings	**-**	176
	329	465

The above receivables all fall due for payment within one year.

15 Cash and cash equivalents

	2022	2021
	€000	€000
Cash at bank and in hand	**9,173**	10,433

Along with its parent undertaking, subsidiary undertaking and a fellow subsidiary undertaking, the Company is a member of a cash pooling arrangement provided by one of its banks.

16 Other payables

	2022	2021
	€000	€000
Amounts due to parent undertaking	**700**	703
Amounts due to subsidiary undertaking	**18**	-
	718	703

The above payables are due for payment within one year. Amounts due to parent undertaking comprise a loan given to the Company.

17 Borrowings

This note provides information about the contractual terms of the Company's interest-bearing borrowings which are measured at amortised cost. For more information about the Company's exposure to interest rate and liquidity risks, see Note 19.

	2022	2021
	€000	€000
Non-current:		
Loan notes	**1,058,467**	1,059,964
Bank loans	**114,706**	130,000
	1,173,173	1,189,964
Current:		
Loan notes	**1,603**	1,603
Bank loans	**15,893**	15,958
	17,496	17,561
Total borrowings	**1,190,669**	1,207,525

Notes to the financial statements continued
for the financial year ended 31 December 2022

17 Borrowings continued

Terms and conditions of outstanding loans and borrowings were as follows:

	Currency	Nominal interest rate	Year of maturity	2022 Face value €000	2022 Carrying value €000	2021 Face value €000	2021 Carrying value €000
Loan notes (issued 2016 and 2021)	Euro	1.554%	2028	**550,000**	**558,841**	550,000	560,338
Loan notes (issued 2020)	Euro	1.601%	2032	**500,000**	**501,229**	500,000	501,229
				1,050,000	**1,060,070**	1,050,000	1,061,567
Bank loan (drawn 2011)	Euro	1.05%	2031	**130,000**	**130,599**	145,294	145,958
Total interest - bearing liabilities				**1,180,000**	**1,190,669**	1,195,294	1,207,525

Loan notes (issued 2016 and 2021) represent €550,000,000 (2021: €550,000,000) 1.554% fixed rate Eurobonds repayable on 7 June 2028 and loan notes (issued 2020) represent €500,000,000 (2021: €500,000,000) 1.601% fixed rate Eurobonds repayable on 5 November 2032. Interest on loan notes (issued 2016 and 2021) and loan notes (issued 2020) is payable annually on 15 December and 5 November respectively. Both loan notes are guaranteed by the parent undertaking, daa, and are listed on the main securities market of Euronext Dublin.

Notes to the financial statements continued
for the financial year ended 31 December 2022

17 **Borrowings** continued

The bank loan (drawn 2011) is a 20-year amortising loan from the European Investment Bank at a fixed rate of 1.05%, payable semi-annually in January and July, guaranteed by the parent undertaking, daa. Interest on the bank loan is payable semi-annually in January and July.

The loan notes and bank loans have been borrowed on an unsecured basis.

Undrawn committed revolving credit facility
At 31 December 2022, the Company shared with its parent undertaking, daa, a joint undrawn committed revolving credit facility of €450 million in respect of which all conditions precedent have been met. The maturity of this facility was extended in 2022 from March 2026 to March 2027.

Reconciliation of external borrowings

	At 1 January 2022 €000	**Cashflow €000**	**Non-cash Movements* €000**	**At 31 December 2022 €000**
Loan notes	**1,061,567**	**(16,552)**	**15,055**	**1,060,070**
Bank loans	**145,958**	**(16,780)**	**1,421**	**130,599**
Total	**1,207,525**	**(33,332)**	**16,476**	**1,190,669**

In respect of prior financial year

	At 1 January 2021 €000	**Cashflow €000**	**Non-cash Movements* €000**	**At 31 December 2021 €000**
Loan notes	901,501	145,598	14,468	1,061,567
Bank loans	161,316	(16,940)	1,582	145,958
	1,062,817	128,658	16,050	1,207,525

***** Non-cash movements include accrued interest and amortisation of bond premium

Notes to the financial statements continued
for the financial year ended 31 December 2022

18 Notes to the cash flow statement

Net cash from oper ating activities

	2022	2021
	€000	€000
Loss before income tax	**(8,822)**	(9,738)
Adjustment for:		
Net interest expense	**16,475**	9,737
Payments received for Group income tax relief	**3,368**	217
Operating cash flow before movement in working capital	**11,021**	216
Increase in working capital	**(29)**	-
Net cash from operating activities	**10,992**	216

19 Financial instruments

Foreign currency risk

All financial instruments are denominated in Euro and hence no foreign currency risk exists.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk exposure, which at the reporting date was:

	Carrying value	
	2022	2021
	€000	€000
Loans to parent undertaking	**534,700**	549,994
Loans to subsidiary undertaking	**650,000**	650,000
Other receivables	**329**	465
Cash and cash equivalents	**9,173**	10,433
	1,194,202	1,210,892

Expected credit losses have been considered based on the credit ratings of the counter parties. Notwithstanding that it is not the intention of the Company to call for settlement of the loans within the next twelve months, the Company does have the option to call for settlement on demand and are therefore deemed to have a contractual period of one day or less. The credit rating, issued by S&P Global Ratings, of the parent undertaking (daa) is A- with a negative outlook (2021: A- with a negative outlook). The cash and cash equivalents are placed with counter parties with a minimum rating of A-, limiting the aggregate amount and duration of the exposure to any one counterparty primarily depending on its credit rating and by regular review of these ratings. The Directors believe that there are no foreseeable issues in relation to the credit quality of financial assets due to the financial creditworthiness of the undertakings and therefore expected credit losses on the above categories of financial assets are immaterial for both financial years.

Notes to the financial statements continued

for the financial year ended 31 December 2022

19 Financial instruments continued

Liquidity risk

The principal liquidity risk faced by the Company stems from the maturation of debt obligations and is reliant on daa, guarantor of the debt, to repay the loans due from the parent and subsidiary undertakings to meet the debt obligations. The Company also has access to a committed line of credit (see Note 17). The following are the contractual maturities of financial liabilities, including interest payments.

31 December 2022	**Carrying value €000**	**Contractual cash flows €000**	**6 months or less €000**	**6 – 12 months €000**	**1 – 2 years €000**	**2 – 5 years €000**	**More than 5 years €000**
Loan notes	(1,060,070)	(1,176,883)	-	(16,552)	(16,552)	(49,656)	(1,094,123)
Bank loans	(130,599)	(136,142)	(8,330)	(8,289)	(16,458)	(48,412)	(54,653)
Due to parent undertaking	(700)	(700)	(700)	-	-	-	-
Due to subsidiary undertaking	(18)	(18)	(18)	-	-	-	-
	(1,191,387)	**(1,313,743)**	**(9,048)**	**(24,841)**	**(33,010)**	**(98,068)**	**(1,148,776)**

31 December 2021	**Carrying value €000**	**Contractual cash flows €000**	**6 months or less €000**	**6 – 12 months €000**	**1 – 2 years €000**	**2 – 5 years €000**	**More than 5 years €000**
Loan notes	(1,061,567)	(1,193,435)	-	(16,552)	(16,552)	(49,656)	(1,110,675)
Bank loans	(145,958)	(152,922)	(8,410)	(8,370)	(16,619)	(48,893)	(70,630)
Due to parent undertaking	(703)	(703)	(703)	-	-	-	-
	(1,208,228)	(1,347,060)	(9,113)	(24,922)	(33,171)	(98,549)	(1,181,305)

The Company's principal financial assets, being the loans due from the parent undertaking and subsidiary undertaking (see Note 13) are repayable on demand (see Note 17).

19 Financial instruments continued

Interest rate risk management

The Company can borrow at both fixed and floating rates of interest. Currently all borrowings are fixed. Interest rates swaps were not used to manage the Company's resulting exposure to interest rate fluctuations in the current or prior financial year.

The Company is exposed to interest rate risk as the Company holds financial assets (bank deposits) on a floating rate basis.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying value	
	2022	2021
	€000	€000
Fixed rate instruments		
Loans to parent undertaking	**534,700**	-
Loans to subsidiary undertaking	**650,000**	650,000
Financial liabilities	**(1,190,669)**	(1,207,525)
	(5,969)	(557,525)
Floating rate instruments		
Cash and cash equivalents	**9,173**	10,433
Loans to parent undertaking	**-**	549,994
	9,173	560,427

Interest rate sensitivity analysis

The floating rate financial assets comprises of bank deposits which fluctuate based on EURIBOR. If interest rates applicable to these bank deposits were to rise/fall by 50 basis points, interest receivable would change by +/- €46,000 (2021: +/- €52,000).

19 Financial instruments continued

Fair values

The fair values of financial instruments together with the carrying amounts shown in the statement of financial position are as follows:

	2022		2021	
	Carrying value	**Fair value**	Carrying value	Fair value
	€000	**€000**	€000	€000
Cash and cash equivalents	**9,173**	**9,173**	10,433	10,433
Loans to parent undertaking	**534,700**	**534,700**	549,994	549,994
Loans to subsidiary undertaking	**650,000**	**650,000**	650,000	650,000
Other receivables	**329**	**329**	465	465
Loan notes	**(1,060,070)**	**(862,303)**	(1,061,567)	(1,106,693)
Bank loans	**(130,599)**	**(116,887)**	(145,958)	(149,688)
Other payables	**(718)**	**(718)**	(703)	(703)

Basis for determining fair values

Loans to parent undertaking and subsidiary undertaking
Due to the annual rolling interest rate nature of the loans, the fair value of the loans to parent and subsidiary undertakings is determined using a rate equivalent to an observable market one-year corporate bond rate, being the one-year interest swap rate combined with a risk premium. As the loans are discounted using a one-year rate, the carrying value is deemed to reflect the fair value. The fair values fall within Level 2 of the fair value hierarchy.

Other receivables/Other payables
As these amounts fall due within one year, the actual amount receivable/payable is deemed to reflect the fair value. The fair values fall within Level 3 of the fair value hierarchy.

Loan notes
The fair value is based on broker prices obtained from third party financial institutions. The fair values fall within Level 2 of the fair value hierarchy.

Bank loans
Fair value is calculated based on discounted expected future principal and interest cash flows, assuming no prepayments. The average observable market interest rate used for determining fair value at 31 December 2022 was 3.44% (2021: 0.54%) and included an appropriate credit margin, externally sourced from the lending bank, taking into account the credit quality of the Company. The interest rate of 3.44% is substantially higher than the fixed rates payable on the bank loan due to the current and projected interest rate environment. The fair values fall within Level 2 of the fair value hierarchy.

Notes to the financial statements continued
for the financial year ended 31 December 2022

20 Called up share capital presented as equity

	2022	2021
	€000	€000
Authorised		
1,000,000 ordinary shares of €1 each	**1,000**	1,000
Allotted, called up and fully paid		
40,000 ordinary shares of €1 each	**40**	40

21 Investment in shares in subsidiary undertaking

	Shares at cost
	€
At 31 December 2022 and 31 December 2021	2

Details of the subsidiary undertaking are as follows:

	Ordinary share holding	**Business**	**Net Assets €000**	**Profit for the year €000**	**Country of incorporation and operation**
daa Operations Limited	100%	Treasury Trading & Property Holding	1,243	8,416	Ireland

The registered office of daao is Three The Green, Dublin Airport Central, Dublin Airport, Swords, Dublin, K67 X4X5, Ireland. The Directors note that for operational reasons during 2021, the Company lent €650.0 million to its subsidiary undertaking, which was on-lent on the same terms and conditions to its parent undertaking, daa. Consolidated financial statements are not required as the Company is already included in the consolidated set of accounts of daa plc (per section 299 of the Companies Act 2014), and therefore have not been prepared.

22 Related parties

The principal related party relationships requiring disclosure in the financial statements under IAS 24 Related Party Disclosures relate to the existence of the parent undertaking, daa, and transactions with this entity and its subsidiaries entered into by the Company.

During the financial year, the Company recognised an income tax credit for the surrender of tax losses to the Company's parent undertaking and subsidiary undertaking. The total group tax relief surrendered to the Company's parent undertaking amounted to €1.9 million (2021: €NIL), subsidiary amounted to €1.1 million (2021: €23,162). The total group tax relief surrendered to fellow subsidiaries of the parent undertaking amounted to €NIL (2021: €175,526).

22 Related parties continued

During the financial year, the Company recognised interest income of €NIL (2021: €6.1 million) on loans advanced to the parent undertaking and management fee income of €42,982 (2021: €37,571). The Company recognised interest payable of €511 (2021: €511) on loans advanced from the parent undertaking.

During the financial year, the Company recognised interest income of €NIL (2021: €0.2 million) on loans advanced to the subsidiary undertaking and costs of €18,028 (2021: €4,201).

At the year end, loans to the parent undertaking were €534.7 million (2021: €550.0 million) and loans to the subsidiary undertaking were €650.0 million (2021: €650.0 million) (Note 13). Other receivables due from the parent undertaking were €0.1m (2021: €12,907), from the subsidiary undertaking were €0.3 million (2021: €0.3 million) and from fellow subsidiary undertakings were €NIL (2021: €0.2 million) (Note 14). Other payables due to the parent undertaking were €0.7 million (2021: €0.7 million) and to the subsidiary undertaking were €18,000 (2021: €NIL) (Note 16). These balances will be settled in cash.

During the financial year, the Company also received a capital contribution from daa of €5.8 million (2021: €10.0 million) and a distribution from daao of €7.7 million (2021: €NIL).

The parent undertaking has guaranteed the loan notes and bank loans of the Company (Note 17).

The Company is a wholly owned subsidiary of daa, a company incorporated and operating in Ireland. The financial statements of daa Finance plc are included in the consolidated financial statements prepared for daa. The consolidated financial statements of daa are available from the Secretary at Three The Green, Dublin Airport Central, Dublin Airport, Swords, Dublin, K67 X4X5, Ireland and on www.daa.ie.

23 Management of capital

The capital structure of the Company consists of debt related financial liabilities and equity attributable to the parent undertaking, daa, comprising share capital, capital contribution reserve and retained earnings as disclosed in the Statement of changes in equity on page 19. The parent undertaking provides sufficient capital to fund the Company's loss-making activities.

The financing structure of the Company is managed in order to optimise shareholder value while allowing the Group to take advantage of opportunities that arise to grow the business. The Group targets investment opportunities that are value enhancing and the Group's policy is to fund these transactions from cash flow and/or borrowings while maintaining the Group's investment grade credit rating.

The Company's joint €450 million committed undrawn revolving credit facility (RCF) provides the Group with a substantial level of liquidity. The loan notes and the bank loans are not subject to financial covenants.

24 Events after financial year end

There have been no significant post balance sheet events which require disclosure or adjustment to the financial statements.

25 Approval of Financial statements

The financial statements were approved by the Board on 24 March 2023.