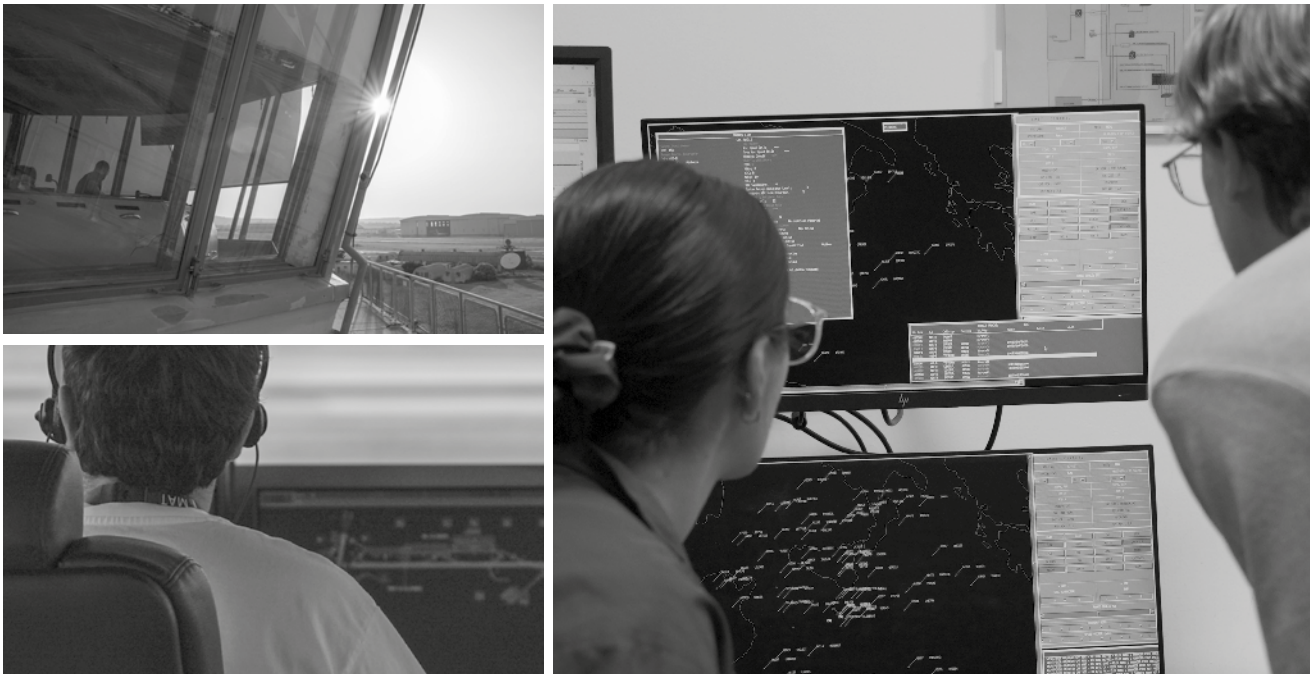
MATS

ANNUAL REPORT **2024**
& FINANCIAL STATEMENTS

MALTA AIR TRAFFIC SERVICES



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Message from the

CHAIRMAN

George Borg Marks

The year 2023 has been another successful year insofar as air traffic numbers are concerned. It has been a lot of hard work on everyone and I wish to open my message for the 2024 Annual report by thanking each member of staff for providing a safe service to airspace users and the travelling public.

Malta International Airport has now established itself as an important Mediterranean destination and this implies that we can look forward to a further increase in air traffic in the foreseeable future and to new challenges. However, based on past experience, I am sure that we shall continue to rise to the occasion and better our present traffic record. 2023 has seen the Company embarking on new projects, not least of which is that for a new tower involving a new layout of the present Visual Control Room (VCR), new premises for the administration and training facilities as well as a new higher tower building for a new VCR which will completely eliminate the present limitations concerning direct line of sight of the end on Runway 31 and Runway 05. Such an exciting, major project involves the input of everyone and it will take a few years to achieve completion. It is, therefore, necessary to ensure the least disruption to all staff and a detailed study has already been undertaken towards this end. The new tower will also provide the extra space needed for much needed new equipment especially for a new ATM system.

The human element is the core of the service provided by MATS. Team effort is paramount to facilitating whatever we at MATS do and we look forward to clear skies. I am confident that with the professionalism of all staff, team effort and good cooperation, we can continue to face the future together and achieve our goals.

In my capacity as Chairman and on behalf of the members of the Board of Directors, I wish to thank all the staff and the respective Unions, for their dedication to duty and their loyalty to the Company.

Message from the

CHIEF EXECUTIVE OFFICER

Perit Claude Mallia

2024 was a defining year for Malta Air Traffic Services. Traffic growth continued to outpace European averages, our teams delivered safe and efficient services under sustained operational pressure, and the organisation advanced the strategic and governance agenda with the clarity and discipline that the situation required.

It was not without its challenges, but it was a year that demonstrated, once again, what MATS is made of.

TRAFFIC AND OPERATIONS

The Malta Flight Information Region handled 148,000 IFR movements in 2024, a 12% increase over 2023 and nearly 14% above pre-pandemic levels. En-route service units reached 1.1 million, again exceeding forecast. Our controllers and technical staff managed these volumes safely, efficiently, and without generating a single minute of average en-route or airport ATFM delay, a performance that places MATS among the very best in Europe on capacity delivery. That this was achieved while carrying a shortfall of operational controllers against plan makes it all the more remarkable, and it speaks directly to the calibre and commitment of our people.

Operationally, the CPDLC Data Link Services capability brought into readiness in 2023 moved into full live operations during 2024, strengthening controller-pilot communications and contributing to airspace efficiency improvements. Continuous Descent Operations at Malta International Airport continued to expand, with over 54% of arrivals now applying CDO procedures (up from 50% the previous year), reducing fuel burn, CO_2 emissions, and noise over populated areas. Malta's horizontal flight efficiency performance exceeded its European target for the year.

COST-EFFICIENCY

MATS continued to offer one of the most competitive en-route unit costs in Europe, a record sustained throughout RP3 and one that reflects both operational efficiency and our commitment to providing value to airspace users. Actual costs came in below the determined levels across all categories, in part reflecting the recruitment and investment timing challenges that the organisation is now actively addressing as it moves into RP4.

SAFETY

Safety is, and will always remain, the absolute foundation of everything we do. MATS met its RP3 Safety Management effectiveness targets in 2024, maintaining a consistent record of compliance since 2020. The year also highlighted areas where our safety promotion and occurrence monitoring disciplines need to be further strengthened, and we are addressing these with the seriousness they deserve. A safety culture that is truly effective is never complacent; it learns, it adapts, and it improves continuously.

GOVERNANCE AND INSTITUTIONAL INTEGRITY

2024 was not without its institutional challenges. Questions of operational data integrity, procurement discipline, and industrial relations each required firm and structured responses, grounded in our regulatory obligations and the governance framework established by the Board. In each case, MATS's position was maintained consistently and without compromise.

OUR PEOPLE

Every number in this report has a person behind it. The 148,000 flights handled safely, the zero minutes of delay generated, the environmental targets exceeded: none of this happens without the skill, the dedication, and the professionalism of the MATS team. 2024 placed real demands on our people, and they rose to meet them. Recruitment and workforce development remain a strategic priority as we build the complement required for the years ahead, and I am personally committed to ensuring that MATS continues to be an organisation where talented people want to build careers.

THE ROAD AHEAD

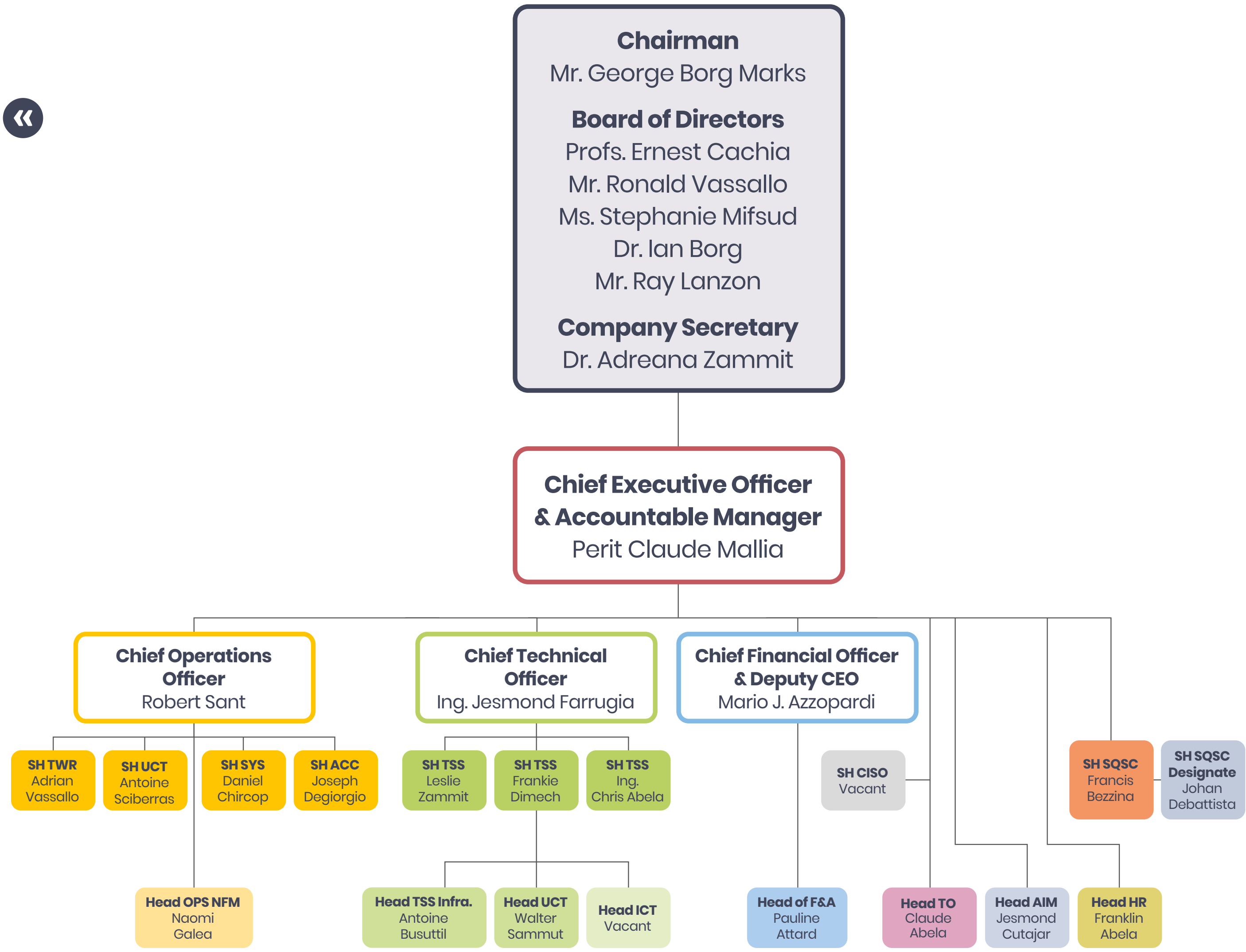
The most consequential decision taken in 2024 was the formal commitment to the Air Traffic Control Centre development programme. The existing tower has served Malta well for over fifty years and, while it continues to operate, it is clear that the time has come to plan its successor. Essential maintenance works are in place to ensure continued safe and reliable operations in the interim. The programme now under development (encompassing a new operations facility, a replacement ATC tower, and the next generation of ATM systems) represents the single most significant infrastructure investment in MATS's history. It is both strategically essential and a European regulatory obligation. The groundwork laid in 2024 will set the pace and quality of delivery for the years ahead.

As we enter RP4, MATS does so with a clear performance record, a sound financial position, and a team equal to what lies ahead. The organisation will continue to engage all its stakeholders openly and constructively, while safeguarding, without apology, the operational independence and institutional integrity that define us as a world-class ANSP.

CONCLUSION

2024 asked much of MATS. Our people answered. I extend my sincere gratitude to each of them.

MANAGEMENT ORGANISATION CHART



FINANCE & ADMINISTRATION

Mario Joseph Azzopardi

DEPUTY CEO AND
CHIEF FINANCIAL OFFICER

During the financial year ending on 31 December, 2024, MATS registered a profit before tax of €13.811 million (2023 €6.853 million) and this resulted in a 27.7% increase in the company's net asset value.

In fact, as at the end of 2024, the value of the company increased by €8.934 million from €32.251 million to €41.185 million.

FINANCIAL REVIEW

REVENUE

During 2024 MATS registered a total revenue of €41,322,594 (2023 : €32,361,296). Of the total revenue generated, 73% (€30.085 million) is from charges for en-route traffic and 23% (€9.374 million) is generated from terminal navigational charges. The remaining 4% (€1.863 million) is generated from maintenance services and revenue from Government to reimburse MATS for the loss of revenue from the exemption of military aircraft. Proceeds from the Maltese Government to compensate MATS for loss of revenue resulting from the exemption of military traffic remained at the same level of the previous year.

Income from maintenance and technical fees amounted to €2,124,126 (2023 : €1,337,557) and are included as other income.

EXPENDITURE

Similar to the cost structure of other ANSPs, more than 50% of MATS' total cost base consists of wages and a good percentage of the wage cost is of a fixed nature (basic wages). The vast majority of the other operating costs are also of a fixed nature. Total expenditure for 2024 amounted to €29,606,999 (an increase of €2.975 million or 11.2% from the €26,631,704 cost in 2023) and consisted of the following costs (table on page 7).

UNIT RATE	2024 (€)	2023 (€)	Variance (€)	Variance %
Wages & Salaries	15,432,668	13,048,853	2,383,815	18.3%
Depreciation	2,463,329	1,913,222	550,107	28.6%
Other Operating Costs	9,644,800	9,590,603	1,747,128	0.6%
Finance Costs	2,066,202	2,079,026	-12,824	-0.6%
	29,606,999	**26,631,704**	**2,975,295**	**11.2%**

The cost of wages and salaries is the largest component and, at €15.433 million, accounts for about 52% of the company's total expenditure.

Compared to the wage costs of €13.049 million for 2023, the wage bill increased by €2.384 million, or by almost 18.3%.

Other operating expenditure for 2024 amounted to €9.643 million (2023 : €9.591 million). The largest cost component accounting to 40% of the total expenditure is regulatory and supervisory costs amounting to €3.853 million (2023: €3.837 million). The Eurocontrol contribution was the second highest cost component at €913,251 (2023 : €1,109,749).

Depreciation charge also increased by circa €550,000 or about 28.6%, from €1.913 million in 2023 to €2.463 million during the year under review.

STATEMENT OF FINANCIAL POSITION

The value of the company as at the end of 2024 increased by €13.695 million (about 15%), from €32.251 million as at 31 December, 2023, to €41.185 million at the end of 2024. Total assets increased by about €8.199 million (or some 10% from €91.145 million at the end of 2023 to €104.840 million as at end of 2024). Included in the amount of assets is €29.723 million in leased assets from the Government of Malta.

On the other hand, total liabilities increased by €4.762 million (5.2%) from €58.893 million at the end of 2023 to €63.655 million in 2024. Included in the total liabilities is the amount due to Government in the form of shareholder's loans, amounting to €5.230 million (2023 : €4.764 million) and the lease liability €37.971 million on the property taken over from the Government of Malta.

During 2024 MATS invested €1.779 million in additions to fixed assets and the total cost of fixed assets as at 31 December, 2024, amounted to €50.926 million. Up to 31 December, 2024, €41.662 million was charged in depreciation on capital expenditure, leaving a net book value of €9.264 million.

EN-ROUTE UNIT RATE AND TRAFFIC REVIEW

UNIT RATE

The en-route unit rate is derived by dividing the 'total charges' by the 'total service units'. The unit rate for Malta increased from €24.41 in 2023 to €27.87 in 2024. The en-route unit rate for Malta remained one of the cheapest in Europe. As can be seen from Table 1 below, at €27.87 Malta's unit rate was almost 49% below the €56.86 average unit rate for all Eurocontrol member states. This makes MATS one of the most efficient ANSPs in Europe since it renders a very efficient service to airspace users with negligible delays at one of the cheapest unit rates. In fact, MATS is being considered as a role-model of an efficient ANSP in Europe.

UNIT RATE	2016 (€)	2017 (€)	2018 (€)	2019 (€)	2020 (€)	2021 (€)	2022 (€)	2023 (€)	2024 (€)
Malta	25.79	18.79	15.89	22.37	27.29	27.21	32.92	24.41	27.87
Average Eurocontrol Members	55.80	52.80	54.60	46.78	45.70	46.70	52.81	62.41	56.86

Table 1: *Comparison of the en-route unit rates for Malta and the average of Eurocontrol's member states*

EN-ROUTE TRAFFIC REVIEW

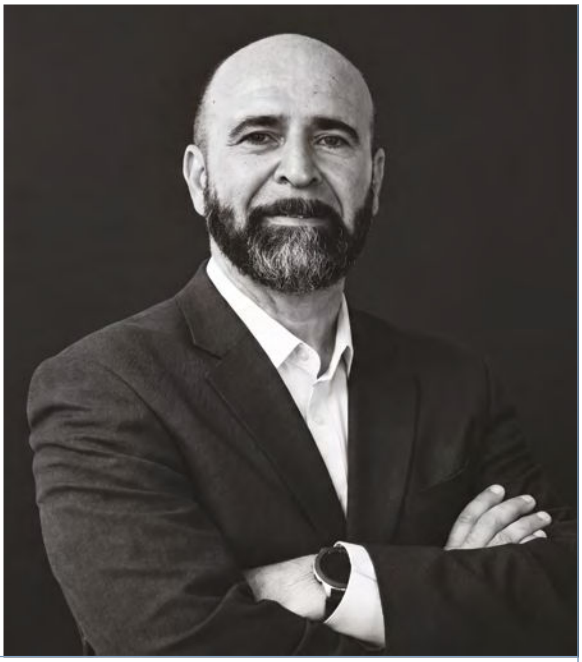
Similar to the cost structure of other ANSPs, more than 50% of MATS' total cost base consists of wages and a good percentage of the wage cost is of a fixed nature (basic wages). The vast majority of the other operating costs are also of a fixed nature.

Total expenditure for 2024 amounted to €29,606,999 (an increase of €2.975 million or 11.2% from the €26,631,704 cost in 2023) and consisted of the following costs.

ANNUAL GROWTH	2016	2017	2018	2019	2020	2021	2022	2023	2024
Malta	10%	1.2%	2.0%	9.1%	-61%	27.2%	**32.4%**	**45.2%**	**14.4%**
Europe	4%	7%	6.1%	2.8%	-56.4%	26.9%	**63.2%**	**10.3%**	**6.4%**

Table 2: *Annual percentage growth in total service units for Malta and the average for Eurocontol Member States*

HUMAN RESOURCES & OCCUPATIONAL HEALTH AND SAFETY



Franklin Abela
HEAD OF HUMAN RESOURCES

The Human Resources department plays a crucial role in the Company by attracting and retaining talent while supporting the professional growth of existing employees.

OBJECTIVE

This section also encompasses Occupational Health and Safety (OHS), overseen by an Executive officer dedicated to maintaining a safe and healthy workplace that promotes employee well-being.

Through comprehensive training programs, competitive benefits, and growth opportunities, the HR team aims to cultivate a positive and inclusive work environment that reflects the Company's vision and values. The primary strategies employed include effective recruitment and investment in current employees through training and promotions, fostering a culture of continuous learning, innovation, and growth that empowers staff to excel and contribute to the Company's overall success.

RECRUITMENT AND PROMOTIONS

Head of Human Resources

The Head of HR, who was appointed in September 2023 resigned in the third quarter of 2024. Following an internal vacancy for the open position, the Executive 2 HR was selected to take over as Head of HR as from November 2024. Additionally, an ATASO 3 HR was brought on board in April to primarily oversee the ATCO rostering and provide support for all health and safety matters.

The recruitment initiatives aimed to strengthen the organization's operational capabilities and introduce new talent to the team. The selection process was carried out with transparency and a focus on merit, ensuring that the most qualified candidates were chosen for these essential positions.

Through the year 2024, a number of appointments were announced after an external vacancy notice was issued. The following is the complete list:

- Two ATASO 2 (OPS)
- ATASO 3 OPS
- ATASO 2 (TSS)
- ATASO 3 (HR)
- ATSEO1

CALLS ISSUED IN 2024 AS PART OF THE ATM/ASN-SES REGULATORY REQUIREMENTS:

In 2024 the Company promoted/appointed the following after the necessary calls were issued:

- Executive (SESAR)
- ATASO 3 (SQSC)
- ATASO 3 (Procurement)
- Designate Senior Head (SQSC)
- Head (HR)
- ATASO 2 (SQSC)

MEDICAL SERVICES

Mediatrix Occupational Services ceased its operations with MATS in 2024, prompting MATS to explore alternative medical service providers.

Human Resources deals with sick leave and workplace injuries by ensuring that all necessary documentation is submitted.

COLLECTIVE AGREEMENTS

In 2024, negotiations for the Collective Agreement between Management and the Technical Department were successfully concluded and signed. Concurrently, discussions with the unions representing AIM and the Administration departments were ongoing. These negotiations focus on establishing equitable and competitive compensation packages, improving working conditions, and enhancing employee well-being, all of which are essential for the sustained growth and success of our organization.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety (OHS) is regulated by the Occupational Health and Safety Authority Act (Chapter 424 of the Laws of Malta) and through subsidiary legislation.

Health & Safety Procedures at Malta Air Traffic Services (MATS) are listed in the Occupational H&S Policy (OHS/POL01-13 Version 5).

As with other Company policies, measures take account of the need for training, information, consultation, and balanced participation of workers as regards the risks incurred and the steps taken to eliminate or reduce them.

In consideration of ATM/ANS.OR.B025 – Facilities Requirements, the following points highlight the Occupational Health and Safety performance at MATS during the twelve-month period 1st January to 31st December 2024. As with previous reports it is split into several actions highlighting the key topics.

FIRE PREVENTION AND CONTROL

Fire Alarm Systems

Routine services for the Fire Alarm systems and fire extinguishers were held 2024 included MATS ATCC and Annexes, Administration, Benghajsa Datalink building, Terminal Approach Radar (TAR), Hal Far Radar, Dingli Radar and Receiver sites, Fawwara Radar, Gozo VOR sites, and the COMCEN building in Luqa.

Fire Drills

Two Fire Drills were performed during 2024, one in May and the second in October. The Drills were successful as the employees that were present in the Tower and Administration gathered near the assembly point in a reasonable time.

First Aid Kits

First Aid kits are installed in all MATS sites and are maintained regularly and supplied with all the necessary items.

During 2024 MATS had an adequate number of certified fire fighters and first aiders.

MENTAL HEALTH

The Company is committed to support the Richmond Foundation, the NGO that specializes in promoting mental health and wellbeing within the community. Richmond Foundation continued to implement the Staff and Organization Support Program (SOSP) for all MATS employees. The objective of this program is to help MATS strengthen the wellbeing of its employees as well as to assist it in controlling the risk posed by the hazard of stress. Through this partnership, we aim to foster a healthy work environment that encourages open communication, reduces stigma around mental health, and provides our employees with the necessary tools to manage stress and achieve a better work-life balance. MATS is planning to expand this service to the spouses and dependents of our employees under the same confidentiality protocol.

CISM

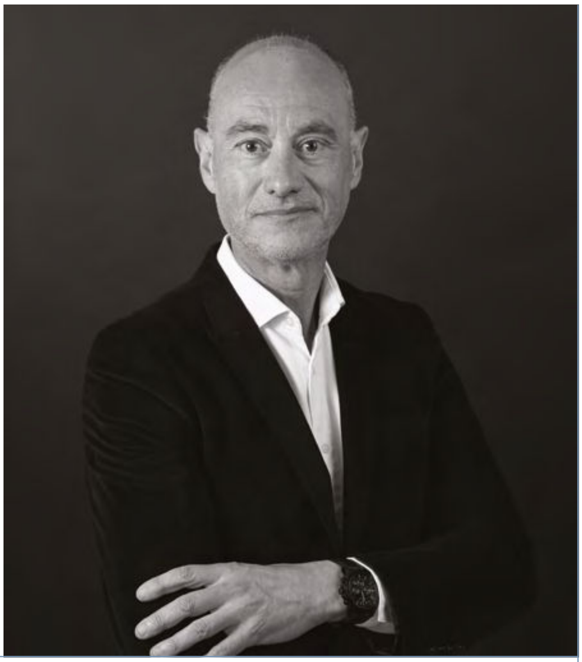
HR started the process to enroll a certified Clinical Psychologist to assist the Air Traffic Controllers for mental support after critical incidents.

FUND RAISING FOR CHARITY

The Pink October and Movember Fundraising Campaign, held on October 23rd and 24th, 2024, successfully raised awareness for breast cancer and men's health. Through the sale of cupcakes, the event generated €325, which was donated to Hospice Malta to support its ongoing work in the community.

MATS's employees and the company have once again contributed €6,000 to the annual L-Istrina campaign, organized by the Malta Community Chest Fund. This contribution reflects our ongoing dedication to supporting the community and assisting those in need. The L-Istrina campaign plays a crucial role in providing essential aid to various charitable organizations and individuals, and we take pride in our involvement.

OPERATIONS



Robert Sant

CHIEF OPERATING OFFICER

The record year in traffic registered by MATS has been managed with negligible delays both for overflights and arrivals/departures to/from Malta International Airport despite network and geopolitical disruptions and major infrastructural works carried out on the movement areas at Malta International Airport.

TRAFFIC ANALYSIS FOR 2024

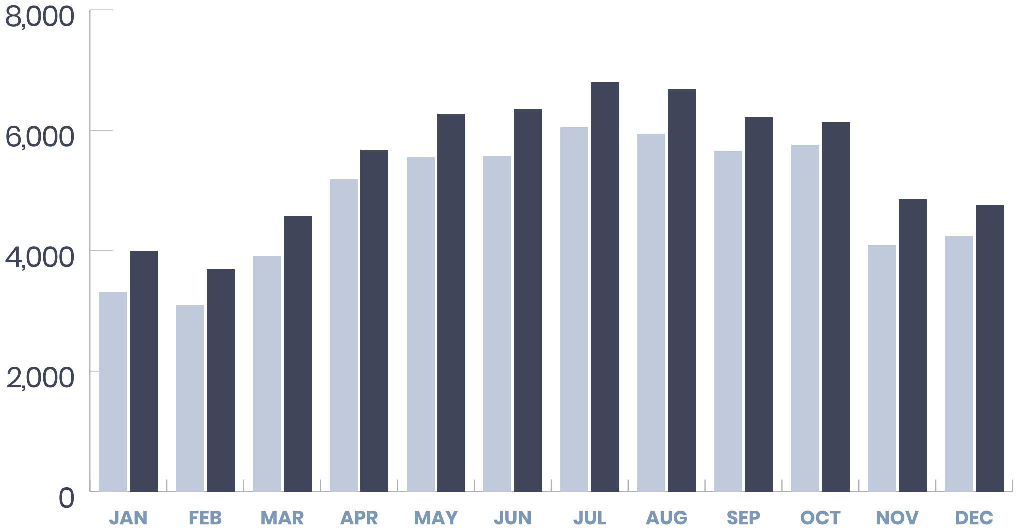
In 2024 [between January and December] Malta ACC handled a total of 32,999 arrivals (13% over previous year), 32,990 departures (13.1% over previous year) and 81,078 overflights (10.2% over previous year). Translated into time, Malta ACC provided 84,515 hours of service. [Source: NM STATFOR]

Extensive coordination with airline operators which normally use the Malta FIR was ongoing throughout the year to improve network efficiency and to facilitate the optimum routings for operators.

MATS contributed heavily to reduction in network delays by supporting a rerouting scenario through Maltese airspace to relieve congestion in Greek airspace. This initiative was first introduced and agreed by the BLUEMED FAB partners and has since been used on a regular basis especially during the peak summer months. The industrial actions in French airspace are also subject to a special rerouting scenario through the WEST sector of Malta ACC for flights to South / South-West Africa.

The year 2024 has also seen some major operators in the Middle East / Persian Gulf area requesting to use Libyan high-seas airspace. This traffic which would normally have used airspace across the Malta FIR is now utilizing Free Route airspace through Malta FIR connecting with the route network in the Tripoli FIR.

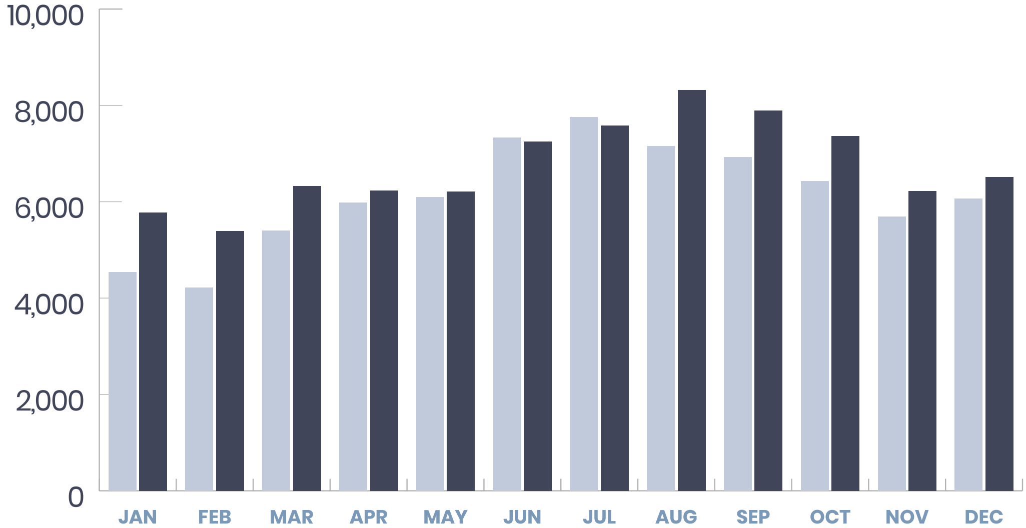
EN-ROUTE TRAFFIC IN MALTA 2023 VS 2024



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2023	3,306	3,090	3,904	5,182	5,549	5,571	6,053	5,944	5,655	5,759	4,100	4,245
2024	**4,002**	**3,688**	**4,576**	**5,673**	**6,271**	**6,352**	**6,792**	**6,692**	**6,211**	**6,131**	**4,851**	**4,750**

Source: *EUROCONTROL*

INTERNATIONAL TRAFFIC IN MALTA 2023 VS 2024



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2023	4,536	4,219	5,398	5,982	6,098	7,330	7,761	7,156	6,927	6,434	5,690	6,067
2024	**5,778**	**5,393**	**6,328**	**6,232**	**6,215**	**7,253**	**7,577**	**8,314**	**7,891**	**7,359**	**6,226**	**6,512**

Source: *EUROCONTROL*

The record year in traffic registered by MATS has been managed with negligible delays both for overflights and arrivals/departures to/from Malta International Airport despite network and geopolitical disruptions and major infrastructural works carried out on the movement areas at Malta International Airport.

CPDLC

The final phase of CPDLC implementation commenced in early 2024 with a structured training program for all ACC controllers. The training, spanning three months, included presentations, demonstrations, and simulator sessions to ensure comprehensive understanding.

Operational activation followed a month after training completion, with CPDLC officially going live. A subsequent monitoring period was conducted to address and resolve emerging issues, ensuring stable and reliable performance.

Airfield Lighting and Control System Upgrade (ALCMS)

The Operations section actively contributed to the recent upgrade of the Airfield Lighting Control and Monitoring System (ALCMS), which manages critical airport lighting systems—such as runways, taxiways, and even apron floodlights.

While the ALCMS is owned by the airport operator, Malta International Airport (MIA), the system's primary end-users are air traffic controllers. They are responsible for controlling various lighting services, including adjusting lighting brilliancy, via a dedicated Human-Machine Interface (HMI).

To ensure the system met the specific operational requirements of Malta Air Traffic Services (MATS), during the year 2023, multiple collaborative sessions were held with both MIA and the system developer. These sessions focused on customising system interactions to better support real-time ATC operations and optimize controller efficiency.

TECHNICAL SUPPORT

Ing. Jesmond Farrugia
CHIEF TECHNICAL OFFICER

The Technical Section provides all the necessary support to ensure a safe and efficient Air Traffic Operations with regard to Air Traffic Management, Communication, Navigation, and Surveillance.

COMMUNICATION, NAVIGATION, AND SURVEILLANCE

COMMUNICATION

R&D within the Communication Domain
The R&D works within the communication section continued with the design of filtering, antennae and amplifiers. Our main objective in investing in R&D is to enhance the knowledge of personnel in this area while experimenting with methods and production techniques to sustain part of the VHF farm and the demanding RF requirements.

Initially, the work focused on the production of the Yagi antennae and the tuning according to our specific requirements taking into consideration the harsh climate exposure, especially at the Dingli site. The team is led by two experienced ATSEPs and includes also the younger generation ATSEPs. The work involved the theoretical calculations to meet the specifications, CAD and specialized software for the design (including the use of a 3-D printer) and production of the various antennae.

Ad hoc support from a Professor from the University of Malta was also involved, particularly in the theoretical verification of etched antenna power divider units. The R&D involves also aluminium works, tuning, and verification of the specifications using state-of-the-art test equipment. The antennae were finally assembled and installed to enable the initial field testing.

Refurbishment of VHF farm and Rx Site

Contingency Project

- 3 sites (Fawwara, Hal Far, Mtarfa) fully furnished with UPSs
- Hal Far & Fawwara Epic microwave links were replaced with UHF links achieving additional monetary savings .
- Fawwara fully operational as Contingency Rx site. This was enabled through C_Net, an in-house designed and cyber security protected network. It was tested and introduced in operation, thus achieving 1st major operational phase of migrating from Dingli of the contingency setup. The 2nd phase contemplates the transfer of the East and Approach contingency frequencies to Hal Far with the 3rd and final phase of the remaining frequencies to Mtarfa.

Main VHF Sites and System

- This involves the maintenance, organization, design and in-house production of antennas, cable replacement.
- Refurbishment of Dingli Rx site with new DC rectifier, replacement of 80 % of the Antennae and cables, filters, and preparatory works in lieu of the total replacement of the receivers.
- Implementation of another phase contemplating the total replacement of main system receivers. The end of the project would establish the total refurbishment of the Receiver site and all units to VoIP.
- Improvement to main West, East and Distress frequencies' coverage through the introduction of pre-amplifier, multi antennas and high power amplifiers.

SURVEILLANCE AND DATA PROCESSING

ADS-B

The installation of the ADS-B in Fawwara was started during year 2024. A lot of actions had to be activated particularly from a logistics point of view since the ADS-B was a pre-COVID order.

From a tactical perspective, 2024 was challenging to keep all radars operational as Leonardo had sold key assets of its logistics support. The sustainability of Hal Far and Fawwara Radars was questioned, and plans had to be quickly considered to secure these important radars. Leonardo promised to set-up their logistics and to re-acquire their logistic support capabilities. These would have to be proven in 2025.

Upgrade of ARTAS Systems

In 2023, the operational ARTAS systems were upgraded from version 9.0.1 to 9.0.2. This task involved the installation, testing and evaluation of the new version before it was eventually installed on the operational systems. Following the implementation of V9.0.2, works started immediately on the installation and testing of the latest released version V9.1.0 in the Testbed environment.

Migration to NewPENS and implementation of FMTP

The OLDI connection between MATS and HANSP was migrated from the point-to-point link to NewPENS using the FMTP protocol. This was the last OLDI connection to be migrated to FMTP which effectively closed this project. During this process, MATS and HANSP agreed to introduce the OLDI REV message intended to enhance the coordination efficiency between the two ATS units.

Upgrade of the communication system in Lefkas

During 2023, MATS reached a collaborative agreement with HANSP to upgrade the communication system in Lefkas site to improve the reliability and resilience of the SSR flows originating from Lefkas radar. Regular and frequent interruptions were experienced on the SSR radar flows originating from Lefkas. These were attributed to the unreliable and obsolete analogue serial technology used to transport the data from Lefkas to Athens ACC. HANSP accepted the support from MATS to upgrade the internal communications architecture to utilise the 2Mbps digital connection present between Lefkas and Athens.

This was an important step for MATS to achieve the expected reliability of the surveillance which is strategic for the safe and continuous operations in the Eastern part of the LMMM FIR.

Data Distribution System

A new distribution architecture was introduced to support the efficient and secure exchange of surveillance flows with adjacent ATS units over the NewPENS network. During Q3 of 2023, MATS started the initial testing of the surveillance flows exchange with ENAV over NewPENS.

This project contributed to the reception of the Mode-S EHS target reports from Ustica radar. The operational migration of the Surveillance flows over NewPENS with ENAV is planned for Q3 2024.

R&D in the DPR Domain

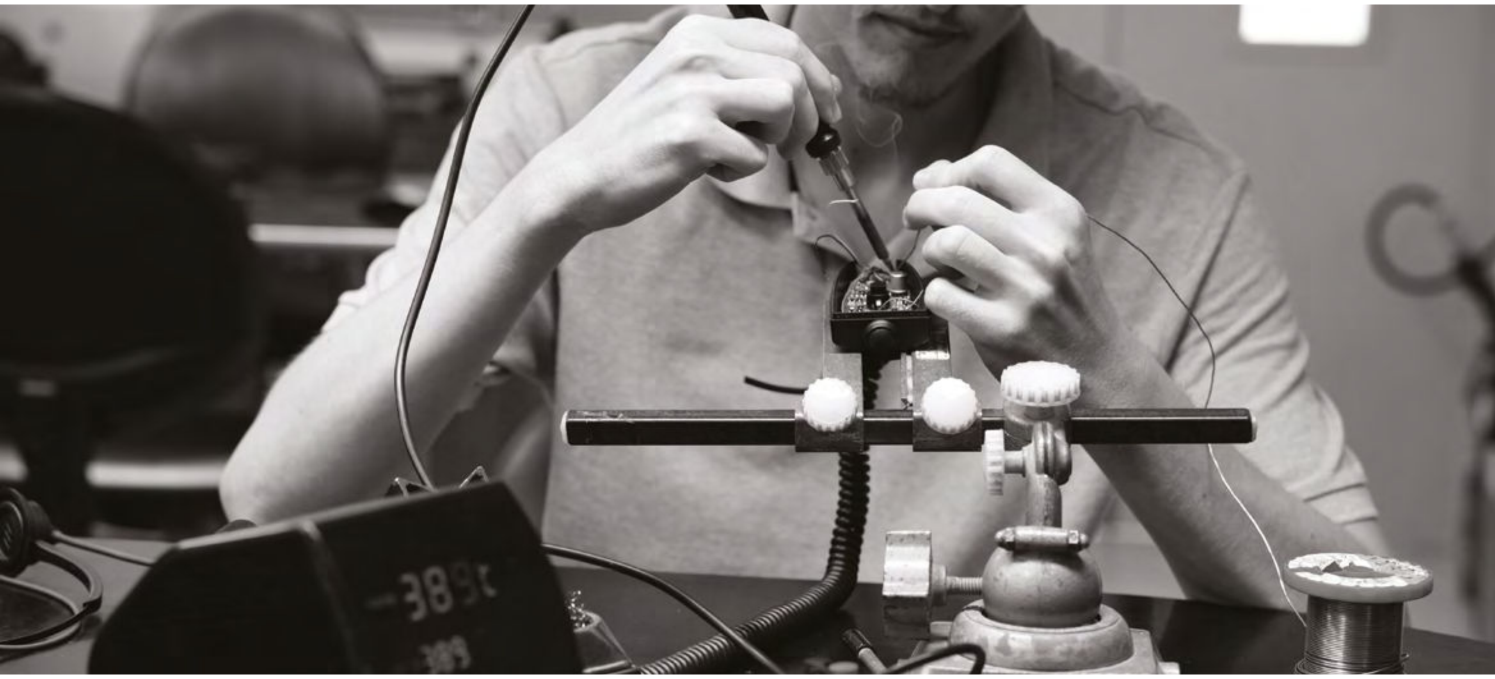
The Technical section aims to make the best use of the available resources and tools in order to improve the monitoring of the services provided. In this regard, a number of initiatives were launched utilising in-house expertise and skills. This included the development of the following in-house software applications:

- **AST (ADS-B Statistical Tool)**
  This application consists of the automatic collection, analysis and production of statistical computations related to the ADS-B performance in the EAST part of LMMM. The application has been upgraded to integrate future ADS-B contributions.
- **The SBS and FLB Switching applications**
  These two applications enable a simple and swift mechanism to switch the control of the SBS and FLB positions from the Main OPS room to the Contingency OPS Room
- **Development of scripts**
  Various scripts were developed on the ATM systems and SIM systems to facilitate automation.

The above consolidates the skills and expertise of the ATSEP involved whilst providing tailored solutions for MATS specific requirements with no additional costs.

ICT and SOC

The ICT and SOC was moved out of the Technical section with the long term objective to separate the SOC from the NOC. The ICT/NOC part of the section needs to be handed over to a new Structure within the technical section, as per original agreement. Unfortunately, the required resources to support the new structure were not provided. Hence, the handover process was not carried out during the year 2022.



TRAINING AND NEW RECRUITS

Unit Competence and Training

The 'Unit Competence and Training' of the Technical Section continued to achieve good progress in ensuring compliance, as required by Annex XIII (Part-PERS) of EU Regulation EU2017/373 (Common requirements for ATM/ANS providers). Competence assessments for the ATSEP in the Data Processing domain were fully completed in 2022.

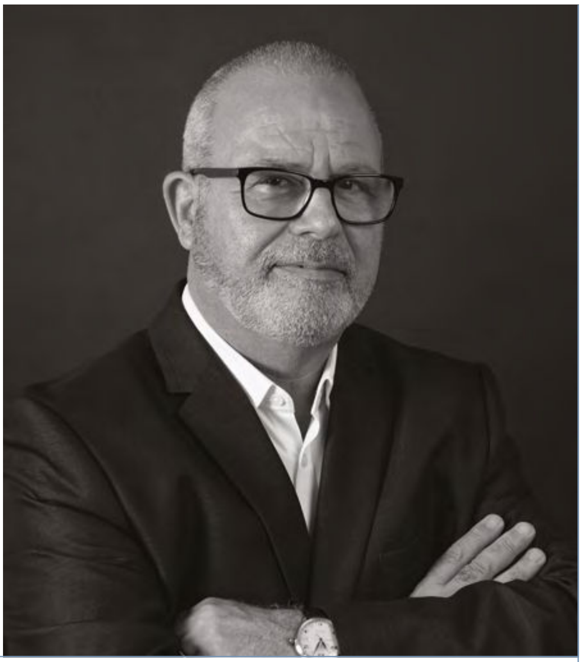
The latter is considered as a significant milestone, as it enables all Level 2 ATSEP to be certified in one of their two domains. From a training point of view, the unit planned a substantial number of courses, some of which were delivered by our own classroom instructors. ATSEP training included ATSEP Basic and Qualification training, System and Equipment training, and Development training.

The learning curve for an entry ATSEO-Trainee to become fully trained personnel is approximately five years from the day of employment.

Recruits ATSEO-Trainees

Within the next four to five years, fourteen ATSEP will reach their retirement age. Some would even opt to retire earlier than their sixty five years of age stipulated by Law. Recruitment for new ATSEO-Trainees needs to be continued. However, it is becoming impossible to obtain the necessary authorisation to continue with the succession planning of the Section.

SAFETY, QUALITY, SECURITY AND COMPLIANCE



Francis Bezzina

SENIOR HEAD SAFETY, QUALITY, SECURITY AND COMPLIANCE

The Technical Section provides all the necessary support to ensure a safe and efficient Air Traffic Operations with regard to Air Traffic Management, Communication, Navigation, and Surveillance.

SNAPSHOT OF DELIVERABLES BY THE SQSC SECTION ACHIEVEMENTS - 2024

The year 2024 was another year full of challenges coming from the upgrading projects ongoing at Malta International Airport where the entire aerodrome was impacted in a way or another due to the extent of improvement works being done. In parallel with all this works we are breaking records in the amount of traffic being handled at MIA and the Maltese UIR. One must factor in also the Ground Equipment conformity assessment regulation which need to be fully implemented by 2028 which is having big impact on the ground equipment segment certification and the change management processes involved when dealing with the EATMN technical infrastructure. This developing scenario contributed to higher workloads on the SQSC section and its support team.

And above all this, the SQSC section is continuously measured by third parties for performance namely EASA (EoSM and JC), EUROCONTROL and CANSO (SoE and CANSO SSC), ISO 9001-2015 (BV-UKAS), TM-CAD and the CANSO SIEP mechanism.
The performance of the SQSC section is constantly benchmarked and the setting of KPIs and PIs is now moving notches upwards on the more stringent side mainly with the upcoming EASA EoSM and also the CANSO-NM SoE.

As in previous years, the SQSC section had to handle all the oversight and auditing activities both as an Air Navigation Service Provider as well as a Training Organization, including TM-CAD inspections and the recertification of UKAS BV ISO 9001-2015. The number of audits/inspections that we had during 2024, including the one by EASA through TM CAD has added to the workload big time.

The main objective of this report is to provide an insight into the SQSC's main achievements for 2024. Added to this brief, the SQSC section prepares a comprehensive Monthly and Annual report which are forwarded to the CEO.

Complicated Safety Cases:

1. The Gozo VOR/DME project has been concluded around April-May 2024.
2. Implementation of 8.33kHz voice channel spacing in the Malta FIR
3. Introduction in service of C-Net supporting the new Contingency System
4. Cross Border FRA LI – Airspace Changes in the Delegated Airspace
5. Migration of the SUR data flows exchanged with adjacent ATS units from P2P links to New PENS.
6. Migration of ARTAS V9.0.2 to V9.1.0-4 Safety Assessment
7. The CPDLC project detailed in the report of 2023 was concluded in 2024 also and is fully operational.

- **Safety Surveys:** A survey covering the quality of service being delivered by the AIM office with stakeholders CAD and MIA is still ongoing due to some changes in the AIM internal structure, this is now postponed to Q2 2025. It was also delayed due to the ongoing MATS safety culture survey. Another very important survey that commenced late in 2023 is the survey on the ILS infrastructure maintenance and the standard of service being provided to our customers. This survey continued deep into 2024 because it requires monitoring of the preventive and maintenance structure over a set of months. The survey was completed and the final report was considered as a very professional job done.

- **Safety Assessment process Updates:** The introduction of COMMISSION *DELEGATED REGULATION (EU) 2023/1768 of 14 July 2023 laying down detailed rules for the certification and declaration of air traffic management/air navigation services systems and air traffic management/air navigation services constituents* which was effective from September 2023 requiring a major overhaul on how we certify and approve ATM- ANS ground equipment. The work on this complicated regulation is ongoing, in fact the SQSC have submitted the draft process which includes a set of procedures covering the entire scope of the regulation, the drafts are now being analyzed by the CA before we present them to the technical department and eventually for the approval and release. The matter of the Design or Production Organization (DPO) is still being explored by MATS, because a clear and definite position is still being debated internally as the exact knowledge and impact on the MATS resources is still unclear.

  The MATS Safety Assessment (SA) and Safety Support Assessment (SSA) process which was remodeled in line with EU Regulation 2017/373, towards a "total system approach" which entails a logical and technologically consistent approach including connecting domains to ATM/ANS has been revisited to take on board the certification and declaration of air traffic management/air navigation services systems and air traffic management/air navigation services constituents safety requirements.

The "total systems approach" that is corroborated in the EU Regulation 2017/373, is based on the fact that the aviation system components, products, operators, crews, aerodromes, ATM/ANS are part of the single aviation network which as is being experienced will be more and more integrated through the implementation of new technologies and concepts of operations, under the principles of the Single European Sky.

EASA reviewed the current version of this procedure for safety and risk assessments, and they sanctioned the MATS setup, even claiming this is one of the good ones that they came across during inspections.

- **E-TOKAI Software:** During 2024 this was again updated and improved. We are now working on the new tools being included in this important Eurocontrol Tool which we are using for occurrence reporting and investigation. Now we are exploring the dashboard designed for the power BI that Eurocontrol are developing for data analysis. The latest version of the E-TOKAI has not been released yet (Rev 4.0), it will be entirely based on the Power BI tool, however the process is still ongoing, and the released version is now expected in Q3-4 2025.

- **Occurrences and the Investigation Process:** The SQSC investigation team conducted Fact Findings, Full investigation, and Data gatherings on Operational and Technical Occurrences that resulted in a safety impact.

  The SQSC section also supported the BAAI and TM-CAD on occurrences when these are requested. Impound recordings are stored within the CADMOS ISS system and accessed by the investigator assigned by the SQSC office using a unique username and password. We are also using these tools for lessons learned activities during briefing sessions for staff and to build human factors cases where these are considered needed.

- **Training:** Most of the SQSC training was done at IANS where members of the SQSC Specialised team attended Human Factors, Safety Tools, Management of Changes Introduction, Assessment of changes to the Functional system and Safety Management System. More training is being introduced as it comes available. The safety team needs to be fully trained and competent to execute the relevant duties with professionalism and diligence. The biggest problem at the moment is the waiting list for these courses at Eurocontrol - Luxemburg and the internal sections training affecting the SQSC training. Still, we do our best to ensure that training of the team is afforded the deserved priority. To mitigate for the rostering issues and the availability of places on these courses, the SQSC section is planning to introduce inhouse courses to move forward the competence requirements needs of the SQSC support staff.

- **Auditing:** The internal Auditing process was initiated in March 2024 and all auditing process was concluded by Mid of August 2024. Most findings were completed, and remaining ones are being tackled with the SQSC section PoC of each unit. These internal audits are the feelers of the company and a health check of the organisation. This year BV audits were conducted during August 2024. Thanks to the work of the SQSC team and the support from the entire organisation MATS again had a solid result with no findings for the 18th year running. CAD audits and inspections were performed during the year as planned between the two units.

- **Effectiveness of safety management (EoSM) ANSP level RP3:** MATS improved over last year, in fact we again achieved more than 80% level of maturity which is considered as first rate. https://www.eurocontrol.int/prudata/dashboard/ RP3 performance targets reviewed to reflect the effect of the pandemic on the industry, latest updated mandated with (EU) 2021/891 of 2 June 2021 setting revised Union-wide performance targets for the air traffic management network for the third reference period (2020-2024) and repealing Implementing Decision (EU) 2019/903 is now fully implemented.

- **CANSO Individual Identified Report (CANSO IIR):** We are also regularly participating in the CANSO Individual Identified Report (CANSO IIR). We are one of those ANSPs which publish all our data for transparency. The Standard of Excellence (SoE) on the other hand which is much more complex and now being adopted by EASA for the RP4 is offering challenges to all ANSPs. The extract (below) from the organisation confidential report clearly states that MATS is in group C. This entailed a lot of work and activities, the SQSC can declare that the EU requirements for RP3 (2024) are already achieved by MATS. The diagrams below refers.

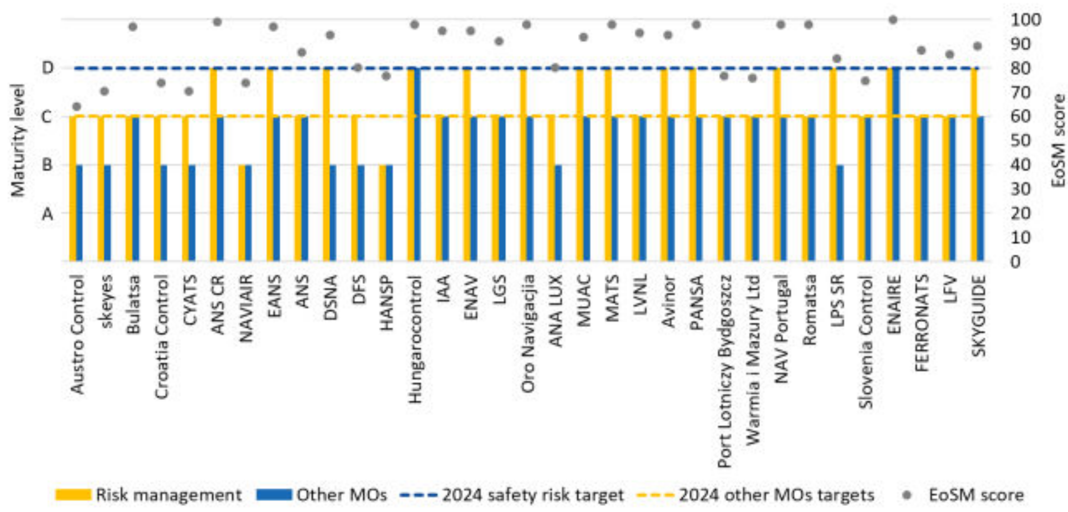


Figure 1: *2020 ANSP EoSM responses for risk management and other MOs.*
Extracted from PRB Annex III- Safety Report

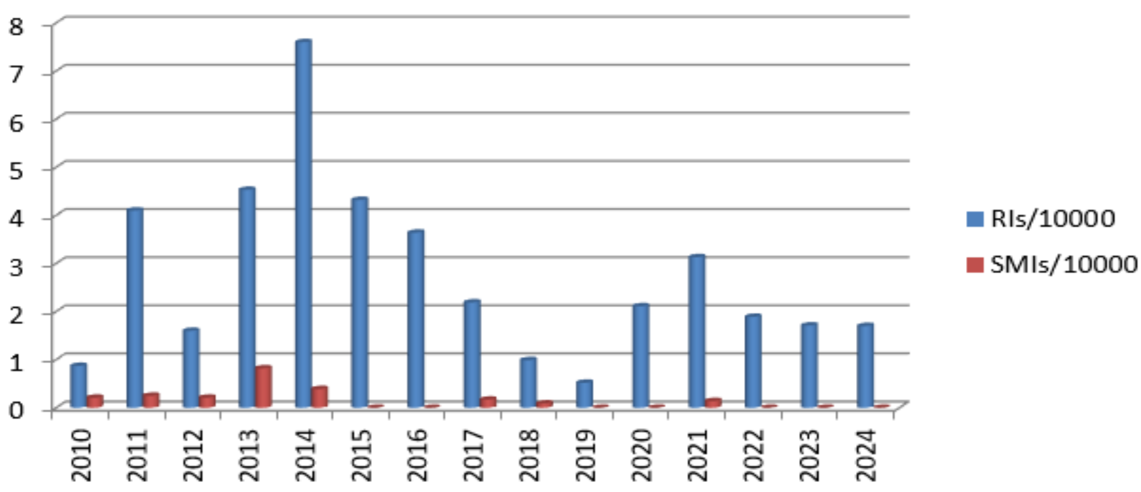


Figure 2: *Runway Incursions (RIs), Separation Minima Infringements (SMIs) at MATS.*
Extracted from MATS Safety Report 2024

- **EUROCONTROL** is developing a software tool named CARMA/ARM for ANSPs which provides a stand-alone platform to help ANSPs in keeping up-to-date regulatory requirements relevant for ATM/ANS and ADR compliance management, this tool is maintained by EURCONTROL. The SQSC section is planning to introduce this tool in the coming year 2025. This was planned to be done during 2024 but since the setup is still gaining maturity, we decided to go slow to ensure that when we get involved the setup is mature and resilient. This is a very important activity, especially in the aviation environment where requirements are changing constantly.

- **The Security Operations Center integration within the SQSC:** The main objective of a SOC unit in an organization is to assure robustness, confidentiality, integrity, and availability of the networks and communications on a 24 hour basis, in compliance with EU Regulation 203/2023. It needs to include a resilient setup, robust systems engineering supported by an effective cybersecurity policy and procedures and a competent workforce. One critical element the cybersecurity operations is: monitoring, analyzing, responding, and recovering from cyber-attack. The operational focal point for incident detection, analysis and response is the cybersecurity operations center (SOC).

  Basically all ANSP organizations have some form of a SOC, be it internal, contracted service or a mix of both depending on the decision taken at the strategic level of the organization. MATS is no exception, and it had to decide on a setup to ensure that its operations are protected from cyber malintent as much as possible. The most important aspect of the SOC is to continuously protect against attacks, and, if the cyber hazard hits the organization it has to be capable to recover in the minimum time possible protecting its data and systems all the way.

  The SQSC section based on advice from subject matter experts took the decision to involve C-CSERT Malta to support its corporate network side of things while affiliating the Operational side with the Eurocontrol EATM-CERT to ensure full support from the experts in the domain. In fact the SQSC section is now finalizing a call for a Security Operations Center (SOC) Executive to continue with the building blocks of the cyber security pillar which is now considered of utmost importance for business continuity.

- **Safety Planning:** The SQSC section plan covering also at high level what remains of RP3 (2024 only remains) and prepared the groundwork of RP4 which was forwarded to the CEO for approval. On the other hand, the section planning for the next 3 years was also completed and presented to the CEO.

  Succession planning is one of the main challenges of the SQSC section. A plan has been presented to the CEO, this is being implemented gradually. The fact that the current SH-SQSC is approaching retirement by the end of 2025 requires immediate actions to assure business continuity and a seamless changeover when the incumbent retires. The SQSC human resources portfolio is well equipped with competent staff and this is one of the strengths of the SQSC section. During 2024 the support staff team was increased injecting new blood in the section creating a greater experience based on modern knowledge and experience. The promotion of one of the section's ATASO to the level of executive after the completion of an MSc in Air transport improved the management structure of the SQSC section. As already detailed above, a call is being prepared for the addition of a SOC executive within the SQSC team.

- **Safety Culture Survey** was launched during July 2024, and the first phase i.e. the distribution, collecting and analysis of the questionnaire was completed by the end of the year. The next step covering the planned workshops supported by the University of Malta is expected to be done during Q 1 of 2025.

- **Security Management System** pillar is mature and delivering what is expected. New regulatory requirements are continuously introduced and we have to adjust and abide as necessary. 'Aviation security' means the combination of measures and human and material resources intended to safeguard civil aviation against acts of unlawful interference that jeopardize the security of civil aviation International conventions demand States to criminalize new and emerging threats to the safety of civil aviation An act is considered as an offense in the case that an air navigation facility is interfered – destroyed or damaged if any such act is likely to endanger the safety of aircraft in flight. ICAO Annex 17/ ECAC Doc 30/ Maltese law CAP 405/ EU 300-2008/ EU 2015-1998 / EU 2016-114 /EU 2019-103are the major laws that the setup needs to adhere to. This is being done to assure the security of the MATS staff, the airspace users and all of its facilities.

Safi Aviation Park > INDIS Aviation Parks

From a project that started in 2019 with Upper Safi Park and Lower Safi Park, today MATS provides support to one of the State Organizations that manages third of the Malta's airport hosting tenants that employ over 2000 personnel. An ambitious project that today also serves other stakeholders and not only Part 145 organizations.

During the last years, several of the duties were handed back to INDIS following shadowing of INDIS personnel by MATS SQSC, and confidence have been achieved, the Operations Manual is being updated as required supported by the Temporary Notifications, while the safety pillars are being built enhancing an organisational structure functioning under a management system setup. The tenants are now well versed in the processes. This project is ongoing, one can easily consider it as success story for MATS.


Mission Statement
Our Vision
To be recognised as one of the Euro-Mediterranean region's most respected Air Navigation Service Providers:
In the eyes of our airspace users for our safety and security performance record;
In the eyes of our customers for our cost effectiveness, service and efficiency; and
In the eyes of our employees for establishing a motivating and satisfying workplace within a Just Culture environment as well as providing opportunities for an inspiring career.
We seek continuous improvement of safety, security, efficiency, environmental responsibility, and excellence. We are responsible to the general public, users of our airspace and all our stakeholders.
Our Values
Safety and Security are our priority.
We strive so that all users of our airspace travel safely through our airspace.
Excellence is our promise.
We endeavor to achieve results that represent professionalism, transparency, and accountability.
People are our strength.
Our success depends on the esteem, teamwork, and commitment of our workforce.
Integrity is our benchmark.
We accomplish our duties honestly, with moral soundness, and with the highest level of moral principles.
Innovation is our mark.
We promote creativity and vision to afford continuous improvement of our services.
Claude Mallia
Chief Executive Officer & Accountable Manager
MATS

Integrated Management System Policy

ISSUE 8 Dated 01/08/22

Malta Air Traffic Services Ltd (MATS), the Air Navigation Service Provider responsible for the Malta Flight Information Region, is fully committed to providing a safe, secure, high quality and efficient service.

MATS considers Safety, Quality, Security and Compliance as its overriding responsibilities and, consequently, these factors are accorded the highest priority notwithstanding any commercial, financial, operational, social pressures, and constraints.

MATS proactively and continuously seeks improvement towards the highest performance standards of its services, processes and systems applying quality objectives within an Integrated Management System which meets the requirements of the International Standard ISO 9001:2015 and all relevant national and international obligations.

To ensure this, MATS applies a Just Culture Policy warranting that all employees;

abide to standards and best practices established;

are adequately trained as necessary to retain competence in their area of expertise;

report occurrences, hazards or any matter/situation which may impair its services;

are aware of the hazards brought about by stress, fatigue and the use of psychoactive substances, encouraged to lead a healthy lifestyle, whilst making available resources for recognizing, preventing and addressing identified issues;

are involved and encouraged to forward suggestions and recommendations for improvement.

Approved by:

Francis Bezzina
Senior Head Safety, Quality, Security and Compliance

Robert Sant
Chief Operations Officer

Jesmond Farrugia
Chief Technical Officer

Mario J. Azzopardi
Chief Finance Officer

Claude Mallia
Chief Executive Officer & Accountable Manager

Concluding Remarks

During 2024 the emphasis was shifted on the consolidation of the Cyber security pillar and the remodelling of the Security Operations Centre (SOC), after the Company decided that Cyber Security will pass under the SQSC as a natural step in the Aviation Security process. It was also the year where the Ground Equipment Conformity Assessment regulatory requirements were introduced in a controlled process to provide time for the regulatory requirements to mature. It is being done in a way to give time for the organisation to adapt to this significant change where the Operation and the Maintenance of EATMN ground equipment is involved.

Another aspect is drones, which now are slowly dominating the landscape due to the versatility of operations and usage. This is a safety headache which needs proper tackling to ensure that the safety ATC manned aircraft operations is not compromised by drone operations, it is a positive development but will be a threat for safety if mismanaged. Attention on safety is being driven to data analysis, research, and new methodologies which we need to assess and introduce like the new dashboards using power BI from EUROCONTROL. The resilience of Operational safety requires time to monitor, discuss, and visits to operational areas to ensure that the SQSC section is getting first-hand information to mitigate for emerging threats.

Aviation in itself is beautiful, extremely safe and not fundamentally hazardous. However, it is extremely unforgiving of any carelessness or neglect. The SQSC need to be on top of its game, it is not easy, time is limited because it is eaten away by never ending streams of audits/ surveys from all angles.

Stephen Barlay once said: "*there are no new types of aircraft accidents, only people with short memories*". In fact every accident happens either because somebody did not know where to draw the safety red lines, considers safety work as a burden, things are taken for granted, maybe incompetence, arrogance, or because people with good intentions believed the safety risk to be acceptable. Let us not get carried away because we have a solid safety record, it will easily fall apart, if we are complacent and that, will be terrible.

EASA is now moving forward to initiate a process of regulatory simplification, this is excellent news! We need more simplicity, less voluminous regulatory requirements and more practicality in what we are obliged to do to ensure that safety is realistically being given top priority. The SQSC managed to achieve continuous improvement since the unit birth way back in 2004, we must strive to maintain the momentum for the years to come if MATS wants to remain in the group of best safety achievers in Europe. This is all achievable with the dedication of the entire SQSC team and with the support of all the staff of the organisation.

> Take nothing for granted; do not jump to conclusions; follow every possible clue to the extent of usefulness... Apply the principle that there is no limit to the amount of effort justified to prevent the recurrence of one aircraft accident or the loss of one life.
>
> Accident Investigation Manual of the U.S Air Force, c. 1965.

AIM

Jesmond Cutajar
HEAD AIM

During 2024, the AIP department within the AIM Section produced [7] AIRAC AIP Amendments to the Malta AIP, four (3) AIRAC AIP Supplements and five (2) Aeronautical Information Circulars.

AIP DEPARTMENT

During the year between AIRAC dates the AIP department supported several activities to MATS-OPS by providing several locally designed Maps in preparation for the INTRAC Project and other maps used in coordination between the neighbouring states.

The AIP Department was also involved in the new eEAD software. Another significant contribution was in the Charting working group in which MATS-AIP is actively participating in preparation for the deployment of the new eEAD shadow operations planned to start on the 29th November 2024. **Figure 1** on page 28,shows a graphical representation of the AIP Publications between 2019-2024.

TRAINING OF AIM STAFF

In 2024, AIM Staff continued to attend training at the EUROCONTROL Aviation Learning Centre and online courses.

The courses attended are the following:

- Introduction to Air Traffic Flow and Capacity Management [ASM-ATFCM].
- Safety Management Survey – Stage 1 [SAF-SAS-1]
- The regulatory context in the AIS/AIM domain [IM-REG]

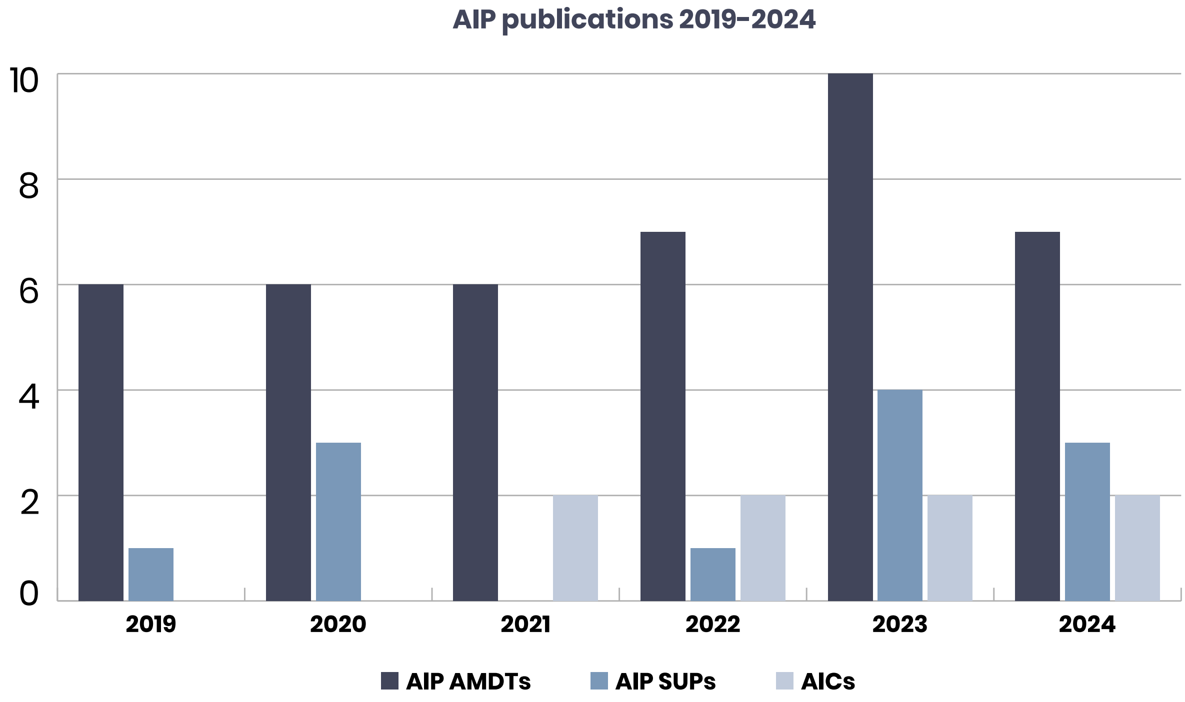


Figure 1

It is planned that in 2025 all training will be dedicated to the new eEAD system, mainly on DNOTAMs (Digital NOTAMs), CNOTAMs (Conventional NOTAMs) and ADM. The latter is the interface replacing the SDO/SDD. It is expected MATS-AIM, will start encoding DNOTAMs in December 2025.

MATS-AIM became NM Early to the new eEAD. This had put MATS-AIM in an advantage stage compared to other ANSP's. It is planned that later this year MATS-AIM will be engaged in the shadow operations of the new eEAD system.

AIM STAFF

During 2024, AIM Staff processed a record number of IFR/VFR flight plans compared to 2023. In 2024, the total amount of flight plans filed by the AIM Office staff amounted to 2409, in which 1907 were VFR Flight plans and 402 were IFR Flight plans.

Compared to 2023, we had an increase of 101 VFR Flight plans and 56 IFR Flight plans.
The total increase for 2024 in VFR Flight plans was of 5.29%, whilst for IFR Flight plans the increase was 13.93%.

Figure 2, on page 29, shows a graphical representation of flight plans filed between calendar years 2019 and 2024. One can note the increase between 2023 and 2024.
2024 was also the busiest year ever with the total amount of NOTAMs issued by AIM Staff.

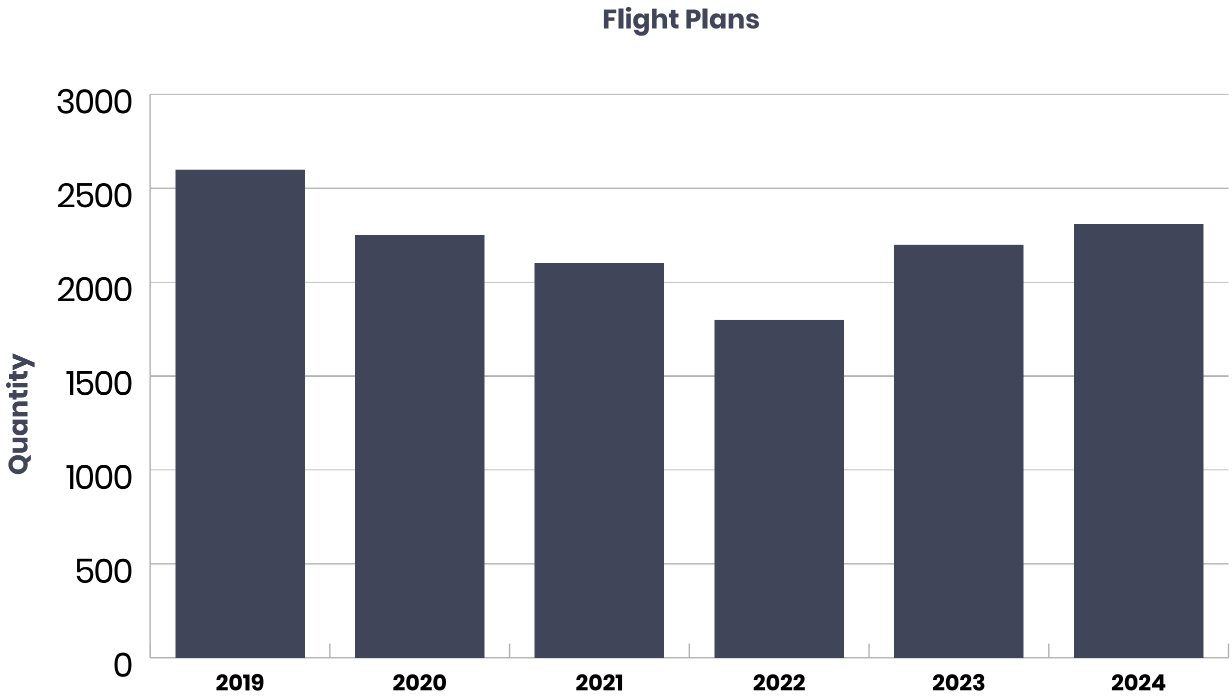


Figure 2: *Flight Plans filed by AIM Office staff between 2019 – 2024.*

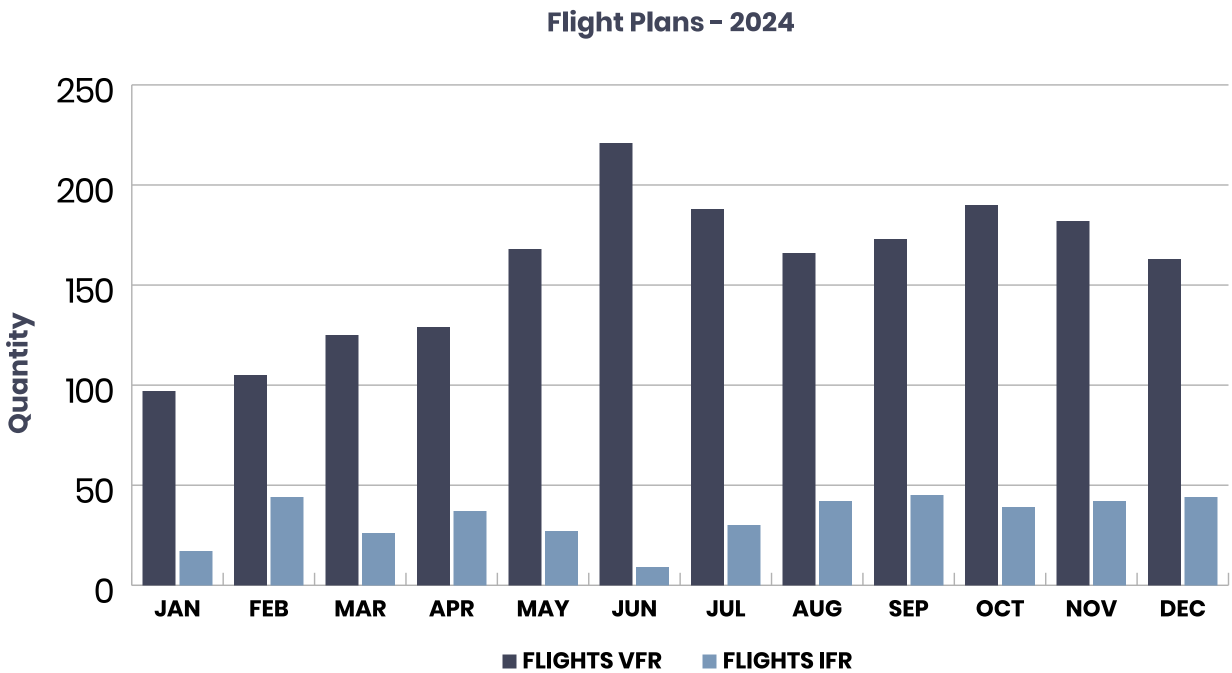


Figure 3: *Flight Plans IFR/VFR per month in 2024*

In 2024, the total of NOTAMs issued was 2449, of which 2297 were Aerodrome NOTAMs (LMML), and 152 NOTAMs were En-Route NOTAMs.

2024 saw an increase of 232 NOTAMs compared to the previous calendar year. This is an increase of 10.5% over the previous calendar year.

AIM Staff also transmitted to the European AIS Data base (EAD) NOTAMs for the Libyan FIR. During the past five years (2020-2024), AIM Staff transmitted to EAD on behalf of Libya AIS 530. NOTAMs of which 90 were transmitted in 2024.

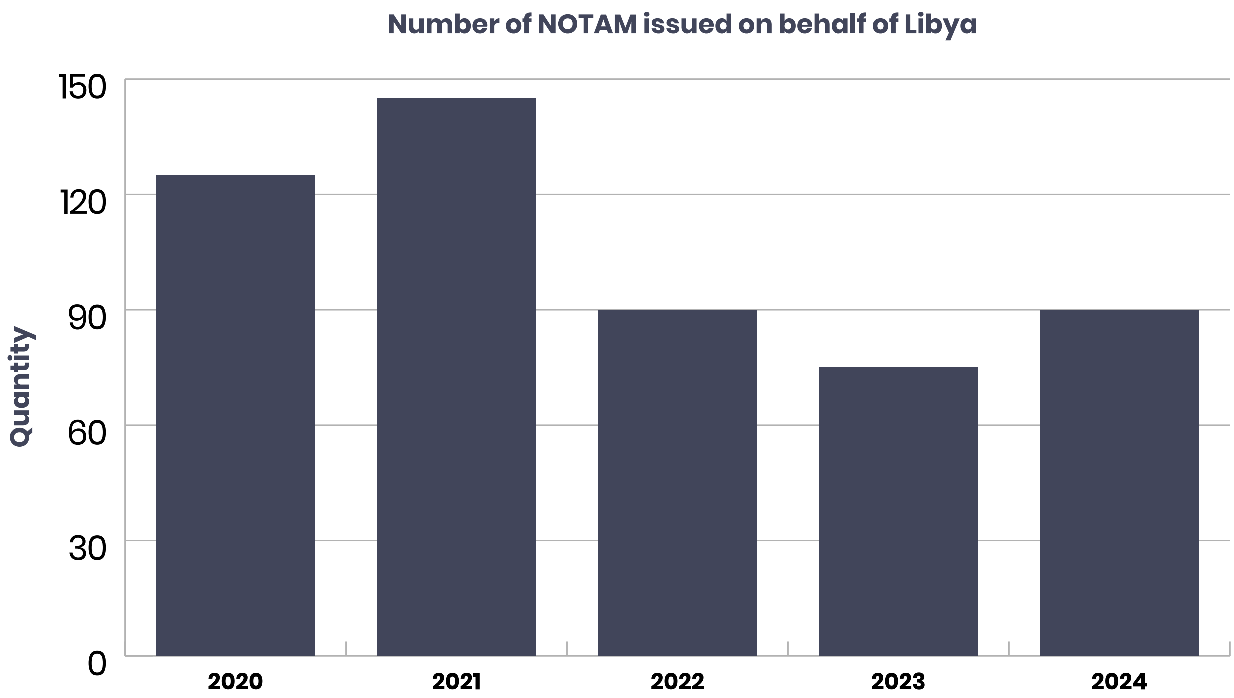


Figure 4: *Libyan NOTAMs transmitted by AIM Staff to EAD between calendar years 2020-2024*

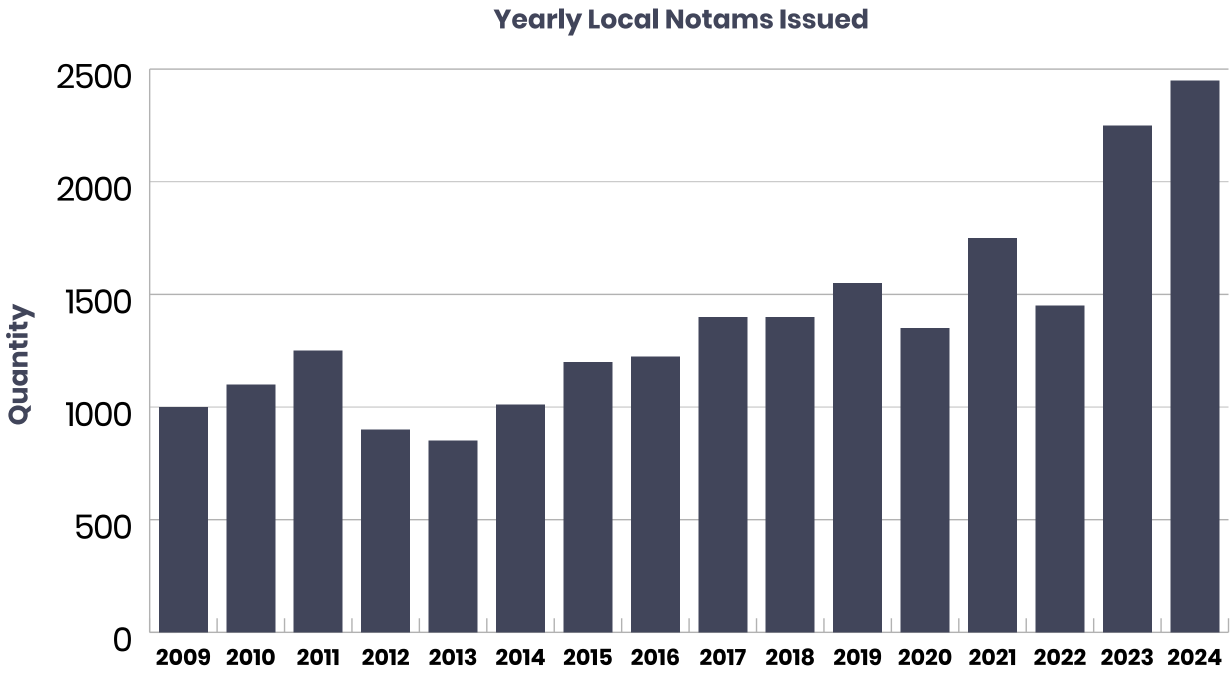


Figure 5: *LMML/LMMM NOTAMs issued by AIM Staff between calendar years 2009-2024*

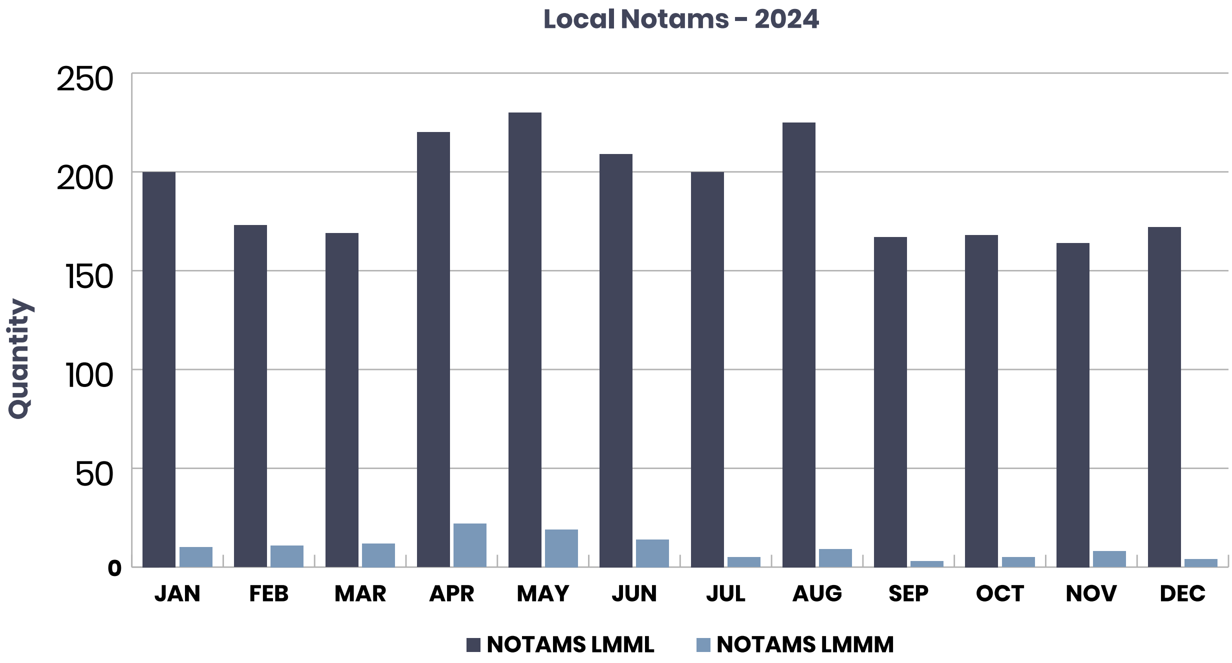


Figure 6: *LMML/LMMM NOTAMs issued monthly by AIM Staff during 2024*

On the 29th November 2024, MATS-AIM started shadow operations on the new eEAD test system. Currently we are encoding DNOTAMs and confirm the NOTAM by distributing the NOTAM from the INO test system. **Figure 7**, below shows the new Conventional NOTAM CNOTAM which will be replacing the Legacy INO.

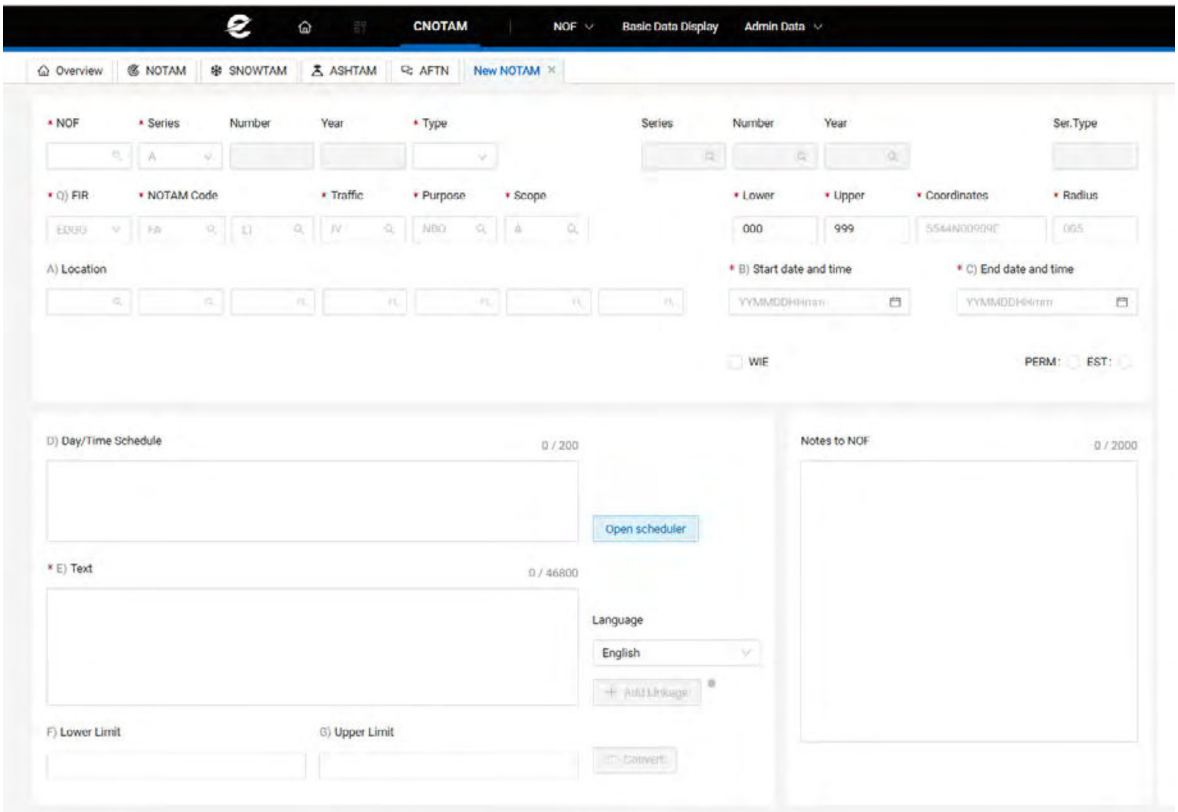


Figure 7: *The new CNOTAM*

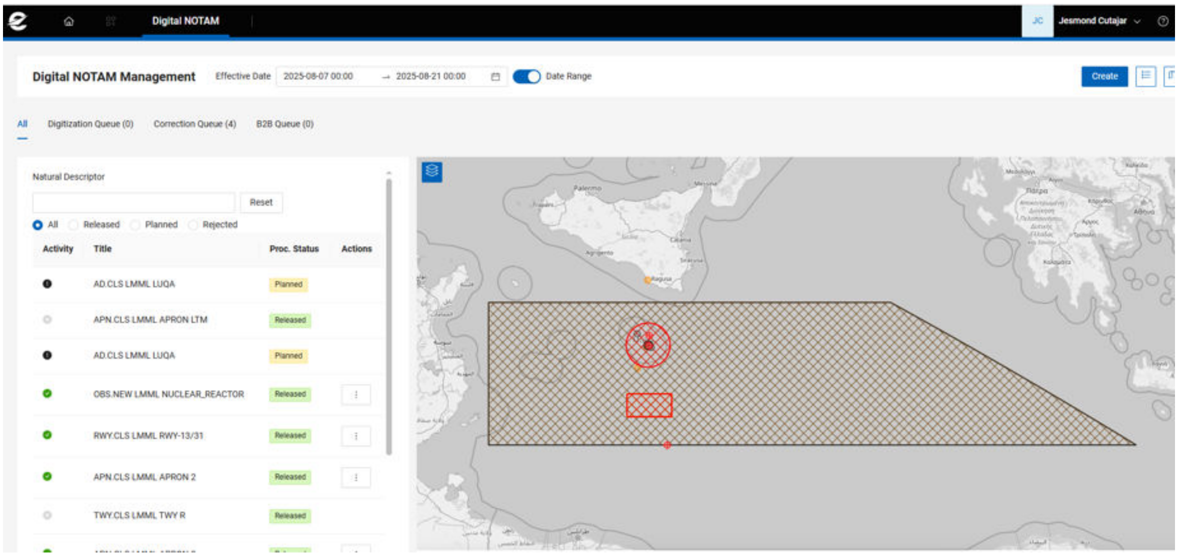


Figure 8: *The new graphical representation of the DNOTAM*

TRAINING

Claude Abela
HEAD OF CORPORATE TRAINING
& BUSINESS DEVELOPMENT

2024 was a very busy period for simulator training, involving the design, development and delivery of a number of Unit Training, Conversion and Refresher courses.

TRAINING ORGANISATION

The Training Organisation took on the Planning, Coordination, and Management of the PRE OJT for eight APS students, which successfully concluded, with an additional five ATCO 2 (1st group). A sixth ATCO 2 was also validated through the Assessment of Previous Competence, a coordinated process between MATS, Gate Aviation Academy and TM-CAD. Additionally, another two ATCO 2 trainees are ongoing in their on-the-job training phase. The Training Organisation also conducted and successfully concluded the PRE OJT and unit training for three ADC students, resulting in the addition of three ATCO1.

In collaboration with our trusted service providers, the MATS Training Organisation also delivered On-the-Job Training Instructor refresher courses, Team Resources Management Training, Unit Competency Assessor Refresher Training and Abnormal Emergency Situations (ABES) Refresher Training continually investing in the training of our esteemed workforce, to keep everyone abreast with the knowledge and foundation required to provide the excellent service MATS is renowned for.

MENTATION

Updated the Training Manual and Unit Training Plan documents to reflect the amendments proposed by Commission Implementing Regulation (EU) 2023/893 of 21 April 2023, which amends Regulation (EU) 2015/340, laying down technical requirements and administrative procedures relating to air traffic controllers' licenses and certificates. This required close collaboration with the SQSC section and our regulator, TM-CAD, to ensure implementation by August 4, 2024. This also included working closely with Ingenav on the Human Factors module in our Unit Training and the respective course material. Both Unit Training Plan 3.1 and Training Organisation Manual 3.7 were released by the Training Organisation.

ATCO RECRUITMENT AND FEAST TESTING

As the section in charge of the First European Air Traffic Controller Selection test (FEAST), the Training Organisation, in close collaboration with the Human Resources Section and the Operations Section, commenced another recruitment campaign for new Air Traffic Controller Trainees. New Air Traffic Control Officer trainees were needed to satisfy the requirements enacted through the Human Resources and Training Plan, which took into consideration various aspects, such as the retirement of veteran ATCOs and operational needs.
This campaign resulted in the successful recruitment of five new ATCO Trainees who are currently undergoing their initial training at Gate Aviation Academy in Copenhagen.

SIMULATION TRAINING

2024 was a very busy period for simulator training, involving the design, development and delivery of a number of Unit Training, Conversion and Refresher courses.

An APS pre-Validation Practical course was designed on the Leonardo HI-FI simulator to cover the 20-hour practical training required during the APS OJT training period. 20 different approach scenarios with specific objectives and varying levels of complexity were designed, in line with the guidelines provided in the UTP (Unit Training Plan). This course was successfully delivered to a group of 5 ATCO trainees in Q4 2024. Moreover, a second group of 3 ATCO APS trainees completed their APS pre-OJT course in DEC24, aiming to finish their OJT training by Q3 2025. Although the APS pre-OJT course was already developed, an evaluation was conducted together with the TO instructors, to assess and revise the course simulations in line with the latest operational procedures.

During the same year, an Abnormal and Emergency Situation (ABES) Refresher training course was developed and delivered to all radar-rated ATCOs using the Leonardo HI-FI simulator. The course consisted of 6 different exercises, each presenting a unique ABES scenario for both APS and ACS sectors. The ABES scenarios were based on feedback from the OPS management team, and an external instructor was engaged for the delivery of the course. The course was delivered in Q2 2024 and received very positive feedback from the ATCO community.

In terms of Conversion training, 2 different courses were developed and delivered on the Leonardo HI-FI simulator. The CPDLC conversion course, consisting of briefings, demonstrations and simulation sessions, was delivered in Q1 2024 to all radar-rated ATCOs. Furthermore, the INTRAC conversion course was developed in Q3 2024 and delivery started in SEP24. Unfortunately, due to circumstances beyond the TO's control, this course was halted in NOV24.

Figure 1: *BEST basic tower simulator at MATS*

It is important to note that both conversion training courses necessitated significant updates on the Leonardo HI-FI simulator. The introduction of CPDLC meant a completely new system architecture and a new system baseline. The new architecture was first installed in Q4 2023, but several bug-fixes and revisions were subsequently installed.

Then, following the successful introduction of CPDLC in APR24, the new INTRAC geography was also developed on the simulator in a specific scenario, to allow training on both the present and future TMA designs. This was done in collaboration with the technical section and Leonardo personnel and completed in AUG24.

In APR24, MATS management gave the green light to purchase a basic tower simulator and set SEP24 as the target implementation date. All the necessary permissions and rationales were presented to the respective authorities by JUN24 and the necessary permissions to proceed with a direct order to MicroNav were obtained in JUL24. The contract with MicroNav was signed in AUG24 and by the end SEP24 the simulator was delivered and installed. Factory Acceptance Testing (FAT) and Site Acceptance Testing (SAT) were done in Malta and completed in OCT24, together with the necessary system training.

In parallel to all the above activities, during the last quarter of 2024, the preparations for the mandatory SPOT training, due to be delivered in 2025, were initiated. In the case of ADC SPOT training, the LMML airspace and LMMM 2D layout and 3D scenery were developed on the EDDA eCoach 360o tower simulator at Gate Aviation in Denmark. The new proposed layout for LMMM airport was also developed on the EDDA simulator, anticipating the familiarization training planned to be delivered in conjunction with the Tower SPOT training.

Meanwhile, the SPOT exercises were developed and designed on the basic Tower Simulator in Malta, to facilitate the implementation of the SPOT exercises on the EDDA simulator at GATE Aviation.

Figure 2: *EDDA 360o tower simulator at GATE Aviation*

FINANCIAL STATEMENTS

DIRECTORS, OFFICERS AND OTHER INFORMATION

Back row (left to right):
Mrs Stephanie Mifsud DIRECTOR - **Mr Raymond Lanzon** DIRECTOR
Prof. Ernest Cachia DIRECTOR

Seated: **Mr George Bork Marks** CHAIRMAN

Not in photo: **Mr Ian Borg** DIRECTOR - **Mr Ronald Vassallo** DIRECTOR

MATS

REGISTERED OFFICE
Malta Air Traffic Services
Malta International Airport
Luqa LQA 5000

BANKERS
Bank of Valletta
Sky Parks Business Centre
Luqa LQA 4000, Malta

AUDITORS
GCS Assurance Malta Limited
115A, Floor 1
Msida Valley Road
Birkirkara BKR 9024

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of air navigation services within the Malta Flight Information Region.

REVIEW OF THE BUSINESS

During the year ended 31 December 2024, the Company generated total revenue of €41,322,594 (an increase of €8,961,298 or 27.6% over the revenue of €32,361,296 generated during 2023). The resulting net profit for the year amounted to €8,933,793 (2023: €5,677,503).

During 2024, the Company generated 1,107,706 en-route service units from the provision of air traffic services. This represents a 12% increase over the service units generated during the previous year. As for departures from Malta, during 2024 MATS provided services to 35,159 departures (an increase of 4,055 or 13% over the 31,104 departures registered in 2023).

RESULTS AND DIVIDENDS

The statement of comprehensive income is set out on page 9. The directors did not propose and pay any dividends during 2024 and 2023, and they resolved that the result of the financial year €8,933,793 shall be carried over in retained earnings.

EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred after the balance sheet date which require mention in this report.

FUTURE DEVELOPMENTS

For year 2025 the directors are expecting a significant decrease in both En-route and TNC revenue due to significant decrease in both unit rates. As a result, the expected net profits for the forthcoming years are expected to be significantly lower than those registered during 2024.

DIRECTORS

The directors of the Company who held office until the date of this directors' report were:
George Borg Marks
Ernest Cachia
Raymond Lanzon
Ian Borg
Stephanie Mifsud
Ronald Vassallo

In accordance with the Company's Articles of Association, the present directors are to remain in office.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). 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.

FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of risks and hence operates a risk management strategy with the objective of controlling and minimising the impact on the financial performance and position. A detailed review of the risk management policies adopted by the Company with the exposures to credit risk, foreign exchange risk, interest rate risk, liquidity risk and capital risk management are included in note 5 to the financial statements.

AUDITORS

GCS Assurance Malta Limited have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

George Borg Marks
Chairman

Ernest Cachia
Director

Registered office
Malta International Airport
Luqa LQA 5000
Malta

Date
11 June 2026

Independent auditors' report
To the Shareholders of Malta Air Traffic Services Limited

GCS
MALTA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

- Malta Air Traffic Services Limited's financial statements give a true and fair view of the Company's financial position as at 31 December 2024, and of the Company's financial performance in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU; and
- the financial statements have been prepared in accordance with the requirements of Maltese Companies Act (Cap. 386).

WHAT WE HAVE AUDITED

Malta Air Traffic Services Limited's financial statements, set out on pages 7 to 39 comprise:

- the statement of financial position as at 31 December 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

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

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

INDEPENDENCE

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Report on the audit of the financial statements CONTINUED

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' report on pages 1 and 2 and the schedules for revenue and expenses on pages 40 to 43 (but does not include the financial statements and our auditors' report thereon).

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

We also consider whether the Director's Report includes the disclosures required by Article 177 of the Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- The information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Director's Report has been prepared in accordance with the Companies Act (Cap. 386).

If, based on the work we have performed and in light of the knowledge and understanding of the Company and its environment obtained during the course of the audit, we conclude that there is a material misstatement in the Director's Report, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and for such internal control as the directors 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Report on the audit of the financial statements CONTINUED

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

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

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

REPORT ON ANY OTHER LEGAL AND REGULATORY REQUIREMENTS

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We also have responsibilities under the Maltese Companies Act, (Cap.386) to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by ourselves.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of the directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

Christian Gravina
Director
For and on behalf of
GCS Assurance Malta Limited
Registered Auditor

Agora Business Centre, Level 2,
Valley Road,
Msida, MSD 9020,
Malta.

11 June 2026

STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	**2024** **€**	2023 €
ASSETS			
Non-current assets			
Property, plant and equipment	8	**9,264,121**	9,248,725
Right-of-use asset	9	**29,723,179**	30,422,548
Term deposits	13	**18,500,000**	12,000,000
Total non-current assets		**57,487,300**	51,671,273
Current assets			
Financial assets at fair value through profit or loss	10	**10,147,942**	10,178,889
Trade and other receivables	11	**9,441,082**	6,855,599
Cash and cash equivalents	12	**27,763,957**	15,938,855
Term deposits	13	**-**	6,500,000
Total current assets		**47,352,981**	39,473,343
Total assets		**104,840,281**	91,144,616

Statement of Financial Position CONTINUED

		As at 31 December	
	Notes	**2024** **€**	2023 €
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	**10,000,000**	10,000,000
Retained earnings		**31,185,093**	22,251,300
Total equity		**41,185,093**	32,251,300
Non-current liabilities			
Provision for retirement benefits	15	**3,477,501**	3,101,098
Other financial liabilities	16	**5,230,209**	4,764,334
Lease liability	9	**37,971,401**	38,235,232
Total non-current liabilities		**46,679,111**	46,100,664
Current liabilities			
Lease liability	9	**2,329,300**	2,329,300
Trade and other payables	17	**9,736,841**	8,306,011
Bank overdraft	18	**14,348**	12,950
Current tax liability		**4,895,588**	2,144,391
Total current liabilities		**16,976,077**	12,792,652
Total liabilities		**63,655,188**	58,893,316
Total equity and liabilities		**104,840,281**	91,144,616

The notes on pages xx to xx are an integral part of these financial statements.

The financial statements on pages xx to xx were authorised for issue by the board on 31 July 2025 and were signed on its behalf by:

George Borg Marks
Director

Ernest Cachia
Director

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2024	2023
	Notes	**€**	€
Revenue	19	**41,322,594**	32,361,296
Staff costs	21	**(15,432,668)**	(13,048,853)
Depreciation expense	8, 9	**(2,463,329)**	(1,913,222)
Other operating expenses	20	**(9,644,800)**	(9,590,603)
Operating profit		**13,781,797**	7,808,618
Finance costs	22	**(2,066,202)**	(2,079,026)
Other income	23	**2,124,126**	1,337,557
Other expenses	23	**(29,057)**	(214,052)
Profit before tax		**13,810,664**	6,853,097
Tax expense	24	**(4,876,871)**	(1,175,594)
Profit for the year		**8,933,793**	5,677,503

The notes on pages xx to xx are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share Capital €	Retained Earning €	Total €
Balance at 1 January 2023	10,000,000	16,573,797	26,573,797
Comprehensive income			
Profit for the year - Total comprehensive loss	-	5,677,503	5,677,503
Balance at 31 December 2023	**10,000,000**	**22,251,300**	**32,251,300**
Balance at 1 January 2024	10,000,000	22,251,300	32,251,300
Comprehensive income			
Profit for the year - Total comprehensive loss	10,000,000	31,185,093	41,185,093
Balance at 31 December 2024	**10,000,000**	**31,185,093**	**41,185,093**

The notes on pages xx to xx are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2024	2023
	Notes	**€**	€
Cash flows from operating activities			
Cash generated from operations	25	**15,961,668**	9,374,337
Interest expense		**732**	598
Income taxes		**(2,125,674)**	(59,821)
Net cash generated from operating activities		**13,836,726**	9,315,114
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1,779,356)**	(1,111,648)
Subscriptions of financial assets at fair value through profit or loss		**(912,868)**	(8,285,059)
Redemption of financial assets at fair value through profit or loss		**2,204,036**	2,524,318
Realised exchange differences		**(36,785)**	5,710
Interest income received		**376,106**	254,486
Movement in term deposits – net		**-**	3,897,534
Net cash used in investing activities		**(148,867)**	(2,714,659)
Cash flows from financing activities			
Repayment of borrowings		**668**	1,048
Repayment of lease obligations		**(2,329,300)**	(2,329,300)
Amounts owed to government		**465,875**	465,875
Net cash used in financing activities		**(1,862,757)**	(1,862,377)
Net increase in cash and cash equivalents		**11,825,102**	4,738,078
Cash and cash equivalents at beginning of year	12	**15,938,855**	11,200,777
Cash and cash equivalents at end of year	12	**27,763,957**	15,938,855

The notes on pages xx to xx are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal activities of the Company

The Company's principal activity is to provide air navigation services within the Malta Flight Information Region.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, Cap. 386. They have been prepared under the historical cost convention, as modified by the fair valuation of the financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies (see Note 6 - Critical accounting estimates and judgements).

These financial statements are presented in Euro (€) which is the Company's functional currency. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3. Going concern

The Company incurred a profit for the year of €8,933,793 (2023: €5,677,503). At 31 December 2024 the Company reported retained earnings amounting to €31,185,093 (2023: €22,251,300) and its current assets exceeded current liabilities by €30,376,904 (2023: €26,680,691).

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in existence in the foreseeable future. The validity of this assumption is further supported by the Company's ability to generate sufficient cash flows to meet its projected obligations and expenses as they arise. Additionally, the directors have assessed factors such as revenue stability, cost management strategies, and access to external funding, all of which contribute to the Company's capacity to sustain its financial commitments.

4. Summary of material accounting policies

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

Notes to the Financial Statements CONTINUED

4. Summary of significant accounting policies CONTINUED

4.1 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. All property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Buildings	1.5
Radar equipment	12.5
Plant and machinery	20
Motor vehicles	20
Furniture and fixtures	10
Computer software	33.33
Computer hardware	25
Equipment	12.5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.2).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

Notes to the Financial Statements CONTINUED

4. Summary of significant accounting policies CONTINUED

4.2 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment assessment, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis, or on a Company basis, as a cash generating unit (CGU), when the individual asset does not generate cash inflows that are largely independent of those from other assets in the Company to which the asset belongs. To determine the value-in-use, management estimates expected future cash flows from each CGU and determines a suitable discount rate in order to calculate the present value of those cash flows.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

A reversal of impairment loss for an asset is recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would had been determined, if no impairment loss had been recognised.

4.3 Financial assets

4.3.1 Classification

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Company classifies its financial assets into the following categories:

- debt instruments held within a business model whose objective is to hold to collect contractual cashflows are measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Notes to the Financial Statements CONTINUED

4. Summary of significant accounting policies CONTINUED

4.3 Financial assets CONTINUED

4.3.2 Recognition and measurement
The Company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the Company. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are initially recognised at fair value plus transaction costs. Subsequently, they are measured according to their classification as detailed above. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

4.3.3 Impairment
In relation to the impairment of financial assets, IFRS 9 requires an Expected Credit Loss ('ECL') model. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade and other receivables, the Company applies the simplified approach in calculating ECL's therefore the entity doesn't track changes in credit risk but instead recognises a loss allowance based on lifetime ECL's at the reporting date. The entity has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

For cash and cash equivalents, the entity applies the general approach, whereby a loss allowance is recognised based on 12-month expected credit losses, unless there has been a significant increase in credit risk since initial recognition, in which case lifetime expected credit losses are recognised.

No impairment loss is recognised for financial assets measured at fair value through profit or loss, as they are measured at fair value with changes recognised in profit or loss.

Notes to the Financial Statements CONTINUED

4. Summary of significant accounting policies CONTINUED

4.3 Financial assets CONTINUED

4.3.3 Impairment CONTINUED

In case of impairment, the asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

4.4 Trade and other receivables

Trade receivables comprise amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance for expected credit losses (note 4.3.3). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown separately in current liabilities in the statement of financial position.

4.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

4.7 Financial liabilities

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

Notes to the Financial Statements CONTINUED

4. Summary of significant accounting policies CONTINUED

4.8 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.9 Provisions

A provision is a liability of uncertain timing or amount. A provision is recognised when, as a result of a past event, the Company has a present obligation that can be estimated reliably and it is probable that the Company will be required to transfer economic benefits in settlement. Provisions are recognised as a liability in the statement of financial position and as an expense in profit or loss unless it is included in the cost of property, plant and equipment or as part of the cost of underlying assets.

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with sufficient reliability.

4.10 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements CONTINUED

4. Summary of significant accounting policies CONTINUED

4.10 Current and deferred tax CONTINUED

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.11 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Sales are recognised upon performance of services, net of sales tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and during the period the services are provided.

The major sources of revenue arise from the following air traffic control services:

a) En-route traffic

The Company provides air traffic control (ATC) and other services to aircrafts flying through their Flight Information Region (FIR). Revenue is recognized over time as the service is provided, that is, as the aircraft passes through the FIR.

b) Terminal traffic

The Company provides ATC, ground control, and related services to aircraft within the terminal area, when aircraft safely land, taxi, and take off. Revenue is recognized at a point in time, typically when the service is provided, that is, when the aircraft lands, when the aircraft departs and depending on the time spent within the terminal airspace.

c) Exempt traffic

The Company is compensated by Malta Investment and Economic Advisory Ltd (MIEA) at a fixed fee for the loss of revenue relating to an exemption of military aircraft from paying air navigation services. The fixed fee as agreed in the contract represents the transaction price.

Notes to the Financial Statements CONTINUED

4. Summary of significant accounting policies CONTINUED

4.12 Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

4.13 Retirement benefit expense

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with estimations being carried out at the end of each reporting period. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation.

4.14 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4.15 Foreign currencies

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and monetary liabilities denominated in foreign currencies at date of statement of financial position date are translated at year end closing rates of exchange. Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at rates different from those at which they were previously translated, are recognised in profit or loss.

Notes to the Financial Statements CONTINUED

5. Financial risk management

The exposures to risk and the way risks arise, together with the Company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below. The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where applicable, any significant changes in the Company's exposure to financial risks or the manner in which the Company manages and measures these risks are disclosed below.

Where possible, the Company aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

a) Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Financial assets which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, trade and other receivables, contractual cash flows of debt instruments carried at amortised cost and at fair value through profit or loss (FVTPL).

The Company's credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position date. None of the Company's financial assets are secured by collateral or other credit enhancements.

Cash and cash equivalents consist of cash at hand and cash held at reputable financial institutions. The credit risk for cash and cash equivalents is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit losses.

Notes to the Financial Statements CONTINUED

5. Financial risk management CONTINUED

a) Credit risk CONTINUED

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognising Expected Credit Losses (ECL)
Doubtful	Amount is greater than 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the ECL on these terms by using an estimate based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The maximum exposure to credit risk as at 31 December 2024 and 31 December 2023 is the carrying amount of the financial assets as set out below:

	2024	2023
	€	€
Trade receivables	**9,638,949**	7,394,697
Other receivables	**89,292**	3,566
Financial assets at fair value through profit or loss	**10,147,942**	10,178,889
Cash and cash equivalents	**27,763,957**	15,938,855
Term deposits	**18,500,000**	18,500,000
Total exposure to credit risk	**66,140,140**	52,016,007

Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired assets. As at 31 December 2024, the Company had total credit loss allowances of €3,144,628 (2023: €2,975,787).

Notes to the Financial Statements CONTINUED

5. Financial risk management CONTINUED

b) Foreign exchange risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company is exposed to British Pound (GBP) and US Dollars (USD).

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

The carrying amount of the financial assets through profit or loss, term deposits, and cash and cash equivalents denominated in foreign currencies as at the end of the reporting periods were as follows:

	2024	2023
	€	€
Financial assets through profit or loss		
GBP	-	26,726
USD	**941,652**	943,053
	941,652	969,779

	2024	2023
	€	€
Cash and cash equivalents		
GBP	-	1,821
USD	**168,364**	10,137
	168,364	11,958

A sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary since the exposure is not deemed to be significant.

Notes to the Financial Statements CONTINUED

5. Financial risk management CONTINUED

c) Interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments at the end of the reporting periods consists of both fixed and floating interest rates.

	2024 €	2023 €
Financial assets		
Term deposits subject to fixed rates	**18,500,000**	18,500,000
	18,500,000	18,500,000
Financial liabilities		
Bank overdraft subject to floating rates	**14,348**	12,950
Lease liability subject to fixed rates	**40,300,701**	40,564,532
	40,315,049	40,577,482

Fixed interest instruments comprise of term deposits held at bank (Note 13) and a lease liability from the Government of Malta (Note 9), which are measured at amortised cost and accordingly the Company is not exposed to fair value interest rate risk.

Floating interest instruments comprise of bank overdrafts (Note 18) which are held at floating rates tied to the respective banker's base rate. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments taking into consideration refinancing, renewal of existing positions, and alternative financing. Based on this analysis, management considers the potential impact on profit or loss of a floating interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. The Company's interest-bearing instruments are short-term in nature and accordingly the level of interest rate risk is contained. The Company's operating cash flows are substantially independent of changes in market interest rates.

A sensitivity analysis for interest risk disclosing how profit or loss would have been affected by changes in interest rates that were reasonably possible at the end of the reporting period is not deemed necessary since the exposure is not deemed to be significant.

Notes to the Financial Statements CONTINUED

5. Financial risk management CONTINUED

d) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise lease liabilities, trade and other payables, and bank overdrafts (refer to notes 9, 17 and 18). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligation.

The Company monitors and manages its risk to a shortage of funds by:

1. Monitoring forecast and actual cash flows;
2. Matching the maturity of both its financial assets and financial liabilities; and
3. Maintaining adequate reserves and banking facilities.

The following maturity analysis for financial liabilities shows the remaining contractual maturities using the contractual undiscounted cash flows on the basis of the earliest date on which the Company can be required to pay. The analysis includes both interest and principal cash flows:

	Carrying Amount €	Contractual Cash Flows €	Within 1 Year €	Between 1-5 Years €	Over 5 Years €
At 31 December 2024					
Lease liabilities	40,300,701	98,995,250	2,329,300	11,646,500	85,019,450
Trade and other payables	9,736,832	9,736,832	9,736,832	-	-
Bank overdraft	14,348	14,348	14,348	-	-
Total	50,051,881	108,746,430	12,080,480	11,646,500	85,019,450
At 31 December 2023					
Lease liabilities	40,564,532	101,324,550	2,329,300	11,646,500	87,348,750
Trade and other payables	8,306,011	8,306,011	8,306,011	-	-
Bank overdraft	12,950	12,950	12,950	-	-
Total	48,883,493	109,643,511	10,648,261	11,646,500	87,348,750

Notes to the Financial Statements CONTINUED

5. Financial risk management CONTINUED

e) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The capital structure of the Company consists of items presented within equity in the statement of financial position and disclosed in note 14. The Company's Directors manage the Company's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the Directors, the Company balances its overall capital structure through the selling of assets and payments of dividends.

The Company's overall strategy remains unchanged from the prior year.

f) Fair value estimation

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table provides an analysis of financial instruments measured at fair value, grouped into Levels 1 and 2.

Notes to the Financial Statements CONTINUED

5. Financial risk management CONTINUED

f) Fair value estimation CONTINUED

	Level 1 €	Level 2 €	Total €
At 31 December 2024			
With-Profits Fund	-	1,683,015	1,683,015
Debt securities	3,883,089	-	3,883,089
Equity instruments	4,345,734	-	4,345,734
Collective Investment Schemes	236,104	-	236,104
Total	**8,464,927**	1,683,015	10,147,942
At 31 December 2023			
With-Profits Fund	-	1,641,966	1,641,966
Debt securities	4,816,368	-	4,816,368
Equity instruments	3,617,997	-	3,617,997
Collective Investment Schemes	102,558	-	102,558
Total	**8,536,923**	1,641,966	10,178,889
At 31 December 2023			
With-Profits Fund	-	1,641,966	1,641,966
Debt securities	4,816,368	-	4,816,368
Equity instruments	3,617,997	-	3,617,997
Collective Investment Schemes	102,558	-	102,558

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques make use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Company's instruments included in level 2 comprise of over-the-counter derivatives with external parties.

Notes to the Financial Statements CONTINUED

6. Critical accounting estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are described below.

a) **Expected Credit Losses (ECL)**
ECL on financial assets, specifically trade and other receivables (note 11), is measured under IFRS 9. Key judgements include assessing significant increases in credit risk, defining default, and estimating probabilities of default, loss given default, and forward-looking factors. Under the simplified approach, lifetime ECL is recognised based on historical and forward-looking information.

b) **Pension Provision Estimate**
The measurement of defined benefit obligations involves the use of key estimates and assumptions, including the discount rate applied to determine the present value of the obligation, expected future salary increases, employee turnover rates, life expectancy of plan members, and the expected retirement age. These assumptions have a significant impact on the valuation of the obligation and may result in material changes to the amounts recognised in the financial statements.

c) **Accruals for regulatory and supervisory costs and navigation and surveillance cost**
Being that these costs are not directly invoiced by the Company but are determined by the Civil Aviation Directorate (CAD) on its behalf, and therefore are accrued based on the best information available at the reporting date. Management uses reporting tables and other available data to estimate these expenses; however, such estimates may differ from the final amounts invoiced and paid.

Notes to the Financial Statements CONTINUED

7. Changes in accounting policies

7.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2024. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures:* Supplier Finance Arrangements (effective for financial years beginning on or after 1 January 2024)
- Amendments to IFRS16 Leases: Lease Liability in a sale and leaseback (issued on 22 September 2022)
- Amendments to IAS 1 *Presentation of Financial Statements* (effective for financial years beginning on or after 1 January 2024):
  - Classification of Liabilities as Current or Non-current
  - Classification of Liabilities as Current or Non-current - Deferral of Effective Date; and
  - Non-current Liabilities with Covenants

The adoption of new and amended standards did not have a material impact on the Company's financial statements.

7.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of the authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Company.

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (effective for financial years beginning on or after 1 January 2025)

Management anticipates that all the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

Certain new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

Notes to the Financial Statements CONTINUED

7. Changes in accounting policies CONTINUED

7.3 Standards, amendments and interpretations to published standards that are not yet endorsed by the EU

- IFRS 18 *Presentation and Disclosure in Financial Statements* (issued on 9 April 2024)
- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024)
- Annual Improvements Volume 11 (issued on 18 July 2024)

8. Property, plant and equipment

	Assets under construction €	Plant & machinery €	Furniture fixtures & other equipment €	Motor vehicles €	Technical equipment €	Buildings €	Radar equipment €	Total €
At 1 January 2023								
Cost	3,170,899	92,560	2,012,455	294,425	17,106,387	5,146,982	20,211,240	48,034,948
Accumulated depreciation	-	(92,560)	(1,781,490)	(291,964)	(14,984,717)	(3,407,910)	(18,125,378)	(38,684,019)
Net book amount	**3,170,899**	**-**	**230,965**	**2,461**	**2,121,670**	**1,739,072**	**2,085,862**	**9,350,929**
Year ended 31 December 2023								
Opening net book amount	3,170,899	-	230,965	2,461	2,121,670	1,739,072	2,085,862	9,350,929
Additions	-	-	74,033	142,373	525,957	72,707	296,578	1,111,648
Depreciation charge	-	-	(99,051)	(30,936)	(593,574)	(33,314)	(456,977)	(1,213,852)
Closing net book amount	**3,170,899**	**-**	**205,947**	**113,898**	**2,054,053**	**1,778,465**	**1,925,463**	**9,248,725**
At 31 December 2023								
Cost	3,170,899	92,560	2,086,488	436,798	17,632,344	5,219,689	20,507,818	49,146,596
Accumulated depreciation	-	(92,560)	(1,880,541)	(322,900)	(15,578,291)	(3,441,224)	(18,582,355)	(39,897,871)
Net book amount	**3,170,899**	**-**	**205,947**	**113,898**	**2,054,053**	**1,778,465**	**1,925,463**	**9,248,725**

Notes to the Financial Statements CONTINUED

8. Property, plant and equipment CONTINUED

	Assets under construction €	Plant & machinery €	Furniture fixtures & other equipment €	Motor vehicles €	Technical equipment €	Buildings €	Radar equipment €	Datalink equipment €	Total €
At 1 January 2024									
Cost	3,170,899	92,560	2,086,488	436,798	17,632,344	5,219,689	20,507,818	-	49,146,596
Accumulated depreciation	-	(92,560)	(1,880,541)	(322,900)	(15,578,291)	(3,441,224)	(18,582,355)	-	(39,897,871)
Net book amount	**3,170,899**	**-**	**205,947**	**113,898**	**2,054,053**	**1,778,465**	**1,925,463**	**-**	**9,248,725**
Year ended 31 December 20234									
Opening net book amount	3,170,899	-	205,947	113,898	2,054,053	1,778,465	1,925,463	-	9,248,725
Additions	-	-	255,226	436,441	580,938	41,387	465,364		1,779,356
Transfer of Assets Under Construction	(2,700,000)	-	-	-	-	-	-	2,700,000	-
Depreciation charge	-	-	(132,131)	(115,763)	(637,335)	(33,935)	(507,288)	(337,508)	(1,763,960)
Closing net book amount	**3,170,899**	**-**	**205,947**	**113,898**	**2,054,053**	**1,778,465**	**1,925,463**		**9,248,725**
At 31 December 2024									
Cost	470,899	92,560	2,341,713	873,238	18,213,283	5,261,077	20,973,183	2,700,000	50,925,9536
Accumulated depreciation	-	(92,560)	(2,012,671)	(438,662)	(16,215,627)	(3,475,160)	(19,089,644)	(337,508)	(41,661,832)
Net book amount	**470,899**	**-**	**329,042**	**434,576**	**1,997,656**	**1,785,917**	**1,883,539**	**2,362,492**	**9,264,121**

9. Right-of-use asset and lease liabilities

The Company leases the land in which it operates. The lease contract is made for a fixed period of 62.5 years. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease payments are discounted using the lessee's incremental borrowing rate, which represents the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Company, where possible, uses recent Government financing received as a starting point, adjusted to reflect changes in financing conditions since related-party financing was received.

Notes to the Financial Statements CONTINUED

9. Right-of-use asset and lease liabilities CONTINUED

	Land €
As at 1 January 2023	
Cost	33,919,393
Accumulated depreciation	(2,797,476)
Net book amount	**31,121,917**
Year ended 31 December 2023	
Opening net book amount	31,121,917
Depreciation charge	(699,369)
Net book amount	**30,422,548**
As at 31 December 2023	
Cost	33,919,393
Accumulated depreciation	(3,496,845)
Net book amount	**30,422,548**
As at 1 January 2024	
Cost	33,919,393
Accumulated depreciation	(3,496,845)
Net book amount	**30,422,548**
Year ended 31 December 2024	
Opening net book amount	30,422,548
Depreciation charge	(699,369)
Net book amount	**29,723,179**
As at 31 December 2024	
Cost	33,919,393
Accumulated depreciation	(4,196,214)
Net book amount	**29,723,179**

Notes to the Financial Statements CONTINUED

9. Right-of-use asset and lease liabilities CONTINUED

The lease liabilities were initially measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The movement of the lease liabilities is analysed below:

	Land €
At 1 January 2023	40,815,404
Interest expense on lease liability	2,078,428
Repayment of lease liability	(2,329,300)
At 31 December 2023	**40,564,532**
At 1 January 2024	40,564,532
Interest expense on lease liability	2,065,470
Repayment of lease liability	(2,329,301)
At 31 December 2024	**40,300,701**

Lease liabilities for the years ended 31 December 2024 and 2023 are split as follows:

	2024 **€**	2023 €
Non-current		
Lease liabilities	**37,971,401**	38,235,232
Current		
Lease liabilities	**2,329,300**	2,329,300
At 31 December 2023 **40,564,532**		

	2024 **€**	2023 €
The statement of comprehensive income reflects the following amounts with respect to leases:		
Depreciation charge of the right-of-use assets	**699,369**	699,369
Interest expense on lease liability	**2,065,470**	2,078,428

The total cash payments for leases in 2024 and 2023 were €2,329,300 and €2,329,300 respectively.

Notes to the Financial Statements CONTINUED

10. Financial assets at fair value through profit or loss

	2024 €	2023 €
Fair value at 31 December		
With-Profits Fund	**1,683,015**	1,641,966
Debt securities	**3,883,089**	4,816,368
Equity instruments	**4,345,734**	3,617,997
Collective Investment Schemes	**236,104**	102,558
Total financial assets at fair value through profit or loss	**10,147,942**	10,178,889

	2024 €	2023 €
Year ended 31 December		
At beginning of the year	**10,178,889**	4,030,753
Bonus on With-Profits Fund	**41,049**	40,048
Net gain from changes in fair value during the year	**1,219,171**	347,346
Portfolio movements	**(1,291,167)**	5,760,742
At end of year	**10,147,942**	10,178,889

11. Trade and other receivables

	2024 €	2023 €
Trade receivables - gross	**9,638,949**	7,394,697
Less: Credit loss allowances (Note 11.1)	**(3,144,628)**	(2,975,787)
Trade receivables - net	**6,494,321**	4,418,910
Prepayments	**146,254**	93,076
Accrued income (Note 11.2)	**2,711,215**	2,340,047
Other receivables	**89,292**	3,566
	9,441,082	6,855,599

Note 11.1: Trade Receivables is stated net of credit loss allowances amounting to €3,144,628 (2023: €2,975,787).

Note 11.2: Accrued income amounting to €2,711,215 (2023: €2,340,047) relates to en-route charges.

Notes to the Financial Statements CONTINUED

12. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2024 €	2023 €
Cash from financial assets at fair value through profit or loss	**1,460,476**	14,370
Cash at bank	**26,302,742**	15,924,304
Cash in hand	**739**	181
	27,763,957	15,938,855

13. Term deposits

	2024 €	2023 €
Maturing within one year		
1 year fixed-term deposits	**-**	6,500,000
	-	6,500,000
Maturing after one year		
5 year fixed-term deposits	**18,500,000**	12,000,000
	18,500,000	12,000,000

The term deposits are held with reputable banks, and the Company earns interest ranging from 1.55% to 3%. (2023: ranging from 1% to 2%)

14. Share capital

	2024 €	2023 €
Authorised		
10,000,000 ordinary shares of €2 each	**20,000,000**	20,000,000
Issued and fully paid		
5,000,000 ordinary shares of €2 each	**10,000,000**	10,000,000

Notes to the Financial Statements CONTINUED

15. Provision for retirement benefits

The provision for retirement benefits is unfunded and represents the year-end provision for possible future liabilities relating to pensions of employees who joined the public service before 15 January 1979 and were transferred to the Company. The provision has been computed in accordance with the accounting policy stated in note 4.13 and represents the Company's obligation discounted to the net present value at the rate of 7% after considering the average life expectancy of these employees and expected increases in salaries, where applicable.

The Company was charged by the Service Pensions Department (Government) for the Company's contribution in respect of the pension paid out to the retirees from the date of their retirement up to 31 December 2024. The total amount to be paid out by the Company, as charged by the Service Pensions Department, as at 31 December 2024 amounted to €3,477,501 (2023: €3,101,098).

The movement in the provision for retirement benefits may be analysed as follows:

	2024	2023
	€	€
At the beginning of the year	**3,101,098**	2,740,516
Retirement benefit expense	**376,403**	360,582
At end of year	**3,477,501**	3,101,098

16. Other financial liabilities

	2024	2023
	€	€
Amounts owed to government	**5,230,209**	4,764,334

Amounts owed to government are unsecured and interest free. There is no fixed date for repayment and the Company has an unconditional right to defer settlement of the amount due for 12 months after the reporting period.

Notes to the Financial Statements CONTINUED

17. Trade and other payables

	2023	2022
	€	€
Trade payables	**1,791,520**	1,791,816
Accruals (Note 17.1)	**3,440,790**	1,041,139
Deferred income	**4,425**	4,425
Deferred government grant	**121,339**	121,339
Other payables (Note 17.2)	**4,378,767**	5,347,292
	9,736,841	8,306,011

Note 17.1: Accruals primarily relate to amounts in respect of en-route and terminal navigation charges, regulatory and supervisory costs, navigation and surveillance costs, contributions, and other operating expenses.

Note 17.2: Other payables mainly comprise amounts payable to the Civil Aviation Directorate (CAD), Malta International Airport p.l.c. (MIA) and Eurocontrol.

18. Bank overdraft

	2024	2023
	€	€
Bank overdraft	**14,348**	12,950

The outstanding bank overdraft as at 31 December 2024 and 2023 is secured by general hypotech over the Company's assets. The average rate of interest during the year was 5.15% (2023: 5.15%).

19. Revenue

	2023	2022
	€	€
Provision of air traffic control services:		
En-Route traffic	**30,084,750**	22,793,788
Terminal traffic	**9,374,345**	7,704,009
Exempt traffic	**1,863,499**	1,863,499
	41,322,594	32,361,296

Notes to the Financial Statements CONTINUED

20. Expenses by nature

	2024	2023 (restated)
	€	€
Staff costs (Note 21)	**15,432,668**	13,048,853
Depreciation expense (Notes 8 and 9)	**2,463,329**	1,913,222
Auditor's remuneration	**6,200**	2,950
Directors' emoluments	**70,734**	68,184
Other operating expenses	**9,567,866**	9,519,469
Total expenses	**27,540,797**	24,552,678

Auditors' fees

Fees charged by the auditors for services rendered during the financial years ended 31 December 2024 and 2023 relate to the following:

	2024	2023
	€	€
Annual statutory audit	**5,450**	2,750
Other non-audit services	**750**	200
Total	**6,200**	2,950

21. Staff costs

	2024	2023 (restated)
	€	€
Staff costs incurred during the year were as follows:		
Wages and salaries	**14,595,748**	12,260,017
Social security costs	**460,518**	428,254
Retirement benefit contributions	**376,402**	360,582
	15,432,668	13,048,853

Notes to the Financial Statements CONTINUED

21. Staff costs CONTINUED

Average number of persons employed by the Company during the year:

	2024	2023
Operations	**55**	57
Technical	**54**	52
Administration	**61**	64
	170	173

22. Finance costs

	2024	2023
	€	€
Interest expense on bank overdraft	**732**	598
Interest expense on right-of-use asset	**2,065,470**	2,078,428
	2,066,202	2,079,026

23. Other income/(expenses) - net

	2024	2023
	€	€
Interest income on bank deposits	**376,105**	383,222
Net gain/(loss) from changes in fair value of financial assets at fair value through profit or loss	**1,357,261**	369,885
Investment transaction fees	**(9,672)**	(104,217)
Dividend received	**25,245**	88,264
Interest income on redemptions	**28,943**	42,178
Income from grants	**2,638**	-
Other income	**-**	1,775
Rental income	**314,549**	342,398
	2,095,069	1,123,505

Notes to the Financial Statements CONTINUED

24. Tax expense

	2024	2023
	€	€
Current tax expense	**4,876,871**	1,175,594

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable as follows:

	2024	2023
	€	€
Profit before tax	**13,810,664**	6,853,097
Tax on profit at 35%	**4,634,631**	2,075,059
Tax on profit at 15%	**85,229**	88,965
Tax effect of:		
Adjustments for chargeable income	**510,546**	(746,458)
Capital allowances	**(353,535)**	(241,971)
Tax charge in the accounts	**4,876,871**	1,175,594

Notes to the Financial Statements CONTINUED

25. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	2024 **€**	2023 €
Profit before tax	**13,810,664**	6,853,097
Adjustments for:		
Depreciation of property, plant and equipment (Note 8)	**1,763,960**	1,213,852
Depreciation of right-of-use asset (Note 9)	**699,369**	699,369
Retirement benefit contributions (Note 15)	**376,402**	360,582
Provision for doubtful debts (Note 11)	**168,841**	283,159
Interest expense	**2,065,470**	2,078,428
Decrease/(increase) in fair value of financial assets at fair value through profit or loss	**(1,225,635)**	(391,396)
Interest income	**(373,906)**	(384,931)
Changes in working capital:		
(Increase) in trade and other receivables	**(2,754,323)**	(2,165,441)
Increase in trade and other payables	**1,430,826**	827,618
Cash generated from operations	**15,961,668**	9,374,337

26. Related party transactions

The Company has related party relationships with companies over which the directors exercise significant influence. The Company is 99.9% owned by the Malta Investment and Economic Advisory Ltd (MIEA) Limited, acting as agent for the Government of Malta. Consequently, all entities controlled by the Government of Malta are considered to be related parties.

The key management of the Company are considered to be the directors, who are also considered to be related parties.

Notes to the Financial Statements CONTINUED

25. Related party transactions CONTINUED

Except for transactions disclosed or referred to previously, the following significant operating transactions, which were carried out principally with related parties, have a material effect on the operating results and financial position of the Company:

	2024 €	2023 €
INCOME STATEMENT		
Sales to:		
Malta International Airport p.l.c. on air navigation services and instrument landing system	**1,041,976**	1,055,796
Compensation from:		
Malta Investment and Economic Advisory Ltd on exempt traffic	**1,863,499**	1,863,499
Expenses:		
Directors' fees	**70,734**	68,184
Meteorological services from Malta International Airport p.l.c.	**743,684**	743,688
Interest on leased land from Government of Malta	**2,065,470**	2,078,428
Settlements to:		
Civil Aviation Directorate for regulatory and supervisory costs	**3,853,387**	3,837,034
Malta International Airport p.l.c. for navigation and surveillance costs	**686,155**	448,000
BALANCE SHEET		
Receivables from:		
Malta International Airport p.l.c. on services rendered	**2,476,847**	1,247,316
Payables to:		
Malta International Airport p.l.c. on services rendered	**702,428**	488,502
Malta Investment and Economic Advisory Ltd as capital contribution	**5,230,209**	4,764,334
Civil Aviation Directorate and Malta International Airport p.l.c. for settlements over cost allocations	**4,330,504**	5,297,229
Liability of lease on land from Government of Malta	**40,300,701**	40,564,532

Notes to the Financial Statements CONTINUED

27. Statutory information

Malta Air Traffic Services Limited is a limited liability Company and is incorporated in Malta, with its registered address at Malta International Airport, Luqa, LQA 5000, Malta.

The immediate and ultimate parent Company of Malta Air Traffic Services Limited is Malta Investment and Economic Advisory Ltd, a Company registered in Malta, with its registered address at Clock Tower, Level 1 Tigne Point, Sliema, Malta.

28. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's disclosure format for the purpose of compliance with the International Financial Reporting Standards (IFRS), and the requirements of the Maltese Companies Act (Cap. 386).

SUPPLEMENTARY STATEMENTS 2024

DETAILED STATEMENT OF COMPREHENSIVE INCOME

Schedule I

	2024 €	2024 En-route €	20234 Terminal €	2023 €
Revenue	**41,322,594**	**31,724,629**	**9,597,965**	32,361,296
Staff costs	**(15,432,668)**	**(11,574,501)**	**(3,858,167)**	(13,048,853)
Depreciation expense	**(2,463,329)**	**(1,970,663)**	**(492,666)**	(1,913,222)
Other operating expenses	**(9,644,800)**	**(7,952,198)**	**(1,692,602)**	(9,590,603)
Finance costs	**(2,066,202)**	**(1,652,962)**	**(413,240)**	(2,079,026)
Other income	**2,124,126**	**1,699,301**	**424,825**	1,337,557
Other expenses	**(29,057)**	**(23,246)**	**(5,811)**	(214,052)
Profit before tax	**13,810,664**	**10,250,360**	**3,560,304**	6,853,097

Schedule does not form part of the audited financial statements.

REVENUE

Schedule II

	2024 **€**	**2024 En-route** **€**	**2024 Terminal** **€**	2023 €
Provision of air traffic control services:				
En-Route traffic	**30,084,750**	**30,084,750**	**-**	22,793,788
Terminal traffic	**9,374,345**	**-**	**9,374,345**	7,704,009
Exempt traffic	**1,863,499**	**1,639,879**	**223,620**	1,863,499
	41,322,594	**31,724,629**	**9,597,965**	32,361,296

Schedule does not form part of the audited financial statements.

OTHER OPERATING EXPENSES

Schedule III

	2024 €	2024 En-route €	2024 Terminal €	2023 €
Eurocontrol contribution	**913,251**	**872,251**	**41,000**	1,109,749
Regulatory and supervisory costs	**3,853,387**	**3,390,981**	**462,406**	3,837,034
Navigation and surveillance costs	**686,155**	**-**	**686,155**	448,000
Meteorological services	**773,615**	**680,781**	**92,834**	771,229
European Voluntary Fund	**81,041**	**71,316**	**9,725**	221,668
Communication expenses	**383,683**	**337,641**	**46,042**	412,064
Training	**199,165**	**175,265**	**23,900**	280,215
Insurance	**718,938**	**632,666**	**86,273**	678,750
Provision for doubtful debts	**168,841**	**148,580**	**20,261**	283,159
Travelling	**154,880**	**136,295**	**18,586**	236,292
Water and electricity	**223,045**	**196,279**	**26,765**	258,111
Legal and professional fees	**287,977**	**253,420**	**34,557**	103,433
General expenses	**56,144**	**49,407**	**6,737**	50,037
Conference expenses	**17,370**	**15,285**	**2,084**	12,692
Subscriptions	**135,242**	**119,013**	**16,229**	146,986
Cleaning	**118,319**	**104,121**	**14,198**	109,990
Licences and permits	**74,703**	**65,738**	**8,964**	87,227
Directors' fees	**70,734**	**62,246**	**8,488**	68,184
Fuel and oil	**13,965**	**12,289**	**1,676**	13,340
Repairs and servicing	**501,025**	**440,902**	**60,123**	263,606
Printing and stationery	**48,869**	**43,005**	**5,864**	25,728
Motor vehicle expenses	**24,690**	**21,727**	**2,963**	11,423
Bank charges	**3,027**	**2,664**	**363**	3,420
Staff expenses	**1,250**	**1,100**	**150**	2,159
Sponsorship	**20,847**	**18,345**	**2,502**	21,254
Medical fees	**14,202**	**12,497**	**1,704**	18,600
Hire of equipment	**6,689**	**5,886**	**803**	9,772
Advertising	**4,325**	**3,806**	**519**	12,427
Donations	**7,606**	**6,694**	**913**	5,244
Car hire	**45,677**	**40,196**	**5,481**	74,189
Difference on exchange	**(25,054)**	**(22,047)**	**(3,006)**	(3,196)
Carriage	**5,788**	**5,094**	**695**	3,766
Entertainment	**4,896**	**4,308**	**587**	4,408
Auditor's remuneration	**6,200**	**5,456**	**744**	2,950
Registration fees	**1,400**	**1,232**	**168**	1,400
Penalties and fines	**11,241**	**9,892**	**1,349**	174
Safety wear	**133**	**117**	**16**	481
Wages and salaries	**31,534**	**27,750**	**3,784**	4,638
	9,644,800	**7,952,198**	**1,692,602**	9,590,603

Schedule does not form part of the audited financial statements.

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