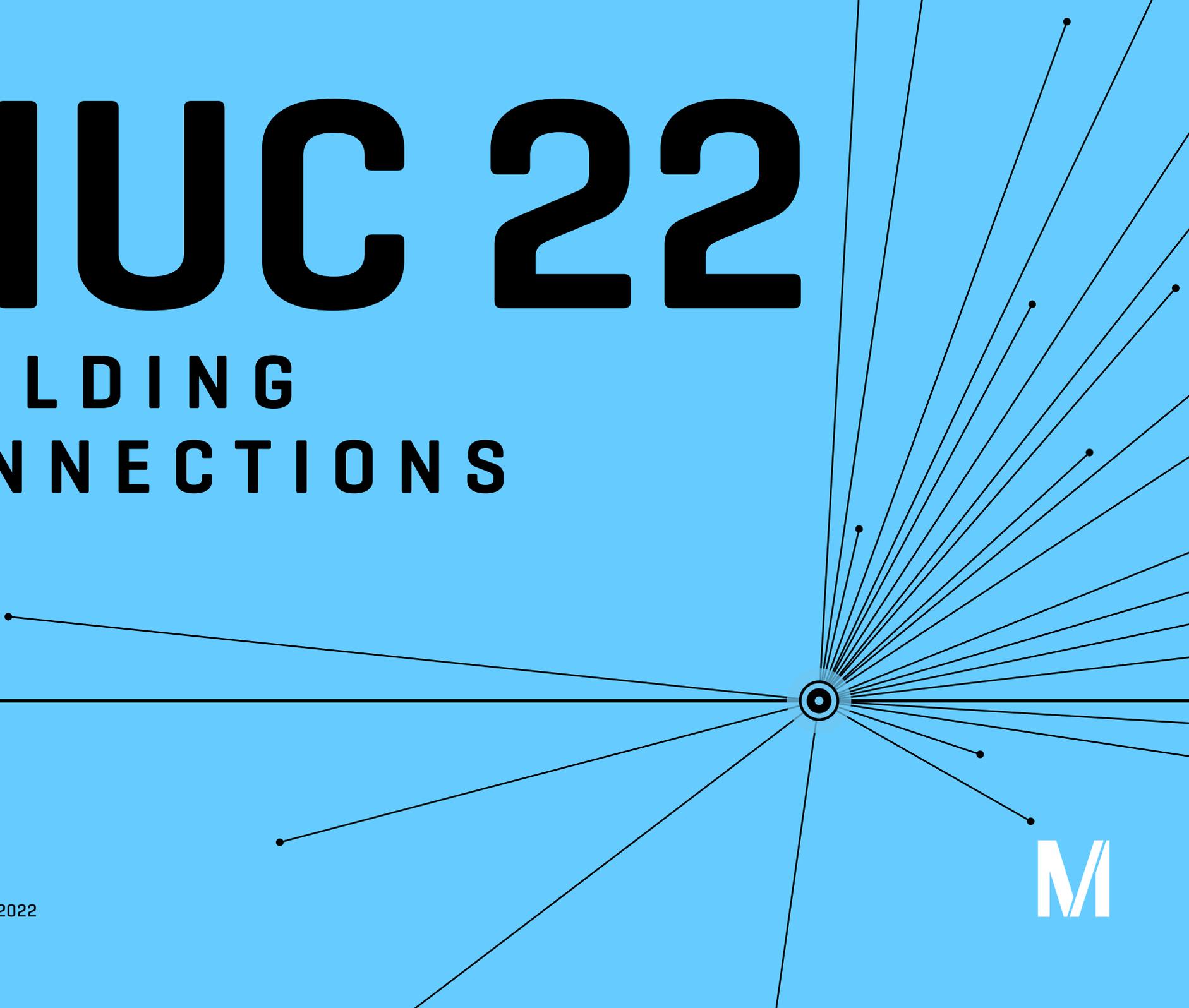


MUC 22

BUILDING CONNECTIONS



Munich Airport
Integrated Report 2022

M

BUILDING CONNECTIONS

Munich Airport is back. Connections have been resumed, and new targets defined. Ideas are implemented, developments completed.

Building connections: Between the challenges of today and the solutions of tomorrow. Between sustainable development and the requirements of the future.

→ **We connect – Munich with the entire world.**

CI

CONTENTS

CHECK-IN CI

1

4 CI |
KEY FIGURES

—

6 CI |
LETTER FROM
THE EXECUTIVE
BOARD

8

BUSINESS REPORT BR

9

10 BR 01 |
BUSINESS
MODEL

—

12 BR 02 |
STRATEGY

24

20 BR 03 |
MANAGEMENT

FINANCIAL REPORT FR

25

26 FR 01 |
GROUP
MANAGEMENT
REPORT

—

72 FR 02 |
ABRIDGED
CONSOLIDATED
FINANCIAL
STATEMENTS

78

77 FR 03 |
NOTE ON THE
AUDIT OPINION

78 FR 04 |
SUPERVISORY
BOARD REPORT

IMPACT REPORT IR

79

80 IR 01 |
ECONOMIC
RESPONSIBILITY

—

85 IR 02 |
ECOLOGICAL
RESPONSIBILITY

99

93 IR 03 |
SOCIAL
RESPONSIBILITY

CHECK-OUT CO

100

100 CO |
IMPRINT

ONLINE REPORT



Additional content in the online report:

- Report profile
- Financial report with auditor's report [PDF]
- GRI content index
- Sustainability indicators
- Sustainability program
- Independent assurance report
- Material topics

The online report can be found at:

→ report2022.munich-airport.com

Key figures

Economic

Results of operations, assets, and financial position

€ MILLION

	2022	2021	2020	2019	Change in % 2022/21
Group revenue	1,188.0	601.3	579.7	1,568.0	97.6
EBITDA	238.7	-45.8	-161.8	554.3	
EBIT	-27.7	-285.7	-403.9	345.5	
Consolidated earnings after taxes	-58.8	-261.3	-321.4	177.8	
EBITDA margin in %	20.1	-7.6	-27.9	35.4	
EBITDA/Pax in €	7.5	-3.7	-14.6	11.6	
EBIT margin in %	-2.3	-47.5	-69.7	22.0	
ROCE ¹⁾ in %	-0.6	-6.0	-8.4	7.6	
Cash flow from operating activities	159.4	-45.8	-116.0	429.1	
Investments	177.6	250.0	391.0	319.4	-29.0
Free cash flow	-15.4	-273.5	-503.8	109.1	
Equity	1,765.7	1,815.2	2,065.0	2,378.1	0.0
Equity ratio in %	32.2	33.0	37.4	42.9	
Net Debt/EBITDA	12.7	-64.3	-16.3	3.8	

¹⁾ ROCE = EBIT/(equity + net debt + ongoing employee benefits)

Ecological

CO₂ emissions

IN TONNES

	2022	2021	2020	2019	Change in % 2022/21
Direct emissions Scope 1	81,613	73,075	73,407	88,876	11.7
Indirect emissions Scope 2	8,739	5,265	7,065	12,635	66.0
Attributable CO ₂ emissions	90,352	78,340	80,472	101,511	15.3

Specific CO₂ emissions

IN KILOGRAMS

	2022	2021	2020	2019	Change in % 2022/21
CO ₂ emissions per passenger	2.85	6.27	7.24	2.12	-54.5

Drinking water and wastewater

IN CUBIC METERS

	2022	2021 ¹⁾	2020	2019	Change in % 2022/21
Volume of purchased drinking water	811,648	562,510	563,789	1,032,239	44.3
Drinking water consumption per 1,000 TU ¹⁾	23.7	39.6	44.7	20.1	-40.2
Total wastewater discharged	2,051,259	1,955,165	1,610,406	2,494,388	4.9
Wastewater per 1,000 TU ¹⁾	59.8	137.6	127.7	48.5	-56.5

¹⁾ Traffic units

Social

Employee structure¹⁾

NUMBER

	2022	2021	2020	2019	Change in % 2022/21
Total	8,610	8,693	9,338	9,806	-1.0
Women in %	32.04	32.21	31.92	32.55	-0.5
Men in %	67.96	67.79	68.08	67.45	0.3
Full-time in %	77.53	78.82	78.25	75.79	-1.6
Part-time in %	22.47	21.18	21.75	24.21	6.1
<30 years in %	11.58	10.96	13.09	15.68	5.7
30-50 years in %	50.09	51.07	51.40	51.56	-1.9
>50 years in %	38.33	37.97	35.51	32.76	0.9

¹⁾ Reporting date: December 31: Figures exclude apprentices, workers in minor employment, temporary workers, and interns

Apprentices

NUMBER

	2022	2021	2020	2019	Change in % 2022/21
Total	230	247	287	303	-6.9

Occupational health and safety

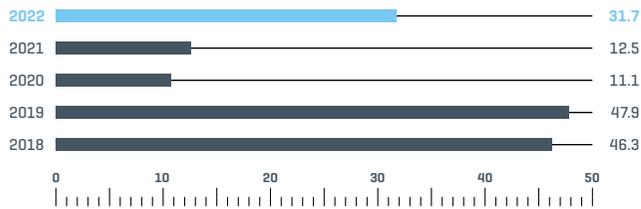
NUMBER

	2022	2021	2020	2019	Change in % 2022/21
Reportable occupational accidents	225	107	94	236	110.3
Resulting days of absence	4,646	2,264	2,508	6,539	105.2
Rate per 1,000 workers	32.74	13.38	10.85	27	144.7

Operational

Air travelers

IN MILLIONS

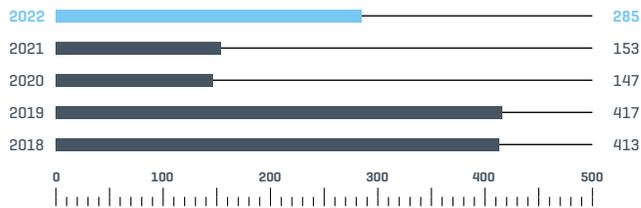


- With 31.7 million passengers in 2022, Munich Airport grew at a very dynamic rate compared to the previous year.
- Nevertheless, passenger numbers were approximately 66 percent of the 2019 reference year levels.

→ Page 40

Aircraft movements

IN THOUSANDS



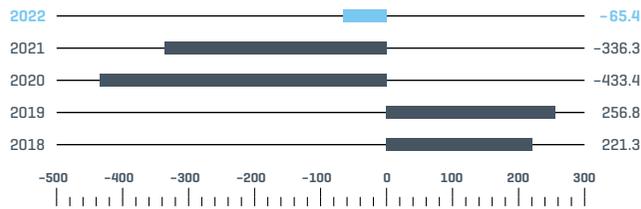
- Aircraft movements also rose sharply in 2022 compared with the previous year.
- However, they amounted to approximately 68 percent of the values for the 2019 reference year.

→ Page 40

Management-related

Consolidated earnings before taxes (EBT)

€ MILLION

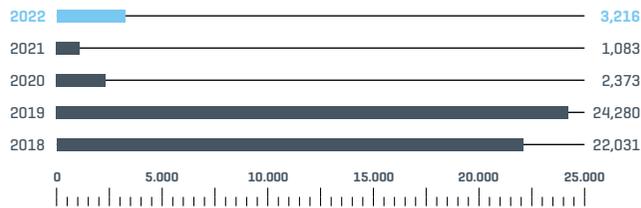


- In 2022, Munich Airport's EBT was still impacted by the effects of the Corona pandemic.
- However, strict cost management yielded a better EBT than planned.

→ Page 49

CO₂ reductions¹⁾

IN TONNES

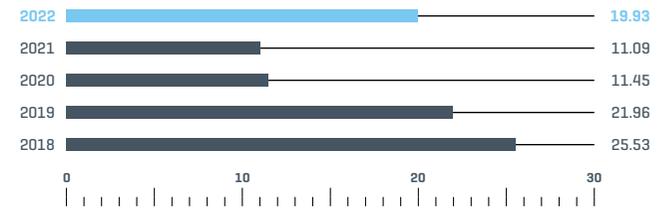


- The expected catch-up effects did materialize in 2022. The previous year's figure was exceeded significantly.
- The big increase is due to the implementation of delayed measures from the year 2021 and the new measures undertaken in 2022.

→ Page 49

¹⁾ Depending on the data basis, the savings are determined on the basis of measurements, product data sheets or performance data on nameplates and documented in the CO₂ database. In exceptional cases, experience values of comparable measures that have already been completed and verified are used.

Lost Time Incident Frequency rate (LTIF)¹⁾

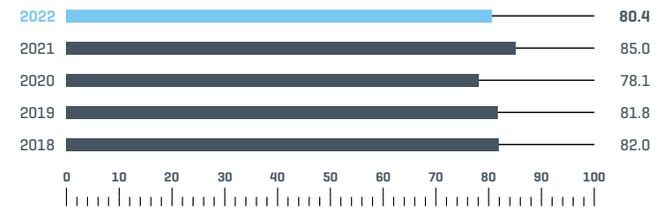


- Lost Time Incident Frequency (LTIF) represents an accident benchmarkable frequency rate.
- In 2022, the LTIF rate for FMG and AE Munich slightly exceeded the forecast value.

→ Page 49

¹⁾ Applicable to FMG and AE Munich; 2019 was used as the comparison period.

Passenger Experience Index (PEI)



- Compared to 2021, Munich Airport saw a slight decrease in the satisfaction of passengers as measured by PEI in 2022.
- In 2022, Munich Airport once again implemented measures to improve passengers' experience.

→ Page 49

Munich Airport has defined four key performance indicators to measure the development of the company. These key performance indicators are a measure of doing business in a sustainable and integrated manner and influence the variable remuneration components for managers.

LETTER FROM THE EXECUTIVE BOARD

«We anticipate that passenger traffic will return to around 80 percent of its pre-crisis level in the current year.»



JUST LAMMERS

President and Chief Executive Officer,
Personnel Industrial Relations Director

Dear Sir or Madam,

Munich Airport is back! We can reflect positively on the past fiscal year – and look to the future with optimism. We expect to be back at pre-crisis levels in 2024, or 2025 at the latest. People's need to travel the world after the long period of restrictions is great. The airlines' booking data for the current year looks very promising. Thanks to strong demand, we are once again a major hub airport with numerous prime destinations and excellent connections.

Nevertheless, 2022 was fraught with many challenges. After a slow start due to the spread of the omicron variant of the coronavirus, demand surged starting at Easter, and especially during the summer months. Capacities reached their limits due to staff shortages at many airlines and at German airports. The ongoing Russian war of aggression in Ukraine also led to a significant increase in energy prices.

Traffic figures improved significantly with around 285,000 take-offs and landings. 31.7 million passengers used Munich Airport in 2022 – an increase of 153 percent over the previous year.

And a glance at the balance sheet for fiscal 2022 also reveals that a turnaround has been achieved: Group sales amounted to around €1.2 billion, almost double the figure for 2021. The consolidated statement of profit or loss [EAT] amounted to a loss of €59 million, a significant improvement on the previous year's loss of €286 million. The company's liquidity is secured.

We intend to respond to rising demand by expanding our infrastructure in accordance with it. Currently the largest project – the expansion of Terminal 1 – is now already in the interior construction phase. The new pier will offer the kind of high quality experience and service that our passengers have come to expect from a premium hub. Commissioning is scheduled for the end of 2025.

NATHALIE LEROY

Chief Financial Officer,
Chief Infrastructure Officer



«For 2023, we expect a significant increase in revenue.»

«The dynamic growth has brought vitality back to our stores, restaurants, and car parks.»



JAN-HENRIK ANDERSSON

Chief Commercial
and Security Officer

With our partner Lufthansa, we have overcome difficult times caused by the Corona pandemic, and together we will return to our former strength. At the same time, we are facing the challenges of the new normal. This strategic partnership is to be successfully continued with joint goals in sustainability, innovations, digitization and the consistent development of the premium hub Munich. Lufthansa also operates one of the most modern long-haul fleets in Munich with the A350-900 – a strong indication of the importance of the Bavarian hub.

Flying – and of course the aviation infrastructure – must become more sustainable. At Munich Airport, we want to achieve climate neutrality and also reduce our greenhouse gas emissions to net zero as early as possible. Large parts of our lighting have already been converted to LED. Next, all passenger buses will be converted to electric operation. At the same time, we are supporting our airline partners to fly from Munich in the most climate-friendly way possible. From 2025, binding quotas for blending sustainable aviation fuels will apply in Europe. Our tank farm is already certified to use green kerosene. In addition, the long-distance rail link to the airport is essential from both an economic and an ecological point of view. The link to regional and national rail traffic is a top priority for us. We need strong political support to achieve this.

Around 8,600 people from more than 100 countries work for the Munich Airport Group. Every day, they do their part to offer our passengers the best travel experience at Bavaria's gateway to the world. We would like to thank all employees for their commitment. Only with your help were we able to end crisis mode and get back on track for success.

We connect – Munich with the whole world.

Yours sincerely,
Jost Lammers

BUSINESS REPORT

BR

9-24

10 BR 01 |
Business model

12 BR 02 |
Strategy

13 Strategy 2030

14 Commitment to climate protection

14 Our Business Units

16 Numerous construction projects
underway

20 BR 03 |
Management

21 Personnel management

21 Digitalization

22 Quality

22 Sustainable Development Goals

22 Sustainable corporate governance

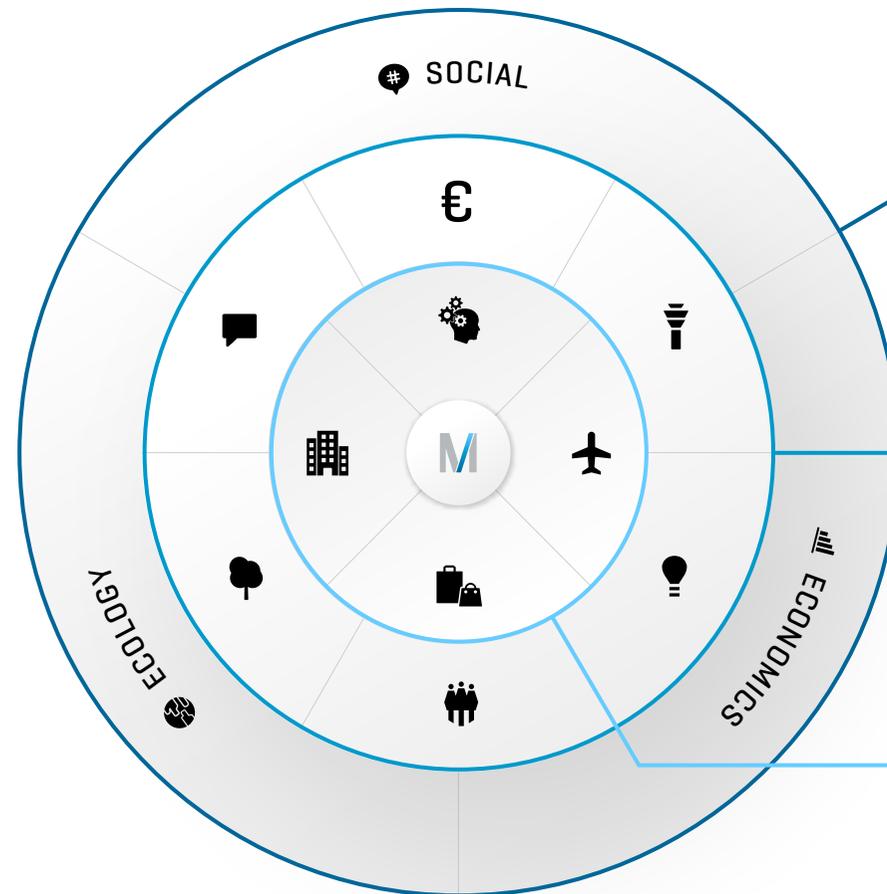
BUSINESS MODEL

Our strategy

The Strategic Vision 2030 provides the framework for the strategies of the business units. We pursue economic, ecological, and social goals to meet the needs of all stakeholders at Munich Airport.

Our impact

We have a holistic understanding of the impact of our business activities. We aim to create long-term value while taking responsibility for our ecological and social environment.



→ report2022.munich-airport.com

BR 01

LAYERS

DEFINITION



Our value creation

We invest in the most important resources in order to achieve a sustainable increase in value for our company and our environment. Qualified and motivated employees as well as an efficient and demand-oriented infrastructure are among the central prerequisites for the sustainable development of our location.



The six types of capital

Based on the change in the types of capital, we can identify significant cause-and-effect relationships. This creates a multidimensional picture of our short-, medium- and long-term value creation or reduction.



Four business units make up our organization

Munich Airport is active via the business units Aviation, Commercial Activities, Real Estate and Participations, Services & External Business. Our business model includes almost all services available at the airport campus and provides various offers and services.

OUR TARGETS

STRATEGY

BY 2031

Further development of the LabCampus urban concept

BY 2026

New concepts for supraregional rail connection

END OF 2023

Integration of sustainability criteria in the selection of future tenants

STRATEGY

With its Strategic Vision 2030, Flughafen München GmbH is demonstrating how Bavaria's mobility hub is operated sustainably and positioned as a forward-looking premium hub within the top group of European airports.

Strategy

Strategy 2030

As a customer-centric company, Flughafen München GmbH (FMG) offers first-class quality and services tailored to the market and demand through its own economic strength and ensures sustainable growth in the value of Munich as a hub location. We are expanding Munich Airport as a competitive and profitable premium hub, thus strengthening our position among Europe's top airports. The intermodal mobility offering on the land and airside is to be further developed in terms of more efficient infrastructure and resource utilization. At the same time, we are also aware of the negative effects of airport operations and assume ecological responsibility together with our partners.

The Strategic Vision 2030 charts Munich Airport's path into the future: As the operator of the premium hub, FMG manages its business efficiently and aims to become an industry-wide role model for sustainable air traffic. The result is a modern company with sustainable connections that acts as an innovative competitor and trustworthy brand in dialogue with all stakeholders. High quality, economic success and the exemplary role as a green mobility hub with social responsibility do not contradict each other.

Efficient and needs-based action – always with a view to the impact on the Group as a whole – leads the company to long-term, value-driven growth rather than short-term, selective gains. Our business activities and strategic positioning also have an impact on Munich, Bavaria and Germany as a business location, the airport region and its inhabitants, employees, travelers, and the companies based at and around the hub. The resulting market requirements are the focus of business activities. In this context, the «M» brand forms a common framework, ensures consistency and provides orientation both internally and externally. «Living ideas – Connecting lives» means promoting cooperation and creating synergies. This makes the organization more efficient, faster and more adaptable.

The Group Strategy 2030 defines economic as well as environmental and social goals to meet the needs of all the airport's stakeholder groups. The company must act consistently, taking into account its key stakeholders and the market, and grow sustainably in order to be successful in the long term: Economic efficiency is just as important as social and ecological responsibility. At the same time, growing social pressure and tougher competitive conditions can be felt in the industry.

A demand-driven and modern infrastructure is crucial to achieving the objectives. The airport will therefore be investing more heavily in maintenance and modernization in the coming years in order to safeguard its core aviation business and drive forward its real estate business and commercial business units. The continued development of real estate and infrastructure is a key element in creating

BR 02

targeted offerings for customers and enhancing the quality of their visit.

By adjusting our product and service portfolio and diversifying away from locations and air traffic, such as international business (Munich Airport International) and the development of the LabCampus, we will achieve additional value for the Group.

Commitment to climate protection

In 2019, as part of the **European Green Deal**, all 27 EU member states committed to making Europe the first climate-neutral continent by 2050 through a package of policy initiatives. The adopted climate protection target provides for a reduction in emissions of at least 55 percent by 2030 compared with the base year 1990 as a first step. Various strategies and action plans have been developed to this end – including the «Fit for 55» policy package. Munich Airport considers itself well prepared to meet the increased requirements. We implemented many of the legally required measures before they took effect. For example, the «pre-conditioned air systems» required as part of the «Fit for 55» package, which were already installed at parking positions near the terminals in 2016, save more than 20,000 tonnes of CO₂ annually. Around €30 million were invested in this measure.

We want to operate the airport in a carbon-neutral manner from the year 2030. To accomplish this, we are reducing greenhouse gas emissions directly attributable to the company by at least 60 percent using various technical measures. The remaining 40 percent of emissions are to be balanced out by suitable compensation measures, preferably within the region. We are investing €150 million to accomplish this by 2030. FMG has spent €2.5 million on the regional climate protection project «climate forest.» Existing forests in Lower Bavaria and the Upper Palatinate are being optimized on around 2,000 hectares so that the trees can store as much CO₂

as possible. Over the entire project period of initially 30 years, a total of around 90,000 additional tonnes of CO₂ will be stored. Guests of the Airbräu airport brewery can contribute to the «climate forest» by offsetting the carbon footprint of their meals.

munich-airport.com/muc-climate-forest-project-11985745

Munich Airport has also committed to another ambitious climate action goal as part of the «Net Zero Carbon Initiative»: the reduction of CO₂ emissions that can be influenced by the airport itself to net zero by 2050 at the latest. The idea is to keep emissions from arising in the first place through actions such as switching to renewable energy sources. Since 2021, we have been analyzing various options and measures for implementing the targets of the «Net Zero Carbon Initiative.»

The close cooperation between various companies in the air traffic industry is an essential building block on the path to more sustainable air traffic. The close partnership between Flughafen München GmbH and Deutsche Lufthansa AG also helps to protect the climate: Both partners see continuous investment in new aircraft and in the development of sustainable aviation fuels (SAF) as essential. Following a thorough technical inspection, in summer 2021 the tank farm at the site was already certified for climate-friendly fuels of the future. This means that sustainable aviation fuels can be delivered, stored, and refueled at Munich Airport.

Our Business Units

The strategic goals of the Strategy Vision 2030 were applied to the airport group's business areas. These business units are also subject to overarching guidelines: cost efficiency, digitalization, manufacturing scope and depth, risk diversification, and sustainability.

AVIATION BUSINESS UNIT

Munich Airport ensures connectivity for the people and businesses based here. It can be assumed that demand for air travel will continue to develop positively due to the economic strength and attractiveness of Bavaria and the southern German region as an incoming destination, despite current uncertainties. Munich Airport is crucial as a gateway for this region.

With 31.7 million passengers in 2022, the location has grown at an above-average rate compared to the rest of Germany. With China expected to gradually open up as the last major market, passenger numbers are expected to return to pre-crisis levels in 2024 or 2025 at the latest. The goal is to achieve lasting stability in its position as one of the leading hubs in the European aviation market, which is experiencing further consolidation. Long-haul and transfer traffic will therefore be the essential cornerstones of the aviation strategy in the medium to long term, too.

The Lufthansa Group's decision to base its reactivated Airbus A380 aircraft exclusively at Munich Airport from summer 2023 is a strong expression of its commitment to the Bavarian hub within Lufthansa's multi-hub system. Further destinations in point-to-point traffic are to increase the variety and attractiveness of the service. One crucial aspect here will be keeping infrastructure and process quality at a high level and thereby strengthening the company's position as it competes with other airports.

Airfreight has also benefited from the traffic boom at Munich Airport. Freight volumes in 2022 increased by 55 percent year-on-year to a

BR 02

total of around 259,000 tonnes. Furthermore, the development of our cargo and logistics business aims to account for the central importance of global, functional supply chains.

FMG and Lufthansa: a bilateral commitment to a long-term partnership

In January 2023, Flughafen München GmbH and Deutsche Lufthansa AG signed a letter of intent committing to a joint sustainability strategy, the development of Munich Airport into an intermodal traffic hub, the expansion of infrastructure according to demand, and the promotion of digitalization and innovations in operations.

The partnership with Lufthansa began back in the late nineties. With the joint construction and operation of Terminal 2, which opened in 2003, we have launched a model of cooperation that is unique in Europe and established Munich Airport as a premium hub with high-quality connections to attractive destinations worldwide. The satellite building commissioned in April 2016 marked the first expansion stage for this successful joint venture. Starting in the summer of 2023, Lufthansa will reactivate its Airbus A380 and base four of the world's largest passenger aircraft in Munich. As early as June, three of these long-haul aircraft, which can accommodate more than 500 passengers, will be ready to fly to destinations in the USA.

In order to remain competitive in the long term, both companies are driving forward the achievement of their sustainability goals so that the entire Munich location will benefit from this. The Lufthansa Group plans to cut its net CO₂ emissions in half by 2030 compared with 2019 and also aims to achieve a neutral CO₂ balance by 2050. The Group is focusing on accelerated fleet modernization, continuous optimization of flight operations, the use of sustainable aviation fuels, and innovative offers to make air travel or the transport of cargo CO₂-neutral.

COMMERCIAL ACTIVITIES BUSINESS UNIT

Passenger numbers recovered as the pandemic subsided, reviving our commercial business in 2022: Demand increased in all areas of this business unit. In the Retail and Catering segments, we have conducted talks with all tenants to secure contractual relationships and develop prospects in the interests of sustainable business relationships and the economic situation on both sides. New tenants were found for some of the vacancies that resulted from the effects of the pandemic – for example, due to business closures or the termination of contractual relationships.

In advertising, a particular focus in 2022 was on acquiring new customers in the automotive and tourism sectors. The solidification of existing brand partnerships was successfully driven forward, particularly in these industries.

In the Parking division, a change in customer structure coincided with the recovery in air traffic. An increase in the share of individual travel, in particular by leisure travelers, contrasted with a significant drop in business travel volumes. We have therefore placed emphasis on online marketing, which is particularly relevant for vacation travelers. Various parking infrastructure redevelopment projects are currently tightening parking capacity, resulting in high utilization as early as 2022.

The goal of the Commercial Activities business unit is to secure and expand FMG's value proposition in the face of changing consumer behavior. Central to this is the optimization of space efficiency and the portfolio of offerings as well as increasing customers' willingness to make purchases. Changing retail structures and consumer habits also call for new marketing and acquisition concepts. Offering customers a special experience at Munich Airport is also one of the tasks in this business unit. Staging in the terminal areas, the presentation of strong brands, and extraordinary events in the Forum of the Munich Airport Center (MAC) all play a part in this.

REAL ESTATE BUSINESS UNIT

The Real Estate business unit ensures that buildings and space are made available as needed for Munich Airport's value-added processes. In addition, the real estate business is being positioned in the third-party market. The ongoing development of the entire real estate and space portfolio and the networking required for this is of great importance for the location.

Using real estate as a means of securing the core business of aviation

Sustainability is the essential guideline for the development and operation of real estate at the airport. The portfolio of real estate and infrastructure, some of which dates back to the time when the airport first went into operation, will be successively modernized over the coming years. The expectations of air travelers and visitors for a high quality of visit are also key factors. The new pier at Terminal 1 is one example of a pioneering investment in the future, which takes account of the requirements of a modern terminal infrastructure.

To continue to ensure smooth air traffic at the Munich hub, Terminal 1, the central building, and the existing parking garages will be extensively refurbished and modernized over the next few years. In addition to optimizing passenger processes, special attention is being paid to the customer experience at the airport. The central zone with the two terminals, the central building, and the MAC form the commercial nucleus of Munich Airport.

BR 02

Generating substantial contributions to profits by developing real estate

FMG plans to tap into new revenue sources of revenue outside the traditional portfolio through a series of major projects. For example, in addition to the completion of the office buildings on the LabCampus, space for testing autonomous driving was transferred to the business partners. The agenda also includes the sale of a plot of land owned by the airport for the construction of a multifunctional arena by a third-party investor with considerable synergy potential.

Taking account of regional interests

The real estate strategy is carefully calibrated to accommodate the interests and concerns of the airport area in terms of both the development of Munich Airport as a whole and the many construction projects that are planned. FMG maintains an intensive dialog with the region. The marketing of airport real estate focuses on target groups and companies that value proximity to the airport and an international environment when choosing a potential location.

EXPANSION OF INTERNATIONAL BUSINESS

Over the past 30 years, Munich Airport has evolved from a consultant for airport relocation and operations to a management services provider of international airport infrastructure. In this way, we are promoting value-driven growth beyond the Munich site, tapping into new business models and continuously expanding our own expertise as an airport operator. The further development of the consulting and management segment is scheduled for 2023.

Munich Airport markets its expertise worldwide through the Group subsidiary Munich Airport International GmbH (MAI). MAI is a valued partner for strategic investors and emerging aviation companies around the world, not least because of the recognized quality at its home base. Together with its subsidiaries, MAI also successfully completed existing projects and acquired new customers in 2022 despite ongoing crises. For example, the opening of the new Terminal A at Newark Liberty International Airport (EWR) took place

after more than three years of intensive preparation. A new project was also acquired in Thailand. With the opening of the regional office in Singapore, MAI is reinforcing its commitment to the Asian aviation market. Our local presence enables us to maintain even closer contact with our customers and business partners in this region.

Numerous construction projects underway

We are strengthening our development prospects with demand-driven expansion and refurbishment projects. The most strategically important projects, such as the expansion of Terminal 1, the completion of the LabCampus innovation center, or the improved transport links to the airport, will be continued and completed – always with a focus on quality and the changing needs of customers and business partners. Negative effects, for example, on the environment and the airport area, will be kept to a minimum, for example by applying compensating and noise protection measures. Sustainable building concepts and the subsequent operation of the buildings are designed to minimize any adverse impact, for example, due to resource and energy consumption.

AIR TRAFFIC CONTINUES TO GROW

The effects of the Corona pandemic are still being felt, but international air traffic has returned to positive growth in fiscal year 2022. Experts believe that the long-term demand for mobility and thus global air traffic will continue to grow in the future. Munich Airport's task is to ensure the availability of capacity for air traffic in line with demand.

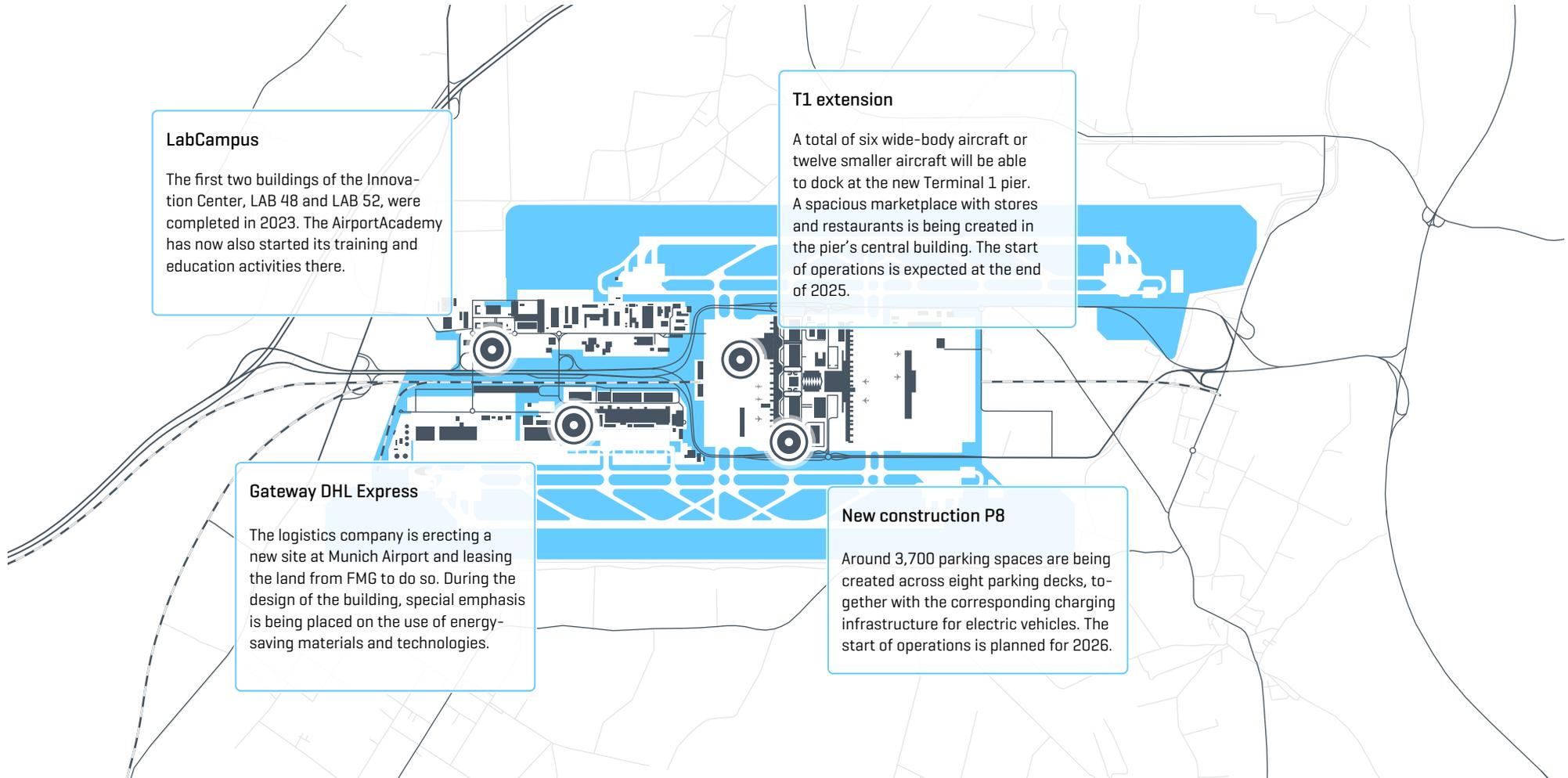
UPGRADE FOR TERMINAL 1

The expansion and modernization of Terminal 1 through the construction of a new pier is a strategic expansion project that will secure the future and competitiveness of Munich Airport. In 2022, the structural work was completed and the facade and roof of the terminal extension were finished. Interior work on the approximately 96,000-square-foot building began in spring 2023. Due to the Corona crisis and its impact on both air traffic and construction supply chains, the new terminal area is expected to be operational by the end of 2025. Travelers can then expect 16 additional piers, twelve state-of-the-art security screening lanes, and a new baggage claim area with four baggage carousels. The new building will also feature a spacious marketplace with an extensive retail and restaurant offering, as well as two new lounges with panoramic views of the western apron.

INNOVATION AND RESEARCH CENTER LABCAMPUS OPENED

To the northwest of the airport site, the LabCampus has been opened as a cross-industry innovation center with workspaces, showrooms, project and conference areas for networked research and development work. International innovators benefit especially from the location of the airport, which is designed as a smart city. In October 2022, the first office building, «LAB 48», was completed and went into operation at the beginning of February 2023. With an area of approximately 30,000 square meters, the building offers a variety of possible uses throughout four floors. German Air Traffic Control (DFS) already moved into its office space in November 2022. LabCampus also boasts ideal conditions for teaching and cutting-edge research: The Technical University of Munich (TUM), for example, is relocating the Faculty of Aeronautics and Astronautics there on an interim basis. The necessary space for offices, teaching, workshops, laboratories, and student learning and work spaces is provided in «LAB 48» and «LAB 52».

Strategic construction projects



BR 02

Construction on the premises of the new AirportAcademy, which is also located on the LabCampus site, was completed on schedule. Since the beginning of 2023, the 14,000-square-meter facility has provided high-end technically equipped seminar rooms and rest areas, complemented by a spacious dining area. In the course of 2023, additional catering facilities will be built in the two buildings and the open spaces will be completed. A lighting and signaling concept specially designed for LabCampus was already implemented in the first quarter.

 labcampus.de/en

DHL PLANS EXPRESS CENTER AT THE AIRPORT

DHL Express Germany officially kicked off the construction of a new Express Center at Munich Airport in the summer of 2022 at a ceremonial groundbreaking. The volumes of DHL Express shipments at the Munich gateway have risen sharply in recent years. With a gross floor area of more than 11,000 square meters, the new building will increase the production area almost sevenfold. The building will then have two so-called «PUD fingers» (pick-up and delivery), at which up to 65 delivery vehicles can be handled simultaneously. For this purpose, the logistics company is leasing the land from Flughafen München GmbH. The investment volume of the project is around €104 million. The move and commissioning are scheduled for 2024.

During planning, special emphasis is placed on the use of energy-efficient materials and technologies. The new facility at Munich Airport is part of a comprehensive infrastructure program with which DHL Express is fundamentally modernizing and expanding its production sites in Germany. There is a daily flight connection to the international DHL Express hub in Leipzig, East Midlands in the UK and Milan-Malpensa in Italy.

P8: CONSTRUCTION OF A MODERN PARKING BUILDING

At the beginning of 2023, the deconstruction of the P8 parking garage, which dates back to the early days of the airport, began. Demolition is expected to continue until the end of the year, after which construction work for the new parking garage will begin. Around 3,700 parking spaces will be created on eight parking decks with the corresponding charging infrastructure for electric vehicles. Commissioning of the 167-meter-long and 65-meter-wide P8 is scheduled for 2026.

CONNECTION TO THE AIRPORT REMAINS A TOP ISSUE

Improved accessibility by rail is of overriding importance for Munich Airport. This will allow for a more sustainable arrival and departure while expanding the catchment area for travelers and visitors. In spring 2022, the four-stage concept for improving rail connections for local, regional and long-distance traffic, which was developed jointly with the Bavarian State Ministry of Housing, Construction and Transportation, was completed. Other regional train connections to and from the airport – for example, from the north – have been included in the considerations. Another milestone has been reached: With the signing of a realization and financing agreement, the stage has been set for the construction of the entire «Airport Munich West Overpass» project. A joint FMG and Deutsche Lufthansa AG working group is also addressing the overarching issue of intermodality at Munich Airport. Both partners see an urgent need for action to connect Munich Airport to the long-distance and ICE network.

BR 02

Facts & Figures

STRATEGY

RETURN OF THE LH-A380

4 × A380



will be based by Lufthansa in Munich

CLIMATE PROTECTION PROJECT

2,000

HECTARES of climate forest as a regional compensation project

EXPANSION TERMINAL 1

12

parking positions created at new T1 pier

PASSENGER VOLUME 2022

31.7 MILLION

PASSENGERS

(+153%)

OUR TARGETS

MANAGEMENT



BY 2026

**Digitalization and personalization
of the customer experience**

END OF 2025

**Strengthening of the employer
image**

MANAGEMENT

We are developing Munich Airport into a flexible, performance-driven and modern company with economic, digital and value-driven structures as well as a wide range of prospects and opportunities for further development for all employees.

Management

Air traffic recovery requires adjustment of personnel management

The Munich Airport Group responded to the dramatic decline in traffic during the Corona pandemic with, among other measures, a restrictive cost-cutting program, a hiring freeze, and short-time working. In spring and summer 2022, with the easing of the extraordinary pandemic situation, there was a need to respond to the sudden increase in passenger and handling processes after a period of temporary shutdown. With a return to pre-crisis levels forecast for 2025 at latest, the situation in the sector-specific and general German labor market will continue to worsen at the same time. Consequently, targeted and effective investment in personnel is needed to recruit new staff for all areas of the Group as well as to retain existing employees and deploy them in a manner that adds value.

In order to make FMG more adaptable to external influences in the long term, the HR strategy sets out target profiles with a wide range of requirements for HR management – for example, demographic development and social trends such as digital transformation. Our personnel concept is based on the current and forecast business situation and on our corporate strategy. It aims to strengthen the perception of the company as an attractive employer both on the personnel market and within the company. At the same time, young professionals have their own individual expectations of the company – for example, they favor flat hierarchies and sustainable entrepreneurial action on the part of the employer. These needs are reflected in the ongoing development of our human resources policy. Flughafen München GmbH is establishing a modern working environment. With the introduction of the company agreement on the mobile office, FMG and AeroGround have already created an excellent basis for the implementation of contemporary regulations on hybrid working.

Digital airport: Optimized processes for travelers and employees

We attach high strategic priority to the digital transformation of our processes and services. With the establishment of a platform for digitalization and innovation projects, experts are now working together across disciplines and divisions in key areas to create measurable added value for travelers, business partners, and employees:

BR 03

PIONEERING SECURITY TECHNOLOGY FOR PASSENGER CHECKS

At Terminal 2, state-of-the-art security technology began to be installed as standard equipment at the hand baggage checkpoints starting at the beginning of 2023. All control stations are to be successively equipped with 60 computed tomography (CT) scanners and 48 newly designed control lanes over the coming years. Our passengers will benefit from enhanced safety, increased efficiency, and improved comfort as a result of the new technology. For example, electrical devices or liquids will no longer have to be presented separately. The new technology may also eliminate fluid restrictions in the future. Munich Airport will therefore be the first airport in Germany to be fully equipped with the new security technology and convenient control lanes.

Premium hub: Munich maintains top position

At the annual «World Airport Awards» presented by the London-based aviation research institute Skytrax, Munich Airport was once again awarded the title of «Best Airport in Central Europe» based on a global passenger survey in spring 2023. In addition, the airport staff won the «Best Airport Staff in Europe» award.

Traveler satisfaction decreased only slightly compared with the previous year. The main reason for this development, which is measured by the Passenger Experience Index (PEI), is essentially the unplannable surge in travelers following the lifting of almost all travel restrictions in the spring and summer of 2022. Travelers' quality of visit was further improved last year through various innovative measures: For example, families with children have the opportunity to go on an «audio walk» through Terminal 2 using an audio book.

 [Group management report: PEI \(page 49\)](#)

SAFETY AND HEALTH COME FIRST

Munich Airport was again awarded the «ACI Airport Health Accreditation» certificate by Airports Council International (ACI) in 2022. In addition to the excellent health protection of airport staff, it also certifies the successful implementation of health and safety measures. Disinfection and cleaning, compliance with hygiene rules in passenger areas, wayfinding, and the provision of relevant information for air travelers were the focus of the investigation. Munich Airport follows the recommendations of the Council Aviation Recovery Task Force of the International Civil Aviation Organization (ICAO) and the EASA/ECDC Aviation Safety Protocol. In addition, we consistently implement the ACI Europe guidelines for safe and healthy air travel.

UN goals: The airport makes a contribution

Munich Airport supports the United Nations' 2030 Agenda with its Sustainable Development Goals (SDGs): We have identified twelve SDGs that are relevant to and can be influenced by the airport, and we intend to use strategic projects to advance their achievement. Specific goals and measures of the airport that contribute to reaching the SDGs are presented in the sustainability program.

 sustainabledevelopment.un.org

Sustainable corporate governance

With our sustainability strategy, we are pursuing the goal of generating value for the company and the region, ensuring environmentally conscious operation, and assuming social responsibility. Our sustainability strategy takes into account the material topics and includes the associated measures for their implementation as well as the defined targets in the strategic sustainability program.

Topics are material if they influence the sustainable development of the airport's economic, ecological, or social environment.

Munich Airport's external stakeholders and FMG management regularly assess the relevance of the topics defined as material. The results of the survey are incorporated into a Materiality Matrix. The topics with the highest relevance are brought into focus within the sustainability strategy.

Furthermore, key performance indicators are defined to make the achievement of strategic goals and the effectiveness of the measures measurable. In addition to the economic perspective, EBT (Earnings before taxes), and PEI (Passenger experience index) as a measure of customer satisfaction, CO₂ reductions are also used as an ecological indicator and the accident frequency indicator LTIF (Lost time incident frequency) as a social control indicator.

BR 03

MATERIALITY PROCESS: IDENTIFYING AND INTEGRATING TOPICS

In a materiality process, FMG annually identifies and prioritizes relevant issues from external and internal perspectives. FMG reports in accordance with the GRI standards (Global Reporting Initiative)

In 2022, existing topics were updated, expanded, and partially summarized. In fiscal year 2023, eleven material topics form a central component of the airport's sustainability activities. The adaptation of the material topics is the result of a strategic re-assessment. The changes can be found in the GRI Content Index.

1. Identification

In addition to surveying key stakeholder groups, the material topics are aligned with societal trends and aviation industry developments and validated through an AI-based benchmark. Topics are adapted, supplemented, or incorporated for the first time.

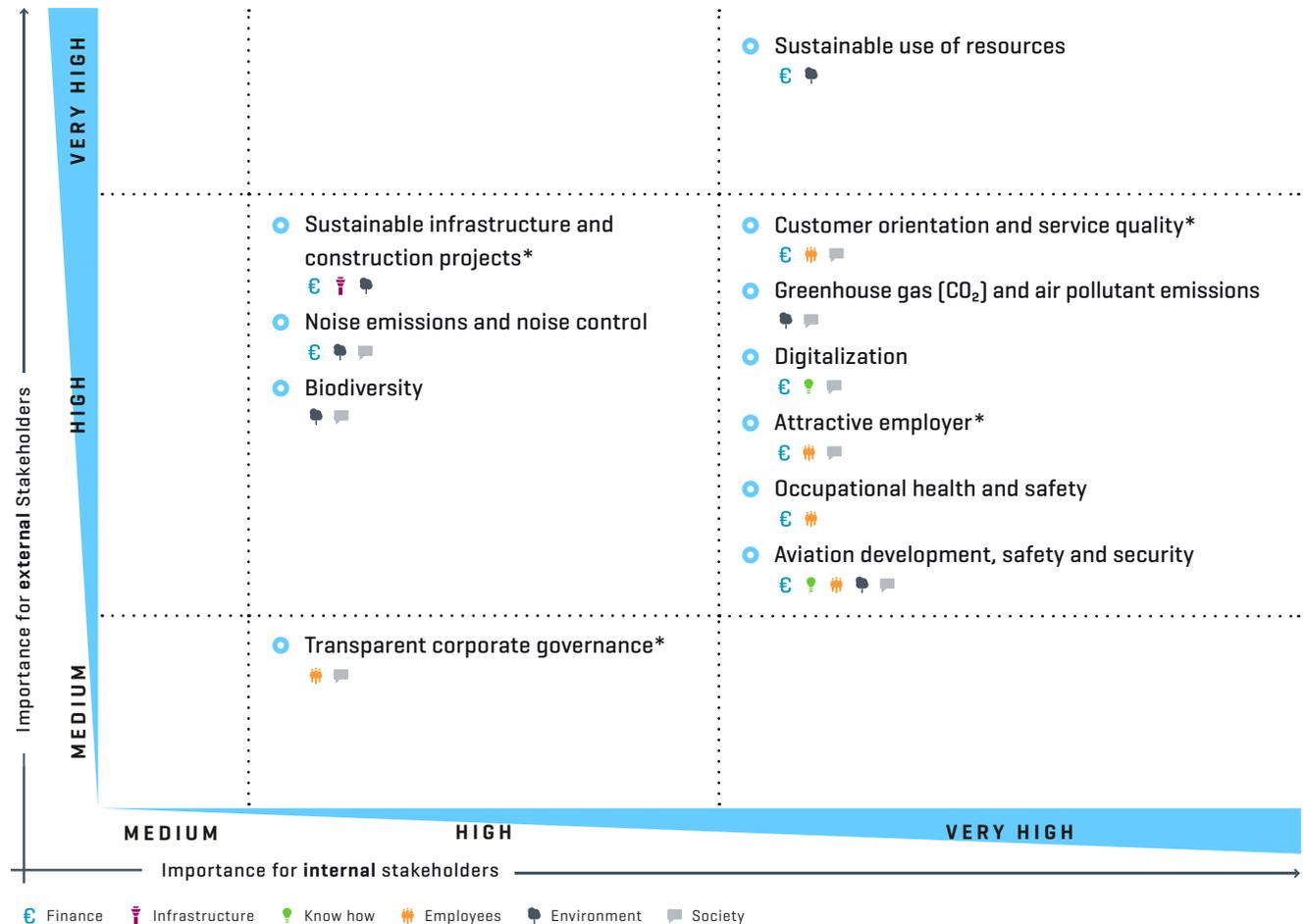
2. Prioritization

Key aspects of sustainable development are regularly discussed as part of an internal sustainability committee. The Executive Board discusses these issues with experts and members of the senior management team and decides on the strategic direction to be taken for the sustainable development of the Group.

3. Implementation

Specific goals and measures are outlined within the strategic sustainability program for each material topic as well as the progress made implementing these. Following the decision and approval of management, the respective managers are responsible for implementing the associated measures to achieve the targets.

Materiality matrix



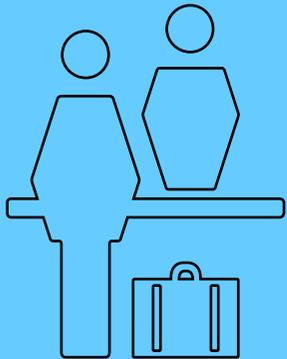
* Topic adjusted/merged

BR 03

Facts & Figures

MANAGEMENT

PIONEERING SAFETY TECHNOLOGY



60

Computer tomography scanners for more safety and convenience

48

Newly designed control lanes

AWARD

BEST!

→ Airport in Central Europe

→ Airport staff in Europe

UN GOALS

3	4	5	6
7	8	9	11
12	13	15	17

12

SDGs relevant to and influenceable by the airport

FINANCIAL REPORT

FR

25 – 78

INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT FOR THE FISCAL YEAR 2022

The online report published in full on the Internet is decisive for the audit of the consolidated financial statements. In addition to the unconditional independent auditor's report, the full consolidated financial statements and the Group Management Report for the fiscal year from January 1 through December 31, 2022 are generally accessible at: report2022.munich-airport.com. The version published there was audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. The present printed Group Management Report 2022 corresponds to the audited version. The consolidated financial statements are presented in abridged form in the printed report. This includes the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, and the consolidated statement of cash flow. The Group notes under IFRS are published only in the online report.

26	FR 01 Group management report	75	Consolidated statement of changes in equity
26	Situation of the Group	76	Consolidated statement of cash flows
35	Report on economic position	77	FR 03 Note on the audit opinion
50	Events after the balance sheet date	78	FR 04 Supervisory Board report
51	Outlook, opportunities and risks report		
72	FR 02 Abridged consolidated financial statements		
72	Consolidated statement of profit or loss		
73	Consolidated statement of comprehensive income		
74	Consolidated statement of financial position		

GROUP MANAGEMENT REPORT

The dynamic growth in passenger numbers and aircraft movements substantially improved Munich Airport's financial results in fiscal year 2022. At around €1.2 billion, revenue almost doubled compared with the previous year. Earnings after taxes (EAT) of –€59 million signified a noticeable reduction in the previous year's loss.*

* This introduction is not part of the audited Group management report.

Situation of the Group

Business model of the Group

SITUATION

Flughafen München GmbH (FMG) is headquartered in Munich. As the parent company of Munich Airport Group (Munich Airport), it is the operator of Munich's commercial airport.

Munich Airport is active via the business units Aviation, Commercial Activities, Real Estate and Participations, Services & External Business. The service profile of the Group covers virtually all the services available on the airport campus – from flight operations to passenger and cargo handling through to retailing, hotels, and catering services. This integrated business model and depth of added value sets Munich Airport apart from its European competitors.

Munich Airport is committed to a corporate policy of sustainability. The orientation toward economic, environmental, and social goals ensures acceptance of the airport and consequently the viability of its business model.

MAIN FEATURES OF MANAGEMENT AND CONTROL

The shareholders of FMG are the Free State of Bavaria with 51.0%, the Federal Republic of Germany with 26.0%, and the City of Munich with 23.0%.

According to section 5 of FMG's articles of association, its executive bodies consist of the Executive Board, the Supervisory Board and the shareholders' general meeting.

Executive Board

As a rule, the members of FMG's Executive Board are appointed for five years; reappointment is permitted. The Executive Board consists of three members (including the Chairman of the Board), represents FMG externally and is responsible for corporate policy and the strategic direction of the Munich Airport Group.

FMG's managing directors receive non-performance-related compensation (fixed salary) and performance-related compensation with short- and medium-term incentives (bonus). The bonus is primarily linked to the earnings before taxes.

Supervisory Board

FMG has a Supervisory Board pursuant to Sections 1 [1] and [6] of the German Codetermination Act (MitbestG). The Supervisory Board exercises monitoring and co-determination rights. It appoints members of the Executive Board and determines their remuneration. Transactions exceeding certain thresholds or terms require Supervisory Board approval. The employees' representatives on the Supervisory Board are elected by the Group employees. The shareholders' representatives are appointed by the shareholders' general meeting. The term in office of the Supervisory Board members ends with the shareholders' general meeting that resolves on the formal discharge

FR 01

of the members for the fourth fiscal year after the start of their term in office.

The Supervisory Board has appointed a proposals committee, a working committee and an HR committee, and it has entrusted them with the following tasks, among others:

Committees in the Supervisory Board

Proposals committee	Fulfillment of tasks pursuant to Section 31 [3] of the German CoDetermination Act [MitbestG]
Working committee	Opinion on draft resolutions of the Executive Board requiring the approval of the Supervisory Board; Approval in lieu of the Supervisory Board of certain legal transactions that exceed set thresholds or terms
HR committee	Drafting of management contracts (with the exception of remuneration), general representatives and authorized signatories; Approval of the establishment and amendment of remuneration rules outside the collective wage agreements the recruitment or amendment of the salary level of certain employees, and the introduction or amendment of company pension benefits

Shareholders' general meeting

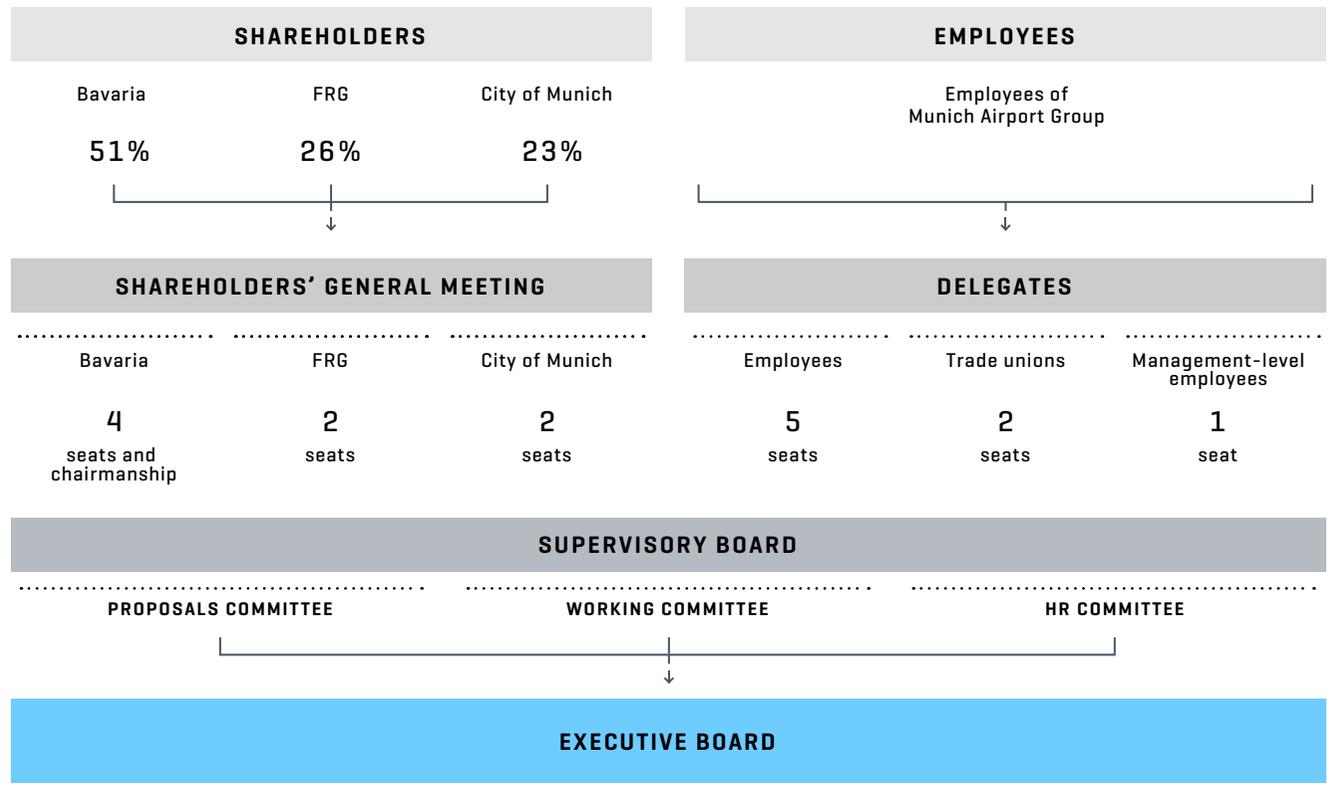
The shareholders' general meeting is the highest monitoring and decision-making body. Central decisions on the business and economic fundamentals of the Group (including airport expansion and borrowing) must be adopted unanimously.

Female quota

In the context of ensuring equal participation of women and men, the Supervisory Board and Executive Board of the parent company FMG stipulate targets and deadlines for the proportion of women on the Supervisory Board, Executive Board, and on the first two management levels.

A target of 25% women has been set for the Supervisory Board by June 30, 2024. The employee representatives on the Supervisory Board are elected, while the shareholder representatives are mainly appointed on a function-specific basis. In this respect, the possibility of directly influencing the proportion of women in the Supervisory Board is limited.

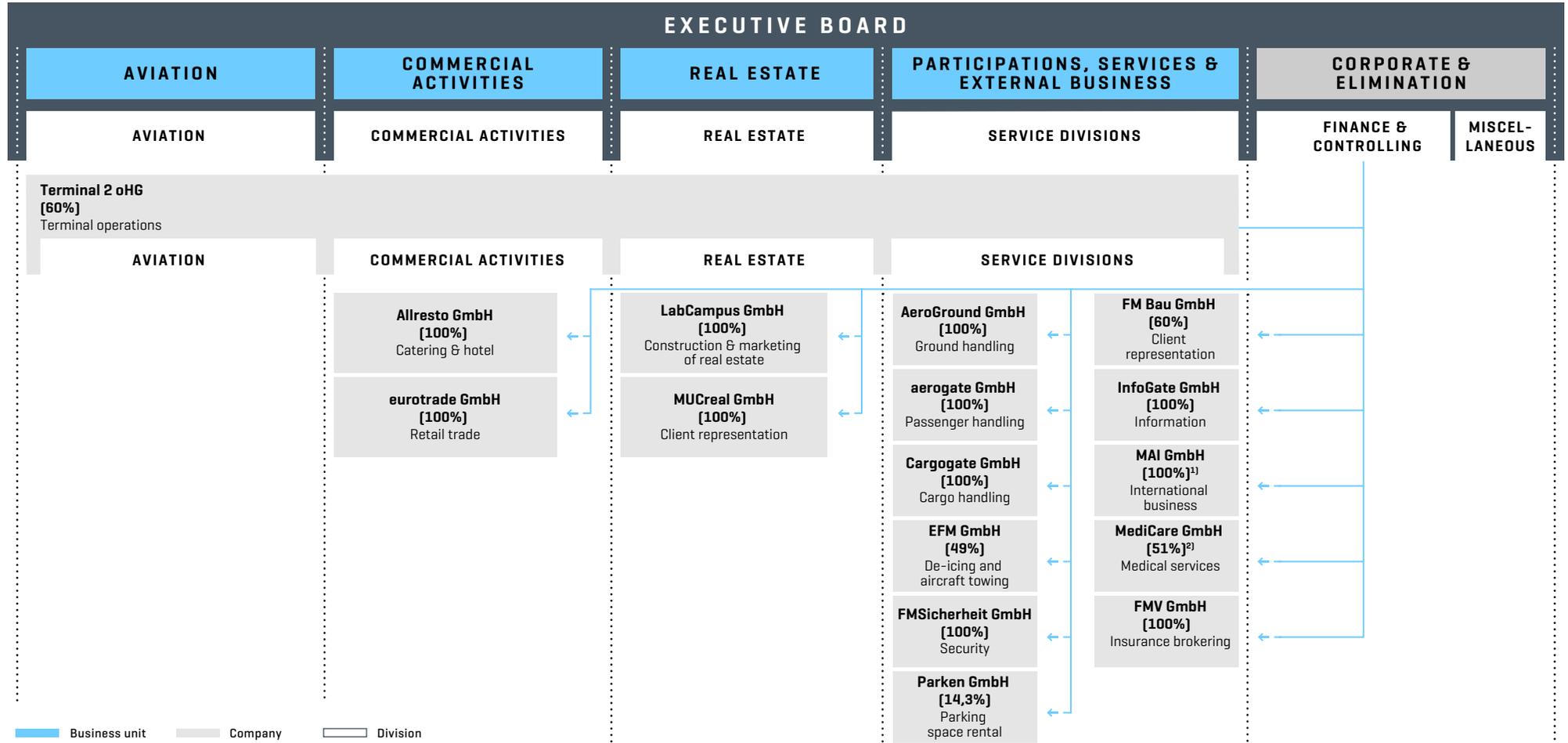
Governance structure



FR 01

Organizational structure of Munich Airport

BUSINESS, SERVICE AND CORPORATE DIVISIONS (AS OF DEC. 31, 2022)



¹⁾ Munich Airport International GmbH has a 100% equity interest in Munich Airport US Holding LLC and amd.sigma strategic airport development GmbH, as well as a 50% equity interest in ORAT AMS Group V.O.F. Munich Airport US Holding LLC in turn has a 100% equity interest in Munich Airport NJ LLC.

²⁾ MediCare Flughafen München Medizinisches Zentrum GmbH has a 100% equity interest in Munich AirportClinic GmbH.

FR 01

The current proportion of women on the Executive Board of 33% is to be maintained until June 30, 2024.

A target level of 25% by June 30, 2024 has been defined for the first management level; the figure for the second-highest management level is 30%.

ACTIVITIES

Organizational structure

The Group's organizational structure is divided into FMG's business, service and corporate divisions. The management and internal reporting of the business units is primarily handled by FMG's Group management. The business units shown in the figure comprise the business and service divisions of FMG and the Group companies integrated in the business units. The business units are explained in the following sections.

By selling its 100% equity interest in AAS Berlin GmbH [formerly AeroGround Berlin GmbH], the Group ceased its activities at the Berlin airport effective 31 December 2022. In addition, Munich Airport US Holding LLC also sold its 51% equity interest in Reach Airport LLC during the fiscal year.

There were no other fundamental changes to the organizational structure in the 2022 fiscal year. A detailed overview of the ownership structure is included in the notes to the consolidated financial statements.

As of December 31, 2022, the Group comprises 15 fully consolidated companies, one associate, one joint operation, and four companies that are not consolidated. These are directed by operational and strategic Corporate Controlling and Investment Management in line with the business division strategy assigned in each case.

Aviation business unit

INFRASTRUCTURE FOR AIRLINES AND PASSENGERS:

The Aviation business unit covers the operation of Munich Airport's air traffic infrastructure.

Munich Airport operates two runways with a maximum capacity of 90 aircraft movements per hour during daytime operations at normal capacity. This capacity was exhausted for long stretches in normal operations in the years before Corona. As a general rule, between 10 p.m. and 6 a.m., flight operations are only permitted to a very limited extent and only with particularly low-noise aircraft. Flights are not allowed between 12 midnight and 5 a.m., with the exception of emergency and medical aid flights, landings required for reasons of air safety, as well as flights in justified exceptional cases that are approved by the Bavarian Ministry of Housing, Building, and Transport as the responsible authority.

The Aviation division of Flughafen München GmbH is responsible for operating Terminal 1 at the Munich airport, while Terminal 2 is operated by Terminal 2 Gesellschaft – a partnership between Flughafen München GmbH and Deutsche Lufthansa. The terminals will be continuously optimized and expanded as needed. The pier at Terminal 1, which is currently under construction, is designed to meet future requirements for efficient security checks and terminal infrastructure, in order to ensure its status as the premium hub as well as the corresponding quality of stay.

Various charges are levied for the provision and operation of these air traffic facilities. In the 2021 financial year, the new framework agreement on charges [EVR] came into force with uniform provisions for all airlines, which fundamentally regulates the development of air traffic charges up to and including 2030 and thus ensures the refinancing of infrastructure to a defined extent. Pursuant to the ERV, charges were raised by an average of 2.8% for the year 2022.

Munich Airport is strategically well positioned thanks to its central location in Europe in the middle of the Munich metropolitan region, which is characterized as a center of innovation, knowledge and business with a broad-based economic structure. However, growth in population and employment in the economically important airport region has slowed as a result of the coronavirus pandemic.³⁾ The transportation structures that changed as a result of the pandemic and the travel restrictions increasingly returned to pre-pandemic levels during the course of the year. The international hub traffic returned with the 2022 summer travel schedule, and the business travel segment also recovered. Despite downturns, the demographic and economic conditions in Bavaria and especially in the airport catchment area suggest that transportation demand at Munich Airport will continue to grow in the medium to long term. Further comments on this topic can be found in the section «Economic environment».

Over the years, Munich Airport has developed into a major international aviation hub in cooperation with Deutsche Lufthansa AG [hereinafter referred to as Deutsche Lufthansa]. Jointly supported expansion measures such as Terminal 2 and the satellite building, as well as Lufthansa's commitment to station the Airbus A350 long-haul fleet in Munich, are the foundations of a sustainable partnership that stands for long-term growth. The stable demand at this location is also evidenced by the return of the Airbus A380 aircraft.

Thanks to its promising market position and successful cooperation with Lufthansa, Munich Airport had one of the most extensive networks of continental connections in Europe, measured in terms of the number of destinations, before the Corona crisis. Most of these connections returned with the 2022 summer flight schedule. The combination of a dense network of German domestic and European links and strong local demand means that the airport can once again offer an attractive portfolio of long-haul flights from

³⁾ Prognos Zukunftsatlas 2022

FR 01

Munich. Only some of the previous Asian connections are still missing. Due to the attractiveness of the location for tourists and the growing surrounding area with an affluent population, Munich Airport has also become an attractive location for point-to-point connections. However, according to the current forecast by the International Air Transport Association (IATA), a return to the traffic level of the year 2019 is not expected until 2024.²⁾ Lufthansa assumes that by then, it will once again operate a hub again at Munich Airport with approximately 30 long-haul aircraft stationed there.

The cargo business at Munich Airport is heavily dependent on the development of passenger traffic. The reason for this is that, as a rule, the majority of airfreight at Munich Airport – over 80% – is transported as bellyhold cargo on normal long-haul flights. However, globally speaking, the share of airfreight volume accounted for by additional cargo is only around 50%.³⁾

The German air traffic tax and protectionist measures – particularly the lack of traffic rights – hampered future market-driven growth at Munich Airport. The zero-covid strategy operated in China until November 2022 further limited travel, although the opening-up of large parts of Asia was progressing.

Commercial Activities business unit

FIRST-CLASS SERVICE AND PROMOTIONS ALONG THE PASSENGER ROUTE

The Commercial Activities business unit is responsible for developing, marketing, and managing space throughout Munich Airport that may be used for commercial purposes. This includes both strategic planning of the sector mix with regard to the retailing, service, and catering space, as well as the issue of leases and concessions to third parties and Group companies.

Munich Airport maintains around 18,750 m² of catering space (previous year: 18,500) and some 20,500 m² of retail and service space. Changes compared with the previous year were mainly due to pandemic-related terminations or surrender of premises. FMG subsidiaries operate their own retail or catering businesses on approximately 71% of the total area.

Commercial Activities is also responsible for the five-star hotel in Munich Airport's central area. It has 550 rooms and 30 conference rooms.

This business unit also develops and markets demand-oriented parking capacity. At present, there are approximately 33,500 parking spaces, of which some 20,350 are close to the terminal.

Commercial Activities also markets the advertising media and spaces at Munich Airport. The offer of what is known as out-of-home advertising at Munich Airport is characterized by high-profile advertising spaces with little wastage, which are tailored to clients' individual requirements.

The business unit's portfolio also includes the event business.

Real Estate business unit

REAL ESTATE LOCATION WITH ATTRACTIVE APPEAL

The Real Estate business unit develops, operates, and markets all real estate and property owned by Munich Airport, both on and off-campus. The real estate location is divided into location-specific areas, which are marketed under the AirSite concept. Munich Airport has a lot to offer as a real estate location: an attractive environment, good road connections, excellent parking, and a comprehensive range of goods and services for daily needs. The airport's connection was further optimized with the Erding ring closure and the construction of additional lanes and bridges.

In accordance with the high demands placed on the entire area, an urban planning concept was developed that is continuously updated and is already visible with the construction of the first high-rise buildings.

²⁾ The ATW 2023 Forecast Special Report

³⁾ Air cargo traffic by type – belly cargo & main cargo 2019 – Statista

FR 01

Participations, Services & External Business**PARTICIPATIONS & EXTERNAL BUSINESS: FULL-SERVICE-PROVIDER**

The other companies in the Group complement the range of services offered by the airport. The most significant subsidiaries are:

Material subsidiaries

AeroGround	AeroGround Flughafen München GmbH (AE Munich) provides land and airside handling services for airline customers on site. The main business units include the classic ground handling services of aircraft loading and unloading (ramp and baggage handling), transport services for passengers and crews, and ramp-side cargo transport.	Cargogate	As a regulated agent, Cargogate Munich Airport GmbH performs services related to the handling of air cargo and the processing of the associated customs formalities. Cargogate also offers handling services for all common special goods, such as hazardous substances, refrigerated goods, and valuable goods. Cargogate is certified to provide handling services for pharmaceuticals. As a proven specialist, the company operates the border inspection post prescribed by the EU as well as the airport-wide Animal Reception Center on behalf of Munich Airport, and it has also supplied the animal protection officer since September 2022.
aerogate	aerogate München Gesellschaft für Luftverkehrsabfertigungen mbH offers passenger handling, operation services with ramp supervision, ticketing services and lost & found with baggage delivery and arrival services at Munich Airport. The range of services is completed by general aviation services as well as consultancy and training.	MAI	Munich Airport International GmbH (MAI) and its affiliates provide management, consulting and training services for the aviation industry worldwide.

FR 01

SERVICES: ENERGY, IT AND DIGITAL FOR ALL TENANTS AT THE AIRPORT

Besides the business units and subsidiaries, Munich Airport's service divisions are also involved in external sales. The largest contribution comes from the following service divisions:

Significant service divisions

Technology

The service division is responsible for the secure and economical technical operation of the airport infrastructure. Among other things, this includes the supply of energy, maintenance of buildings and airport-specific equipment, as well as vehicle management. In addition, this division plays a key role in implementing Munich Airport's CO₂ strategy as part of its energy supply, energy savings and energy management activities.

IT

The IT service organization is the main IT provider for the Munich Airport Group. It provides its clients with modern, reliable and integrated solutions for increasingly process- and data-supported airport operations. The IT service portfolio comprises various services from the fields of media and communications technology, workplace IT equipment, as well as server, database, and storage system technology. The division's core competencies lie in the integration of different technical IT platforms and the provision of customized technical system solutions to support logistics processes at Munich Airport. As part of the digital transformation, the IT service division actively supports change processes for the further or new development of digital business models and for linking value chains to create value networks. Compliance with security/data protection requirements and Group-wide uniform standards is gaining in importance.

The activities in the Participations, Services & External Business unit (excluding handling services) account for a small share of the Group's external sales, therefore a detailed explanation is not provided in the section in the "economic environment". Developments relating to handling services in the Group have been included in the passages covering Aviation business.

FR 01

Control system and values management

Munich Airport measures the performance of its managers using financial and non-financial indicators. The most important of these are the indicators that measure corporate sustainability and quality. Earnings before taxes (EBT) cover the economic perspective, while the Passenger Experience Index (PEI) focuses on the customer via the achievement of quality targets, which include increasing customer satisfaction as a strategic thrust. The carbon reductions cover the ecological perspective. With the inclusion of Lost Time Incident Frequency (LTIF) as a social performance indicator in the management system, the Group uses indicators from all three perspectives of classic sustainability management [economy, ecology, and social].

FMG surveys internal and external interest groups each year to determine and regularly affirm the relevance of the most important performance indicators for stakeholders.

EARNINGS BEFORE TAXES (EBT)

Earnings targets for managers are formulated on the basis of earnings before taxes (EBT).

EBT is the input factor for determining profitability. It relates to the consolidated earnings before taxes, calculated by applying the International Accounting Standards in the version adopted into European law by the European Commission.

PASSENGER EXPERIENCE INDEX (PEI)

The PEI is a measurement model for customer satisfaction, which allows Munich Airport to derive location-specific targets adjusted to the needs of target groups, and to assign the fields of action for improving service to existing customer contact points. Responsibility for determining these values lies with an independent external service provider for reasons of objectivity. Using questionnaires, the provider surveys the satisfaction of departing and arriving travelers on a regular basis over the course of the entire year. On a quarterly basis and at the end of the year, Munich Airport thus receives a great deal of detailed information about the satisfaction of its passengers in eight categories along the passenger experience chain. One key figure follows from the question about general satisfaction, which is queried for both departing and arriving passengers and which forms the basis for the target definition.

CARBON REDUCTIONS

At the end of 2016, the Munich airport set itself the climate target of making its operations carbon-neutral from 2030. At least 60% of emissions are to be effectively reduced, with the remainder being offset by high-value compensation measures. Emissions caused directly by Munich Airport itself through energy supply and fuel consumption (Scope 1) and emissions arising from purchased energy (Scope 2) are factored into the calculation. The key figure «carbon reductions» measures the reduction in emissions in tonnes resulting from the targeted implementation of CO₂-saving measures. Measures [e.g. switching over to LED lights] that are designed to ensure recurring annual energy savings [electricity, heat, cooling, fuel] are implemented every year. The energy volumes that are saved as a result reduce CO₂ emissions for the following years. Factors such as the conservation of resources or the efficient use of energy can also be taken into account.

The emission factor from the German Environment Agency (UBA) is used to facilitate comparisons between the projected and achieved target values; the factor is available at the beginning of the reporting year.

LOST TIME INCIDENT FREQUENCY (LTIF)

The LTIF represents a benchmarkable accident frequency rate. It relates the number of occupational accidents to the number of hours worked. Only occupational accidents with a lost time of one day or more are included in the determination of LTIF. Commuting accidents are not taken into account. The indicator is collected for the two largest Group companies [FMG and AE Munich]. Further companies will be included in the future.

The control intention is to reduce the frequency of occupational accidents, accident-related absenteeism and the associated accident costs, as well as to raise awareness of the accident issue as a whole.

Digital transformation and innovation

The digital transformation is a key strategic issue for the Munich Airport, which must be actively shaped in the coming years.

Following the establishment of an interdepartmental platform for promoting the exchange of information and transparency for digital and innovation projects, experts have been collaborating much more closely in five key areas across different disciplines and departments since 2022, with the goal of creating measurable added value for passengers, business partners and employees.

For example, biometric facial recognition technology, which was introduced in collaboration with partner Star Alliance, allows passengers to access contactless security and boarding gates. The main themes of the updated digital strategy comprise the following:

Innovation management should systematically promote the innovation culture in the company and support the implementation of the corresponding projects. The main emphasis is on new services and products that contribute to the company's economic success and strengthen its competitiveness.

For this purpose, Munich Airport uses a digital cross-departmental trend scouting platform, via which relevant market and technology trends are tracked and analyzed together with experts from the specialist departments. The goal is to identify trends early on that have the potential to change Munich Airport's business and to identify development opportunities for new products and services. Trend management is also intended to provide focus and orientation as well as essential inputs for the Group's strategy work.

Digital strategy



Creation of a comprehensive data basis for the realization of data-driven projects



Positioning as a premium innovation hub



360°-customer insights & tailored offers/products/campaigns



Optimization of the employee experience using digital tools



Transformation of analog infrastructure into a smart city

Report on economic position

Economic environment

MACROECONOMIC ENVIRONMENT

The economy recovers from the slump caused by the crisis

Both national and international economic growth are crucial for a global air traffic hub such as Munich Airport.

In 2022, the global economy was negatively affected by the impact of the war in Ukraine and China's strict zero covid policy. Supply shortages and high energy prices increased production costs and inflation. Industry and private consumption suffered as a result, and economic uncertainty increased. Global real gross domestic product (GDP) grew by 2.8% in 2022 [2021: 6.2%], which was 1.6% below the previous year's forecast.⁴⁾

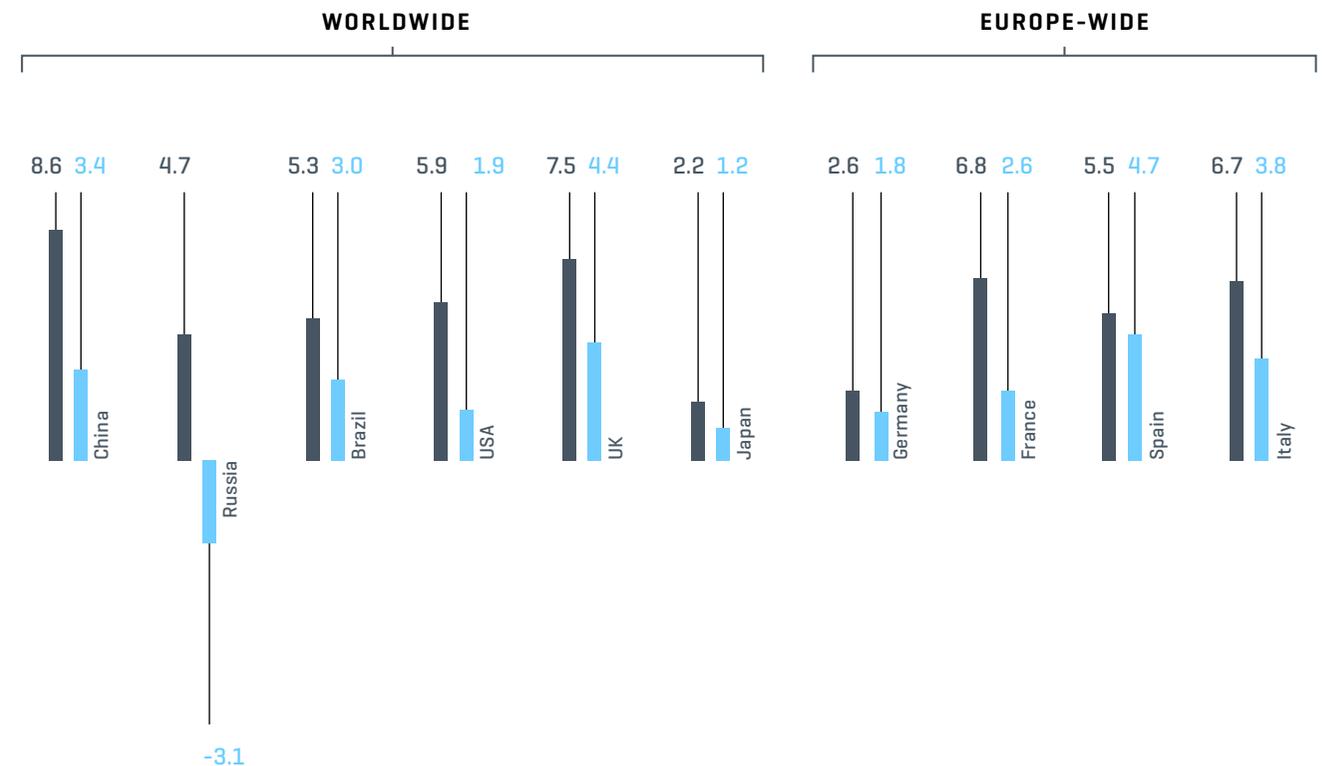
In the emerging markets, the economy grew at an overall rate of 3.4% [previous year: 8.0%]. The Chinese economy suffered as a result of the strict coronavirus mitigation measures and the continued real estate crisis, leading to relatively weak growth of 3.4% for 2022 [2021: 8.6%]. In India, another coronavirus wave at the beginning of 2022 put a damper on private consumption and resulted in a weaker GDP in the first half of the year. Overall, however, the growth rate for 2022 was relatively solid [6.1%].⁴⁾

In 2022, economic growth in industrial nations was hampered by high inflation rates, significantly higher energy prices, great economic uncertainty and persistent supply chain interruptions. In particular, the big increase in energy prices created a number of challenges for the advanced economies. Accordingly, economic growth slowed down considerably compared to 2021. Overall, the leading economies recorded a 2.5% increase in the GDP for 2022

Economic growth of selected countries (worldwide and Europe-wide)

GDP GROWTH 2021 AND 2022⁴⁾ (IN %)

■ 2021 ■ 2022



⁴⁾ ifo Institute, Economic Forecast Winter 2022, December 2022

⁴⁾ ifo Institute, Economic Forecast Winter 2022, December 2022;
German Council of Economic Experts, Annual Report 2022/23 November 2022

FR 01

[2021: 5.3%]. The U.S. economy grew by 1.9%. High inflation and higher interest rates put pressure on consumer demand and investments. The British economy grew by 4.4% thanks to a booming service and construction sector. The same cannot be said for industrial production and retail, however.⁴⁾

The economy in the euro zone grew by 3.4%. Initially, the lifting of most pandemic measures in the spring of 2022 was good news for the service sector. However, as inflation rates started to rise, private consumption started to suffer as the year progressed. Supply bottlenecks for energy, raw materials and primary products had a negative effect on industrial production. The monetary policy pursued by the European Central Bank [ECB] became much more restrictive as inflation increased. Investment activities were also curtailed by higher interest rates. The European labor market continued to be robust. Based on a long-term comparison, the unemployment rates in the member states were low.⁴⁾

In 2022, Germany's economic growth was affected by various supply shocks, as shortages in energy, primary products and labor hampered production. This had the effect of driving up inflation to 7.8% [average over the year]. Private consumption increased by 4.6% after most coronavirus measures were lifted, and also because of the savings that were accumulated during the pandemic. Imports and exports grew by 5.8% and 2.8%, respectively. However, gross fixed asset investments saw little growth due to a weak construction sector [+0.1%]. The unemployment rate fell by 0.4 percentage points year-on-year to 5.3%. Overall, the German GDP increased by 1.8% in 2022.⁵⁾

In 2022, the oil price [Brent] fluctuated in a range between \$74 and \$133 per barrel. The price was highest at the beginning of March and lowest at the beginning of December. At the end of the year, the oil price was around \$84 per barrel.⁶⁾

ECONOMIC ENVIRONMENT AIR TRAFFIC [AVIATION]

Air traffic recovers as most coronavirus measures are lifted

At the beginning of the 2022 summer flight schedule, air traffic recovered noticeably after most coronavirus measures were lifted. At the same time, labor shortages at European airports meant that services were at times severely curtailed. At the level of individual airlines, aircraft that were put into storage during the pandemic were not available quickly enough.⁷⁾

According to the data of IATA [International Air Transport Association], which is based on revenue passenger kilometers [RPK], passenger traffic in 2022 reached 68.5% of the level before the crisis [2019]. Compared to the previous year, this represents an increase of 64.4%. The global capacity utilization of aircraft was 78.7%. Developments in Europe were very favorable, with +100.2% RPK and 81.2% capacity utilization.⁸⁾

Globally speaking, the increase in air cargo in 2021 did not continue into 2022 [according to IATA analyses]. Reasons included expensive fuel, high inflation, a weaker economy and the war in Ukraine. Globally flown «cargo tonne kilometers» declined by 8% and remained at a high level [-1.6%], however just below the reference period in 2019.⁹⁾

European aviation security provider Eurocontrol analyzed air traffic developments in individual European states for June to September [compared to the 2019 base year]. The analysis revealed that flights were only down 13.1% in 2022, whereby developments in Germany lagged behind other European countries.¹⁰⁾

The airports organized in the German Airports Association [ADV] recorded significantly better traffic figures in 2022 than in the previous year. A total of 165.3 million passengers [+110%] were handled – a value that was still 34.1% lower than the 2019 result. At 5,051,672 tonnes [or -6.6%], cargo volumes [air freight and air mail handling] did not reach the high of the previous year but was still 5.2% higher than in 2019.¹¹⁾

The German Aviation Association [BDL] confirmed the recovery of the German air transport market following the lifting of travel restrictions. For example, the number of seats available in Germany increased by 80% compared to the previous year. The weakest segment was the domestic travel segment, which only reached 29% of the 2019 level. Intercontinental and continental traffic performed much better with 62% and 69% of the 2019 volume.¹²⁾

Media reports on the air traffic report of ACI Europe also reveal a significant recovery of 98% for 2022 [compared to the previous year]. However, passenger volumes are still 500 million passengers short of the pre-crisis levels of 2019. Among the larger European markets, Germany was the worst performer [-34.9% compared to 2019], behind Spain [-11.4%], Italy [-17.9%], France [-18.8%] and the UK [-24.8%]. Strong growth in some markets is due to the high travel volumes in the private/vacation segment and the strong recovery in the low-cost sector. Because of this effect, air traffic volumes increased by +55.7% in Albania, +26.1% in Kosovo

⁴⁾ ifo Institute, Economic Forecast Winter 2022, December 2022; German Council of Economic Experts, Annual Report 2022/23 November 2022

⁵⁾ ifo Institute, Economic Forecast Winter 2022, December 2022

⁶⁾ www.onvista.de

⁷⁾ Handling problems Münchner Merkur 13.11.2022 / Chaos at airports, but not in Munich, Abendzeitung 13.06.22

⁸⁾ IATA-Air Passenger Market Analysis December 2022

⁹⁾ IATA-Air Cargo Market Analysis December 2022

¹⁰⁾ Eurocontrol-road-to-recovery-data-snapshot-36 / Eurocontrol-Path-to-recovery-data-snapshot-38

¹¹⁾ ADV, ADV Monthly Statistics 12/2022

¹²⁾ BDL_Presentation Annual Figures 2022.pdf

FR 01

and +20.4% in Bosnia-Herzegovina, compared to the pre-crisis year 2019.¹³⁾

ECONOMIC ENVIRONMENT COMMERCIAL ACTIVITIES

Retail sector grows mainly in the stationary segment

Despite the coronavirus pandemic and a trend toward increased savings and less consumption, according to the Association of German Retailers (HDE), compared to the previous year sales revenues generated by German retailers grew by 7.2% to EUR 631.9 billion, which corresponds to a real growth rate of -0.8%. Most of the nominal growth was generated in the stationary retail segment [compared to 2021: +8.8%].¹⁴⁾

In the retail sector, the business climate index fell significantly; by 20 points year-on-year in December 2022.¹⁵⁾

Food service and hotel industry – sales very positive

Compared to the previous year, sales in the food and hotel sector improved significantly [+55.7% nominally, and 45.4% on a price-adjusted basis].¹⁶⁾

The individual business sectors showed the following changes compared with the previous year: Sales at hotels and other lodging establishments grew by 76.7%, which corresponds to a gain of 63.8% on a price-adjusted basis. The food service sector recorded a real increase in sales of 48.3% [real 38.7%], and the catering sector recorded an increase of 41.8% [real 32.4%].¹⁶⁾

Advertising industry – Outdoor advertising reaches new record

In the out-of-home advertising category relevant to the airport, a sales record of €2.6 billion was achieved. Gross sales grew by 2.1% compared to the previous year. This performance even surpassed the previous record-breaking year of 2019.¹⁷⁾

Parking – Dependence on passenger volumes and passenger mix

Higher passenger volumes have increased demand for parking. However, the high-revenue business passenger segment is much smaller compared to 2019. Having said that, most of the shortfall was successfully compensated with higher volumes of individual travelers.

ECONOMIC ENVIRONMENT REAL ESTATE

Munich office leasing market with best result in four years

In 2022, Munich's office leasing market was able to overcome the crisis caused by the pandemic, generating a take-up of 754,400 m² [2021: 567,800 m²]. Lease revenues without owner-occupiers were 10% above the previous year's value [671,700 m²]. New building projects continued to do well with 51% of take-up.¹⁸⁾

At the end of 2022, 175,000 m² more space was available for immediate lease than in the previous year. With total available space of 1.23 million m² [Dec. 31, 2021: 1.05 million m²], this represents a vacancy rate of 5.4% in 2022, compared to 4.7% in 2021.¹⁸⁾

Based on the concentration of tenants in new build premises and central locations, leases continued their upward trend. The average lease rose by 3% to 24.20 EUR/m² [2021: 23.50 EUR/m²], with top leases increasing by 5% to 43.50 EUR/m² [2021: 41.50 EUR/m²]. New builds in the city generated 30.50 EUR /m² on average. Overall, offered lease rates are at the previous year's level. The most recently published value for the average lease in the surrounding area was 13.70 EUR/m². Increased incentives [particularly outside of central locations] also highlight the fact that vacancy rates have risen.¹⁸⁾

As of the closing date, approximately 1.1 million m² of office premises were under construction, with 61% already leased or occupied by the owner. Companies increasingly prefer new builds over available existing space. As there are still numerous projects in the pipeline, it is impossible to say whether new build projects will be fully leased by the time they are completed. A marketing period of several quarters after completion is normal.¹⁸⁾

Because of the difficult economic situation, which takes three to four quarters to be reflected in the office leasing market, it is expected that demand will decline again in 2023. Take-up is expected to be in the range of 650,000 m². This would represent a decrease of about 14%. In 2022, the volume of speculative construction was less than in the three years prior. In terms of leases, the upward trend may continue as tenants continue to focus on high-quality premises and central locations.¹⁸⁾

¹³⁾ International-Airport-Review-ACI-Europe-2022.pdf

¹⁴⁾ HDE, Annual Press Conference January 2023

¹⁵⁾ ifo Business Climate Germany by Economic Sector

¹⁶⁾ Press Release No. 066 17 February 2023 – Federal Statistics Office

¹⁷⁾ Nielsen Marketing trend December 2022, February 2023

¹⁸⁾ Colliers: Munich's office leasing market with best result in four years – Press release 10 January 2023

FR 01

Course of business

KEY EVENTS IN THE PAST FISCAL YEAR

Upward trend despite geopolitical and economic turbulences

The financial year was characterized by geopolitical and economic turbulences, particularly the war in Ukraine and its effects around the globe. Despite intensive efforts in the fight against coronavirus, the pandemic continued to cast its shadow over global economic growth.

Despite the continued travel restrictions and the difficult economic environment, the recovery in travel volumes was quite significant in 2022, with massive growth in all areas. Nonetheless, volumes did not return to the levels of 2019.

In order to counteract the continuing low earnings figures and secure liquidity, the countermeasures initiated in 2020 were continued in the Group, in both the expenses and investments. With strict cost management, the operating loss continued to be reduced in 2022.

Erdinger ring closure gets closer

With respect to the rail connection Freising-Airport-Erding, Deutsche Bahn began with the construction of the section from the airport to Schwaigerloh in November 2022. The new double-track and electrified section, which is supposed to go into operation in 2025, connects to an approximately 1.8 kilometer long tunnel on the east side, which Munich Airport has already built at its own expense.

LabCampus – First office building goes into operation

91 Situated in the western part of the airport over an area of 500,000 square meters, LabCampus will consist of an innovation center that is supposed to pave the way for cross-industry technological developments as an international meeting place for companies, start-ups and research institutions. The first office building was completed at the end of October 2022.

Full focus on Munich location

The Munich Airport has concentrated its business activities on the Munich location; in accordance with the strategic re-alignment, it discontinued its activities in Berlin and Hamburg at the end of 2022. The «off-campus business» will only be continued in the main focus areas Airport Management, Consulting and Training.

Traffic figures Munich Airport¹⁾

	2022	2021	Change	
			Absolute	Relative in %
Aircraft movements	285,028	153,097	131,931	86.2
Passengers [in millions]	31.7	12.5	19.2	153.2
Airfreight throughput [in tonnes]	258,857	166,713	92,144	55.3
Airmail throughput [in tonnes]	7,921	6,594	1,327	20.1

¹⁾ Deviations possible due to rounding

FR 01

AVIATION BUSINESS

Recovery of traffic volumes after the second Corona year

With 31.7 million passengers (+153.2%) and 285,028 aircraft movements [86.2%], Munich Airport experienced at times triple-digit growth compared to the previous year. Still, passenger volumes and movements were 66% and 68% of the values in the 2019 reference year, respectively.

Munich Airport started the year 2022 at a much higher level than in the previous year. A recovery trend, which was already noticeable during the Easter holidays, continued to gain traction as of Whitsunday. Extremely high utilization rates combined with high prices demonstrated that it was sometimes difficult to keep pace with demand.

Thanks to the wide-spread lifting of global travel restrictions, long-haul traffic returned at the start of the summer flight schedule. As of the second quarter, some destinations (e.g. US) even surpassed the 2019 levels, while traffic into Asia continued to lag due to China's zero covid policies. In 2022, almost 5.4 million commercial passengers were transported in the long-haul segment (+368% compared to the previous year, but 36% lower than in 2019).

In 2022, almost 4.8 million commercial travelers were transported within Germany (+110% compared to the previous year, but 50% lower than in 2019). Over the course of the year, domestic traffic continued to recover, mainly as a result of growing demand in the business travel segment, despite high ticket prices.

Similarly, the lifting of travel restrictions had an immediate positive effect on traffic volumes in the continental transport segment. Approximately 21.4 million commercial airline passengers used the Munich Airport (+137% compared to the previous year). However, passenger volumes were still 28% lower than in 2019.

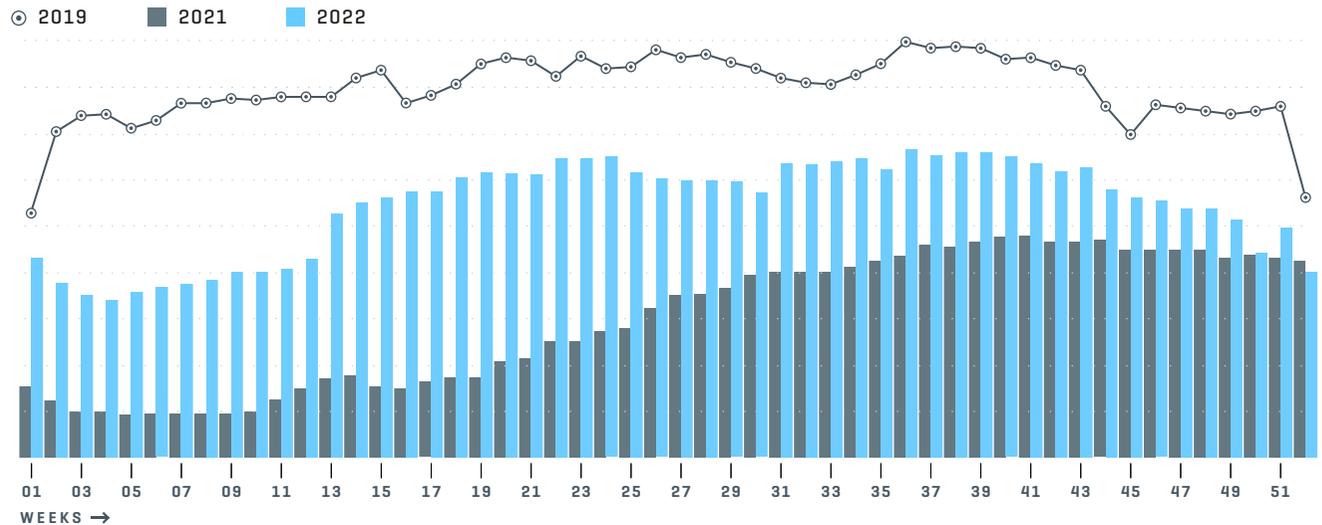
Traffic in Munich picked up considerably with the start of the 2022 summer flight schedule. After two years of the pandemic and great economic uncertainty, passenger demand proved to be resilient. This development was supported by the resumption of hub traffic by Lufthansa. Connecting passenger traffic in Munich reached 43% [2021: 36%, 2019: 38%], with a high capacity utilization of 77.5% [2021: 65%, 2019: 77.5%]. This figure was higher than the previous record achieved in 2018. Another remarkable development was the performance from June to September 2022 compared to the reference period in 2019: connecting passenger volumes reached 47% [2019: 33%] and capacity utilization topped out at 76% [2019: 73%].

With regard to growth rates, the airfreight segment was a bit lower but still improved its result by 55% to reach 258,857 tonnes in commercial airfreight throughput. As the long-haul passenger segment improved, bellyhold cargo volumes handled increased by 107% compared to 2021 [195,557 tonnes; -32% compared to 2019]. The share of bellyhold cargo out of the total freight volume increased to 75%, which was almost as high as the level normally seen before the crisis [around 80%].

Airmail throughput grew to approximately 7,921 tonnes (+20%), but still remains 57% below 2019 results.

Aircraft movements at Munich Airport during the year [commercial traffic]

AIRCRAFT MOVEMENTS PER CALENDAR WEEK



FR 01

Compared to the airports organized in the ADV, Munich Airport saw higher-than-average growth in 2022 compared to the previous year [also due to the resumption of hub traffic], both in terms of movement and airfreight volumes. Significant catch-up effects and the growing strength of the location were noticed particularly in the airfreight segment. As the passenger hub traffic recovered, bellyhold cargo also increased along with continued high levels of freight-only volumes.

Traffic 2022¹⁾

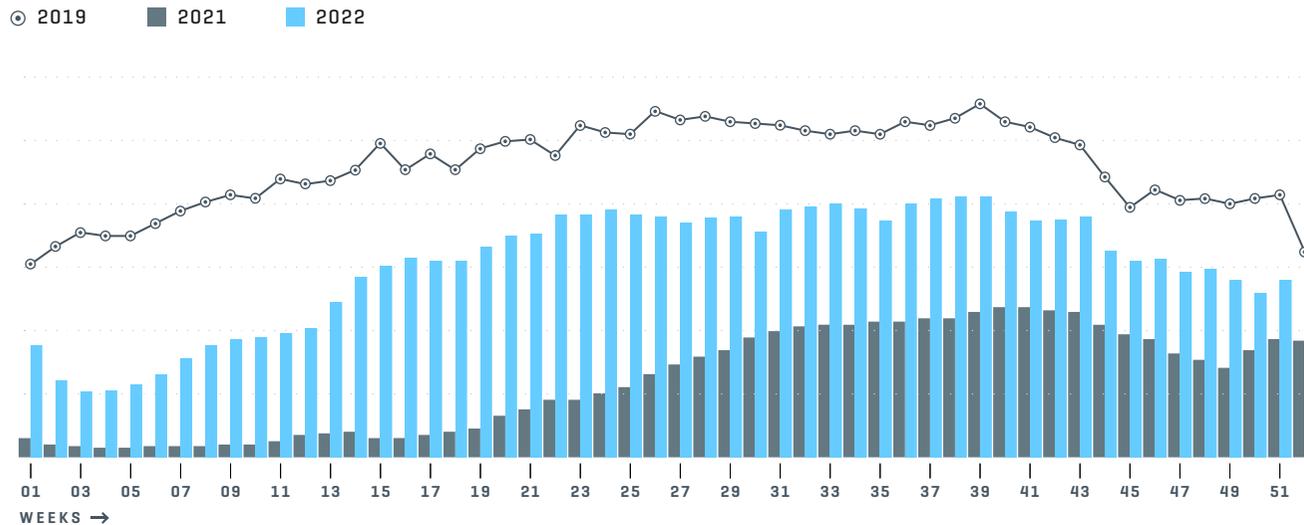
IN %	ADV	Munich
Movements (total traffic)	+41.2	+86.2
Airline passengers (commercial traffic)	+110.0	+153.2
Cargo (airfreight and airmail and transit)	-6.6	+51.0

¹⁾ ADV, ADV Monthly Statistics 12/2022

The ranking of European airports with the highest passenger volumes has undergone extreme upheavals since the start of the pandemic, not to mention the impact of the Russian attack on Ukraine. At the same time, the result of the ACI analysis promptly returned to normal as the coronavirus travel restrictions were lifted. Measured by 2022 passenger volume and aircraft movements, Munich holds the 9th and 8th place in the ranking of European airports with the highest traffic volumes. All Russian airports, which still played an important role in the previous year, fell out of the Top Ten in both statistics.¹⁹⁾

Passenger development at Munich Airport during the year [commercial traffic]

PASSENGERS PER CALENDAR WEEK



Ground handling services in a difficult economic environment despite recovery

The two subsidiaries AE München and AE Berlin [sold on 31 December 2022] increased their handling numbers in 2022. This development was mainly due to the continued recovery in air traffic. However, the war between Russia and Ukraine had the opposite effect.

There are two ground handling licenses at Munich Airport. One of these is permanently assigned to AE München. In 2022, AE Munich recorded an increase in handling volumes of 116.4%. Market share increased by 5.6 percentage points to reach an average of 60.7% in 2022.

AE Berlin handled 26,642 turnarounds in the reporting year [2021: 17,661 turnarounds]. Compared to the previous year, the market share at the Berlin location declined to 39% in the passenger traffic segment [2021: 43%] and increased to 22% in the freight traffic segment [2021: 18%]. The decrease in market share in the passenger traffic segment is mainly due to customers switching to other ground-handling service providers. Another reason is the suspension of flights by Russian airlines to Berlin.

¹⁹⁾ ACI-2022-Munich Airport Ranking in Europe.pdf

FR 01

COMMERCIAL ACTIVITIES BUSINESS

Compared to the previous year, sales revenues in the Commercial Activities segment increased as passenger volumes recovered. Until the end of February, the satellite of Terminal 2 was only open for US connections due to low passenger numbers. It was fully opened on 1 March, although retail and gastronomy units were not required to start operations until the middle of the year.

In the 2022 fiscal year, there were no more restrictions on retail and gastronomy units due to the coronavirus pandemic (e.g. ordered closures). In the first six months of the year, a limited operating requirement applied to the core areas between 7:30 a.m. and 4 p.m.; it was returned to the contractual operating requirement (i.e. the status before the pandemic) as of 1 August.

In order to reduce the burden on tenants and retain them at the Munich location over the long term, rents and leases were adjusted in some cases, analogous to 2020 and 2021 – primarily for passenger-dependent retail and gastronomy and differentiated according to the type and scope of the restrictions, to the extent this was legally permissible and necessary.

Retail – Revenue growth less than passenger growth

While the retail segment saw an absolute increase in revenue per passenger, this growth was not proportionate to the growth in passenger numbers – partly as a result of the terminations and insolvencies of units, but also due to the lack of wealthy international passengers from destinations such as China and Russia.

Sales revenues in the gastronomy and hotel segment are growing at a slower rate than passenger volumes

Compared with the previous year, sales in the restaurants and bars increased significantly in absolute terms and per passenger. One of the reasons is the fact that people spend more time at the airport.

The hotel recorded higher revenues due to higher demand for overnight stays and conferences. Most of the modernization measures were completed by the end of 2022. At the Skytrax Awards 2022, the five-star hotel in the central area of Munich Airport was named the best airport hotel in Europe.²⁰⁾

Parking – rise in demand, but not in line with local passenger volumes

Passenger development at Munich Airport has a strong influence on the parking business. A higher proportion of connecting passengers means that the number of local airline passengers did not increase as much as the total number of passengers. Moreover, the proportion of arrivals by car or car-sharing decreased compared to the previous year. However, since the supply of parking spots declined due to the closure of P8 parkade near the terminal, capacity utilization was high in the months when traffic was high. This resulted in high average revenues. Overall, sales revenues generated by the parking business, which is dependent on traffic, did not grow in proportion with local passenger volumes. Revenues in the rental car business increased due to the shortage of vehicles and the resulting increase in prices for rental cars.

The tenant parking business, which is not directly passenger-dependent, remained virtually unchanged.

Advertising – challenging market environment

Advertising revenues at the airport rose in line with the industry trend and the recovery of passenger numbers in 2022. This development is mainly due to the digital advertising space in T1, which was in high demand and some of which was only available as of September 2021. In T2, the increase is due to the re-opening of the satellite and the related advertising revenues, as well as renewed high occupancy levels in the west facade in T2. The strongest sectors in 2022 were automobile, airlines and technology.

²⁰⁾ SKYTRAX, World's Best Airport Hotels 2022, November 2022

FR 01

REAL ESTATE BUSINESS

Ongoing site and real estate development

Overall, the result in the real estate segment has stabilized. Both rental income and ongoing costs were more or less at the previous year's level. The development of the innovative LabCampus project is making progress. Despite a few pandemic-related delays, the construction of the Airport Academy building and the «LAB 48» office building proceeded mostly on schedule. Consequently, «LAB 48» was accepted by the general contractor at the end of October 2022.

Munich Airport is currently building a new pier at Terminal 1. The extension, which was made necessary as a result of a changed traffic infrastructure, will improve the handling quality for jumbo jets and will also be more convenient for non-Schengen passengers. With the new pier, the handling quality in Terminal 1 can once again meet the demands of passengers, airlines and authorities.

The overall concept includes a structure on three levels, comprising a core building adjacent to Terminal 1 and a pier. This will be connected to the existing Modules A and B and extend some 320 meters into the western apron of Munich Airport. Up to twelve aircraft will then be able to dock at the pier. The total area of the extension including renovations in the existing arrivals area B is around 95,000 m². For the most part, the planning process and construction works are proceeding smoothly, therefore the original target date of mid-2026 for the opening of the new pier remains in place. The insertion of connecting bridges was successfully completed in summer 2022; at this time, the facade including sun protection and the roof are being completed. Currently, the entire interior construction is in the process of being awarded, with work expected to start during the course of 2023. The current arrival module B will probably be remodeled starting in the first quarter of 2023.

The «FMG and Housing» project will be continued in the long term as an HR marketing tool, but in the short term, apartments and rooms will be marketed to external parties due to low demand, in order to minimize the deficit.

The modernization measures at the Hilton Hotel are progressing: the conversion of the restaurant, the east wing and the atrium access points were completed in 2022; the west wing was updated at the beginning of 2023.

A technology hub will have to be established to meet future requirements such as the «Internet of Things», building automation, and also for housing and hosting the IT Governance. Construction for this building in AirSite West started in September 2022, with a planned opening date of August 2023.

The parking space strategy demonstrates the urgent need to create additional parking space on the airport area. Parkade P8 (capacity of approximately 3,700 parking spaces) is currently in planning to meet demand for parking lots in the central zone. Construction is slated to begin in 2023, with a completion date of 2026. This parkade will also be the ideal complement to the mobility center, which is also being planned.

Moreover, parking capacities in AirSite West are being adjusted to demand. While parkade P44 with 2,000 parking spaces already opened in 2021, the directly adjacent parkade P43 (1,800 spaces) is currently under construction. It is set to open in the first quarter of 2024.

Expanding its location at the Munich commercial airport, logistics company DHL is building a new Express Center in the vicinity of the current parking lots P80 and P80 West at its own expense. To this end, FMG leases a parcel of approximately 19,000 m² and also assumes the development costs as well as the coordination regarding the Critical Part interface. Construction started in August 2022, with a planned completion date in the second quarter of 2024.

FR 01

Results of operations, assets, and financial position

RESULTS OF OPERATIONS

Earnings after taxes – visible upswing

In fiscal year 2022, Munich Airport's earnings after taxes [EAT] improved by TEUR 202,501 to –TEUR 58,794. The developments are explained in detail below.

Results of operations

TEUR	2022	2021	Change	
			Absolute	Relative in %
Revenue	1,187,988	601,276	586,712	97.6
Other income	45,337	79,206	-33,869	-42.8
Total revenue	1,233,325	680,482	552,843	81.2
Cost of materials	-421,965	-249,702	-172,263	69.0
Personnel expenses	-500,035	-419,095	-80,940	19.3
Other expenses	-72,672	-57,501	-15,171	26.4
EBITDA	238,653	-45,816	284,469	>100.0
Depreciation and amortization	-266,400	-239,851	-26,549	11.1
EBIT	-27,747	-285,667	257,920	-90.3
Financial result¹⁾	-37,611	-50,590	12,979	-25.7
EBT	-65,358	-336,257	270,899	-80.6
Income taxes	6,564	74,961	-68,397	-91.2
EAT	-58,794	-261,296	202,502	-77.5

¹⁾ this also includes the results from companies accounted for using the equity method.

The noticeable traffic recovery in 2022 led to an increase in revenue from airport charges from TEUR 187,437 to TEUR 445,565 [+137.7%]. Nevertheless, sales revenues are still below the pre-crisis year 2019

and are dominated by the impact of the coronavirus pandemic and the war in Ukraine.

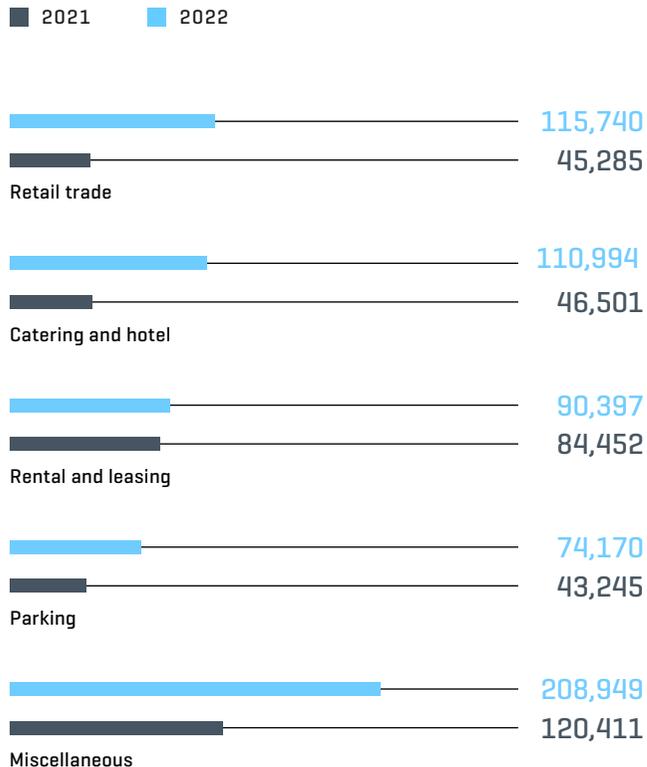
Revenues from handling services also increased by TEUR 68,229 to TEUR 142,174 as a result of higher aircraft movements and passenger volumes.

FR 01

Revenue in the other divisions developed as follows:

Breakdown of revenues of other areas

IN TEUR



Other revenues include global management, consulting and training services for the aviation industry amounting to TEUR 67,196 (2021: TEUR 26,747).

After almost 30 years of operation, the need for renovation of the buildings from the first expansion phase of Munich Airport continues to grow. Accordingly, expenses for refurbishment, optimization, and conversion measures increased by TEUR 19,572 to TEUR 117,161, primarily in the course of the modernization carried out at the hotel in 2022. In the context of the war in Ukraine and the resulting global impacts, expenditures for energy and utility services grew at a disproportionate rate (+TEUR 25,976). The remaining items in the cost of materials increased mainly as a result of the significant increase in air traffic. Overall, the cost of materials increased by TEUR 172,263 (+69.0%).

Munich Airport's personnel expenses increased mainly due individual short-term relief programs for employees, e.g. rate hikes or driving cost allowance increases that went into effect at an earlier date. In addition, short-time work was only used at the beginning of 2022. Overall, the average number of employees decreased from 8,569 to 8,329.

Other expenses (TEUR 72,672) were higher than in the previous year – mainly as a result of higher consulting and project costs as well as expenses for advertising and public relations. In contrast, items such as other taxes declined.

Depreciation and amortization (TEUR 266,400; 2021: TEUR 239,851) includes impairment losses on assets of TEUR 59,715 (2021: TEUR 31,081). In the 2022 fiscal year, these relate mainly to assets (TEUR 42,889) that were remeasured due to the loss of tenants and higher interest rates. In the previous year, the impairments related mainly to assets that were measured based on newly concluded rental agreements (TEUR 26,300).

The financial result (including the result from companies accounted for using the equity method) improved by TEUR 12,979 to –TEUR 37,611. This development was mainly due to the increased interest rates as well as the resulting (and significant) discounting of long-term provisions.

Income taxes include actual tax expenses of TEUR 1,309 (2021: TEUR 2,587) and deferred tax income of TEUR 7,873 (2021: TEUR 77,548). The deferred tax income is mainly due to the recognition of tax losses carried forward, since the Group companies expect to generate positive results again in the coming years.

FR 01

ASSETS AND FINANCIAL POSITION

Assets – Munich Airport continues to secure its liquidity

Financial position

IN TEUR	Dec. 31, 2022	Dec. 31, 2021	Change	
			Absolute	Relative in %
Non-current assets	5,264,038	5,328,662	-64,624	-1.2
Current assets ¹⁾	213,036	164,483	48,553	29.5
thereof cash and cash equivalents	30,811	16,963	13,848	81.6
Assets	5,477,074	5,493,145	-16,071	-0.3
Equity	1,765,672	1,815,132	-49,460	-2.7
Other non-current liabilities ²⁾	2,566,391	2,754,453	-188,062	-6.8
Other current liabilities ²⁾	1,145,011	923,560	221,451	24.0
Equity and Liabilities	5,477,074	5,493,145	-16,071	-0.3

¹⁾ Including assets held for sale

²⁾ Including financial liabilities from partnerships

The decline in long-term assets [-TEUR 64,624] is mainly due to the decrease in owner-occupied property, plant and equipment [-TEUR 140,936], compared to an increase in investment property [+TEUR 53,800] and contract assets [+TEUR 32,786].

In the 2022 fiscal year, Munich Airport's liquidity reserves remained at the level of the previous year [TEUR 31,983; previous year: TEUR 34,984]. As traffic recovered, trade receivables also increased to TEUR 80,101 [previous year: TEUR 42,794].

Further loan repayments will be due in the 2023 fiscal year. This has resulted in the shifting of financial liabilities from non-current to current. The total balance of the current liabilities at the reporting date was TEUR 399,899 [previous year: TEUR 172,673].

The change in equity to TEUR 1,765,672 is mainly due to the consolidated net loss for the current fiscal year [TEUR 58,794].

FR 01

Capital structure

Capital structure

	Dec. 31, 2022	Dec. 31, 2021	Change	
			Absolute	Relative in %
Subscribed capital	306,776	306,776	0	0.0
Reserves	113,819	90,083	23,736	26.3
Other equity	1,345,057	1,418,253	-73,196	-5.2
thereof profit or loss for the year	-58,794	-261,296	202,502	-77.5
Non-controlling interests	20	20	0	0.0
Equity	1,765,672	1,815,132	-49,460	-2.7
Financial liabilities from interests in partnerships	382,357	348,177	34,180	9.8
Shareholder loans¹⁾	512,794	523,255	-10,461	-2.0
Fixed-rate loans	1,707,533	1,591,512	116,021	7.3
Floating-rate loans	464,692	514,238	-49,546	-9.6
Loans	2,172,225	2,105,750	66,475	3.2
Derivatives	438	1,297	-859	-66.2
Other liabilities	643,588	699,534	-55,946	-8.0
Financial liabilities	3,711,402	3,678,013	33,389	0.9
Equity ratio	32.2%	33.0%		

¹⁾ including deferred interest

The equity ratio decreased mainly due to the result for the fiscal year.

FR 01

The main terms of Munich Airport's current and non-current financial liabilities can be found in the table below:

Non-current loans conditions

AS OF DEC. 31, 2022

Method of funding	Currency	Interest rate	Residual debt in TEUR	Interest rate in %	
				from	in
Financial liabilities from interests in partnerships	EUR	Earnings-based	382,357	-	-
Shareholder loans	EUR	variable/earnings-based	491,913	Base rate plus margin	
Loans	EUR	Floating-rate	466,080	3M and 6M-EURIBOR plus margin	
Loans	EUR/USD	Fixed-rate	1,708,732	0.16	2.7

The shareholder loans are available for an indefinite period and bear interest at the prime rate plus a margin.

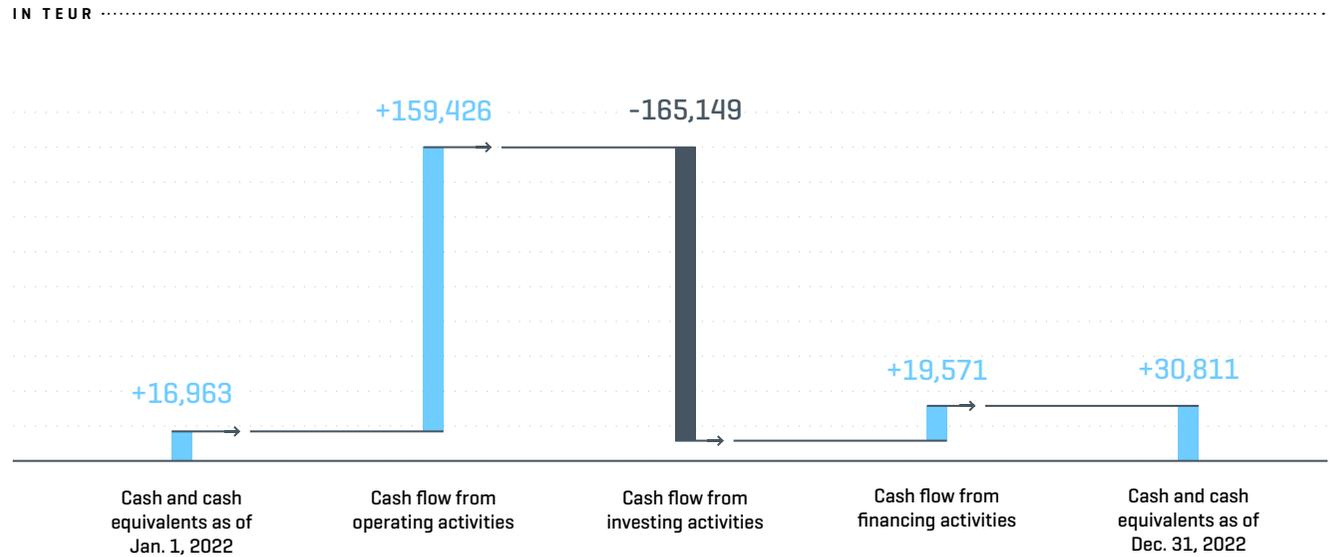
The loans are subject to the usual non-financial covenants, including pari passu declarations. In addition, there are other general conventional agreements concerning repayment in the event of changes in shareholder structure. No financial covenants have been agreed.

FR 01

Liquidity

Due to the improved traffic and strict cost management, the cash inflow from operating activities once again increased in the 2022 fiscal year, following a cash outflow from operating activities in the previous year [-TEUR 45,819].

The cash outflow from investing activities resulted primarily from investments in construction projects. Compared to the previous year, the cash inflow from financing activities decreased by TEUR 229,094 to TEUR 19,571, mainly because of the lower level of long-term borrowings to secure liquidity.

Statement of cash flows

FR 01

Target achievement and overall assessment

Year on year and in comparison with the forecast development, these performance indicators have trended as follows:

Forecast/actual comparison

	2021	2022		2022		
	Actual	Forecast		Actual		
		from	to			
		in %	in %			
EBT [in TEUR]	-336,257	Increase	50.0	90.0	-65,358	Exceeded
Carbon reductions [in tonnes] ¹⁾	1,083	Increase	88.0	93.0	3,216	Exceeded
Passenger Experience Index	85.0	Unchanged			80.4	Not achieved
Lost Time Incident Frequency [LTIF] ²⁾		Decrease	-3.0	19.9	19.9	Exceeded

¹⁾ Depending on the data basis, the savings are determined on the basis of measurements, product data sheets or performance data on nameplates and documented in the CO₂ database. In exceptional cases, experience values of comparable measures that have already been completed and verified are used.

²⁾ Applies to FMG and AE Munich; 2019 (LTIF: 21.96) was used as the reference period.

EARNINGS BEFORE TAXES (EBT)

Munich Airport's EBT in fiscal 2022 continues to be impacted by the effects of the coronavirus pandemic. Despite drastic counter-measures in both the areas of expenses and capital expenditures, it was not possible to fully compensate for the decline in earnings. Nevertheless, strict cost management yielded a better EBT than planned.

CARBON REDUCTIONS

Binding targets are agreed annually in order to achieve the long-term climate protection goals. They include stipulations regarding the implementation and recognition of efficiency measures, and special targets for the development of CO₂-reducing technologies. Examples include the conversion to energy-efficient LED lighting in all building categories [terminal, hotel, office, parkade etc.].

The expected catch-up effects did materialize in 2022. As a result, not only the previous year's value was exceeded by a wide margin, but also the 2022 target with realized CO₂ savings of 3216 tons; as well, the emission factor, which was 0.380 kg/kWh, also fell by approximately 11% compared to 2021 [location based]. The big increase is due to the implementation of delayed measures from the year 2021 and the new measures undertaken in 2022, such as the replacement of ventilation equipment in the terminals.

FR 01

PASSENGER EXPERIENCE INDEX (PEI)

Compared to 2021, Munich Airport saw a slight decrease in the satisfaction of passengers as measured by PEI in the 2022 fiscal year. While the year 2021 was still characterized by less traffic and therefore more stable processes due to the pandemic, in 2022 passenger volumes grew by two-and-a-half times while aircraft movements doubled. Coupled with a difficult personnel situation [including ground-handling services], this led to less stability in the entire passenger process, which had an effect on passenger satisfaction.

In order to meet the requirements of a five-star airport, Munich Airport has again implemented quality improvement measures to improve the passenger experience in 2022. One such measure was the Audio Walk through Terminal 2, which is designed to help families with children to reduce the waiting time at the airport. Another measure was the Express Queue during the security check, which was tested in Terminal 1. Passengers had the option to reserve a time slot at the security check to reduce waiting times.

LOST TIME INCIDENT FREQUENCY (LTIF)

In 2022, the Lost Time Incident Frequency for FMG and AE Munich was 19.93, which was slightly higher than the forecast value of 20.73. In 2021, the value was 11.09. It means that the LTIF increased 44% compared to 2021. The increase is mainly due to the increase in hours worked [+40%], which was already forecast in the last report, along with an increase in accidents [+68%] at AE Munich and FMG [hours worked: 8%; accidents: 19%] in 2022. The increase in the number of hours worked was mainly due to the significantly higher traffic volumes. A comparison of the LTIF for 2022 and 2019 [21.67] – before the beginning of the coronavirus pandemic – reveals that the accident frequency has decreased.

Events after the balance sheet date

No events of particular significance occurred following the end of the 2022 fiscal year.

Outlook, opportunities and risks report

Outlook report

ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

At this time, global economic developments are dominated by the war in Ukraine and the impact of the receding coronavirus pandemic. Economic activity is declining worldwide, both in industrial nations and in the emerging economies. High energy and commodity prices, along with disrupted international supply chains, hinder production and drive up inflation rates. As a result, real disposable incomes have declined. High economic uncertainty and rising interest rates in many parts of the world have a negative effect on investment activity. Therefore the outlook for global economic growth is subdued. The ifo Institute forecasts economic growth of 1.6% and 2.6% for 2023 and 2024, respectively.²¹⁾

According to the ifo Institute's forecast, economic output in industrialized nations is likely to expand at a rate of 0.7% in 2023. Weak GDP growth of 0.9% is expected for the USA. In the UK, the economy is actually expected to shrink by 0.9% in 2023. Both countries are fighting high inflation. This has a negative effect on private consumption, while corporate investments are hindered by higher interest rates.²¹⁾

According to the forecast, the emerging markets group will achieve overall economic growth of 3.5% in 2023. The Chinese economy is expected to grow at a rate of only 4.5% in 2023. China's strict zero covid policy has had a negative effect on the country's economy for some time. After the Chinese government ended most of the pandemic measures in December 2022, economic growth was inhibited by high sick leave numbers. Moreover, the situation in the Chinese real estate market remains tense and the export business is declining. The Indian economy is characterized by relatively high inflation

and a struggling industrial production sector. Accordingly, the projected 2023 growth rate of 4.9% is slightly below average.²²⁾

In the euro zone, economic output is expected to grow by 0.6% in 2023. Economic performance is inhibited by supply shortages, higher energy prices and pronounced economic uncertainty. High inflation rates and producer prices put pressure on private consumption and industry. In addition, a cooling global economy also reduces demand from abroad. The effect on euro zone countries varies depending on the dependence on Russian energy supplies and national economic structures. The ifo Institute expects GDP in France to grow by 0.6% in 2023. For Italy and Spain, growth rates of 0.4% and 1.7%, respectively, have been forecast.²³⁾

According to the forecast, the German economy will expand by 0.1% in 2023. Due to the high proportion of industry, the economic situation in the Federal Republic is particularly vulnerable to supply shortages and higher energy prices. With the introduction of the electricity and gas price "brake", the federal government has already taken measures to lessen the impact of energy costs on private households and companies. Furthermore, the German economy is also suffering from a growing shortage of skilled labor. Inflation is at a historic high, and a rate of 6.4% is forecast for 2023 [2022: 7.8%]. In 2024, consumer price inflation should normalize at a rate of 2.8%. The resulting decline in disposable real incomes will have a decidedly negative effect on private consumption, particularly in the six winter months 2022/2023. The construction sector is also expected to continue to cool due to higher interest rates and higher construction costs. Production activities in the industrial sector will continue to expand at a moderate pace, thanks to a high volume of orders on hand. A large expansion will probably occur as the supply shortages gradually fade into the background. The unemployment rate is expected to grow moderately by 0.2% to 5.5%.²³⁾

The oil price [Brent] increased significantly in 2022 compared to the previous year. In 2022, the annual average oil price was \$99.1 per barrel (2021: \$70.7 per barrel). The ifo Institute expects that the oil price will fall to \$85.5 per barrel in 2023.²³⁾

The demographic and economic general conditions in Bavaria and especially in the airport catchment area mean that further strong growth in transportation demand can be expected at Munich in the medium to long term despite short-term slumps. According to the results of the regionalized population projection by the Bavarian State Statistical Office, Bavaria's population will grow by 5.4% by 2041 compared to 2021. A strong to very strong population increase is expected in the Munich region in particular. In the state capital of Munich, the figure is expected to be +7.3%; the rural district of Munich is likely to increase by 6.1%. Four of the fastest-growing districts are also located in the nearby catchment area of Munich Airport. Growth of 12.2% and 11.5% is forecast for the districts of Ebersberg and Dachau, respectively, and 12.4% and 13.2% for the districts of Pfaffenhofen a.d. Ilm and Landshut, respectively.²⁴⁾

Compared to other industry sectors, the global aviation market is suffering more severely from the coronavirus pandemic. But most of the global travel restrictions have now been lifted. This should lead to a general recovery in 2023. IATA expects that global passenger demand in 2023 will reach 85.5% of the level seen in 2019. Airline revenues are actually projected to reach 93% of the pre-pandemic level.²⁵⁾

²¹⁾ ifo Institute, Economic Forecast Winter 2022, December 2022; German Council of Economic Experts, Annual Report 2022/23 November 2022

²²⁾ ifo Institute, Economic Forecast Winter 2022, December 2022; German Council of Economic Experts, Annual Report 2022/23 November 2022; <https://www.dw.com/de/bremst-china-die-weltwirtschaft-aus/a-64183206>; 22 December 2022

²³⁾ ifo Institute, Economic Forecast Winter 2022, December 2022

²⁴⁾ Bavarian State Statistical Office, Regionalized Population Projection for Bavaria to 2041, January 2023

²⁵⁾ IATA, 2023 to bring further pax recovery but softer cargo, 16 December 2022; IATA, Press Release No: 56, 6 December 2022

FR 01

FORECAST COURSE OF BUSINESS

The aviation industry is still affected by the effects from the coronavirus pandemic and the war in Ukraine. Nevertheless, Munich Airport expects a continuous recovery trend in 2023, following the positive development of travel demand in 2021 and 2022. In 2023, the Group is currently expecting passenger numbers to increase by around a third compared to the previous year. The expected passenger volume is thus more than 80% of the pre-crisis level in 2019. However, this assumption remains highly uncertain and depends heavily on whether the coronavirus pandemic continues to recede (or makes another appearance), as well as the developments in the Ukraine conflict. If these crises escalate again, it would implicate negative effects on business performance, the earnings situation and all key financial figures in the Group.

Munich Airport assumes that the impact of the coronavirus crisis and the Ukraine conflict will continue to have a lasting effect on the Group's economic development in all business units in 2023. Besides the lower passenger volumes compared to the years before the crisis, there are also a series of macroeconomic trends that continue to have an effect in this regard. Disrupted supply chains, continued high inflation and rising interest rates, high energy costs as a result of the energy crisis, as well as a tense labor market situation continue to affect the results of operations, assets, and financial position.

Depending on the further course of the various crises, deviations from the following forecast are possible.

With regard to revenue from airport charges, the Executive Board assumes an increase in line with the development of traffic.

It is expected that the revenues in the retail segment will grow disproportionately to the recovery in traffic as wealthy customers continue to return.

Revenue from catering and hotels as well as from handling operations, parking and advertising is assumed to grow at a slightly lower rate than growth in air traffic.

Revenues from rentals and leases are expected to be slightly positive compared with 2022.

Other revenues, which include throughput charges for aviation fuel supply, revenues for utilities and fuel, and revenue from management, consulting and training services for the aviation industry, develop significantly less than traffic growth, but also depend on it only to a limited extent. One exception are the revenues for utilities and fuel, which have almost doubled due to increased airport operations and positive price effects.

In total, management expects revenues to grow by a quarter compared to 2022.

Overall, the cost of materials is expected to increase at a slightly higher rate than revenues. This development is mainly due to much higher expenditures for energy and utility services, and fuels. Similarly, in the gastronomy and retail segment, the cost of sales is also increasing due to rising passenger volumes. The maintenance and remodeling measures included in the cost of materials will also increase due to the catch-up effects from the crisis years.

Personnel expenses in the Group will increase at a moderate pace – mainly because of the higher number of employees, as well as rate hikes and wage increases. Moreover, the removal of short-time work in 2023 also has an effect (as compared to 2022).

Other expenses are also expected to rise as business picks up.

Depreciation and amortization will decrease due to asset impairments recognized in 2022.

The financial result is expected to deteriorate due to the annual compounding effects in connection with financial liabilities from interests in partnerships. Steadily increasing interest rates for new loans and variable interest loans also have an effect.

Because of the big increases on the expense side, which cannot be easily addressed with countermeasures, Munich Airport anticipates another negative earnings before taxes (EBT) for the 2023 fiscal year, despite the significant increase in revenue.

The Executive Board is making significant efforts to secure the Group's liquidity and create additional financial flexibility. This will be achieved through cuts in all operating expenses and investments. For example, construction projects that are not operationally necessary or strategically relevant are postponed into the future. Management remains committed to strategic projects such as the pier in Terminal 1 and LabCampus.

Munich Airport is in constant contact with its principal banks regarding any liquidity requirements that may arise. During the course of 2023, the traffic, earnings and liquidity forecast will be continuously updated and the financing requirements will be derived. This ensures that the Group has the necessary liquidity at all times.

FR 01

The anticipated liquidity depletion assumes that the implemented measures for expenses, investments and personnel are implemented, and that air traffic recovers and reaches the expected level. If these assumptions do not come to pass in the manner outlined,

this may lead to an increased liquidity demand and consequently to earlier consumption of the existing liquidity reserves. From its current perspective, Munich Airport will be able to cover any higher liquidity requirements on the capital market.

Projected major financial and non-financial key performance indicators:

Projected major financial and non-financial key performance indicators

	2022		2023	
	Actual		Forecast	
			from	to
		in %	in %	
EBT [in TEUR]	-65,358	Increase	10.0	30.0
Carbon reductions [in tonnes] ¹⁾	3,216	Decrease	-38.0	-33.0
Passenger Experience Index Overall Satisfaction	80.4	Unchanged		
Lost Time Incident Frequency [LTIF] ²⁾	19.9	Decrease	0.0	2.0

¹⁾ Depending on the data basis, the savings are determined on the basis of measurements, product data sheets or performance data on nameplates and documented in the CO2 database. In exceptional cases, experience values of comparable measures that have already been completed and verified are used.

²⁾ Applies to FMG and AE; 2019 (LTIF: 21.96) was used as the reference period.

Earnings before taxes (EBT)

Overall, Munich Airport expects EBT to improve significantly, but still to be negative. Exact developments will mainly depend on the future progress and the impact of the coronavirus pandemic and the Ukraine war, therefore they are difficult to estimate at present. This means that in 2023, Munich Airport will again remain below its pre-crisis level.

Carbon reductions

Compared to the reporting year, Carbon reductions are expected to decline to approximately 2000 tonnes in the 2023 fiscal year. The planned measures should primarily reduce the energy requirement for lighting and air conditioning technology.

Passenger Experience Index (PEI)

The forecast value for the Passenger Experience Index (PEI) for 2023 is set at the level of 2022 (over 80), as the impact of the ongoing coronavirus pandemic on PEI cannot be determined at this time.

FR 01

Lost Time Incident Frequency Rate (LTIF)

Due to the current coronavirus situation and its impact on air traffic, the current trend in the Lost Time Incident Frequency (LTIF) is difficult to predict. The forecast of accident numbers for 2023 is based on the forecast hours worked in 2023. This assumes a 2% improvement in LTIF.

To achieve this goal, measures are planned to minimize the potential impact on accident occurrence. The project to strengthen the occupational safety culture at AE Munich will be continued as soon as possible. The aim is to reduce occupational accidents by ensuring safe behavior in the workplace. In addition, work organization at FMG and AE Munich is analyzed in dialogue with managers, with a focus on accident occurrence/reduction and risk assessments, and optimized where necessary.

Opportunities and risks report

OPPORTUNITIES

As an international aviation hub, Munich Airport competes with other major commercial airports. Functional and targeted opportunity management is of central importance for maintaining and expanding the airport's market position. This is an integral part of the strategy and planning processes at Munich Airport. Opportunities are future developments and events that may lead to a positive deviation from planning or strategic targets. Both external (for example, changes in the market environment) and internal opportunities (for example, programs to increase efficiency) are considered.

All divisional heads and managing directors of the subsidiaries and associated companies are responsible for developing and implementing measures to take advantage of opportunities. In this, they are supported by the corporate divisions Finance and Controlling. In addition, all employees of the Munich Airport in the business units and their subsidiaries are generally required to identify opportunities in the course of their daily work and report them to their supervisors.

As a basic principle, Munich Airport strives to strike a balance between opportunities and risks. If it was likely – at the time of planning – that an opportunity would arise, it was already included in the 2023 forecast or in the medium and long-term planning. The opportunities presented therefore focus on future developments or events that could lead to a positive deviation for Munich Airport from the forecast and the medium and long-term planning.

The evaluation of opportunities is based on the risk assessment system. The economic benefit resulting from the opportunities and the probability of occurrence are divided into the following categories analogous to the risks under consideration:

Economic advantage	Amount in €
Low	1–5 million
Medium	5–30 million
High	30–150 million
Very high	>150 million

Probability of occurrence	Percentage intervals
Very low	5–10%
Low	10–25%
Medium	25–50%
High	>50%

In contrast to the risks, the probability of occurrence and financial impact (economic advantage) are not shown separately, but are combined in the «high relevance» and «low relevance» opportunity categories.

Since Munich Airport is confronted in some cases with very long planning periods, the opportunities are also indicated as to when they will occur in the short, medium or long-term.

Maturity	Period
Short-term	<2 years
Medium-term	2–5 years
Long-term	>5 years

FR 01

Compared to the previous year, there were no changes to the structuring of identified opportunities as of December 31, 2022. However, the content description and assessment of the opportunities has been revised.

Overview of opportunities at Munich Airport

Opportunities	Rating	Time of occurrence	Summary of the measures
Development of the coronavirus pandemic	high relevance	short- and medium-term	<ul style="list-style-type: none"> • Systematic monitoring of pandemic development and identification of measures • Close cooperation with relevant stakeholders (especially airlines) • Adjustment of product portfolio in the retail segment
Market development	high relevance	short-, medium-, and long-term	<ul style="list-style-type: none"> • Intensive airline acquisition • Quality management • Close cooperation with system partner DLH
Rail access	high relevance	long-term	<ul style="list-style-type: none"> • Intensive contact with political decision-makers and the Deutsche Bahn • In-house expertise in the field of rail connectivity
Interest and exchange rate trends	high relevance	short-term	<ul style="list-style-type: none"> • Adjustment of product and service portfolio in the retail sector
Economic development	low relevance	short- and medium-term	<ul style="list-style-type: none"> • Continuous monitoring of global economic developments • Identification of measures to exploit opportunities in all relevant business units
Regulation and legislation	low relevance	long-term	<ul style="list-style-type: none"> • Association work • Use of expertise in the area of Corporate Communication and Politics
Implementation of climate protection measures [CO ₂ strategy]	low relevance	long-term	<ul style="list-style-type: none"> • Focusing on regional, regenerative energy supply and introduction of emission-reducing technologies
Internal process and efficiency improvements	low relevance	short-term	<ul style="list-style-type: none"> • Intensive use of the expertise available in the company • Efficient alignment as well as organizational changes
International business	low relevance	medium- to long-term	<ul style="list-style-type: none"> • Intensive observation of relevant markets • Professional customer acquisition • Continuous adjustment product and service portfolio
Real Estate	low relevance	long-term	<ul style="list-style-type: none"> • Intensive observation of relevant markets • Professional customer acquisition

FR 01

Development of the coronavirus pandemic

The travel and tourism industry was particularly affected by the coronavirus pandemic due to severely restricted mobility worldwide. Air traffic recovered noticeably with the start of the summer flight schedule, after most of the measures were lifted. At the same time, it still lags behind the levels seen before the pandemic. Some travel restrictions were still in effect in the 2022 fiscal year. Particularly the People's Republic of China was virtually cut off from global travel until the end of 2022, as a result of the country's zero covid strategy. Travelers are still concerned about the restrictions as well as the possibility that they may be re-introduced, which hinders demand. If the remaining travel restrictions are lifted sooner than expected, it could result in higher than expected earnings for the Munich Airport. The Group is systematically monitoring further developments and is in close contact with airlines as part of its acquisition activities. Moreover, a professional customer group analysis is performed in the retail segment, and the product portfolio is continuously adjusted to customer preferences. The aim is to offer above-average participation in a recovery.

In December 2022, the Chinese government relaxed its strict zero covid policy and lifted most of the pandemic measures. Starting in January 2023, travel restrictions were gradually lifted. It seems likely that any remaining travel restrictions put in place by other countries will also be lifted in 2023. Therefore it is quite probable that the developments as described will actually come to pass. The resulting opportunity is therefore rated as «high relevance».

Market development

Airline industry trends are of particular importance for traffic volumes at airports. The coronavirus pandemic created unprecedented challenges for the airlines. The crisis led to a reduction in personnel numbers and aircraft fleets. However, the sector has undergone a marked recovery since the summer of 2022. Not enough aircraft, along with labor shortages and the resulting handling problems at the airports, have created a situation in which the renewed demand cannot be fully met, however. In this context,

the quality of handling processes will probably be a major success factor, at least in the short term. If the Munich Airport can manage the handling problems better than other European airports, it could benefit disproportionately from the future recovery. At this time, Lufthansa is reactivating large portions of its grounded fleet and plans to operate several A380 aircraft from Munich as of summer 2023. If Lufthansa decides to assign the entire remaining A380 fleet to the Munich Airport and bundles traffic at this location, it would have a higher-than-planned positive effect on passenger numbers and hence also on the company result.

At the moment, the demand is still for point-to-point traffic, particularly within Germany, while business travel is still well below the levels seen before the pandemic. Demand is hampered by high ticket prices. However, oil prices have dropped noticeably in the last few months. It is possible that in the course of the planning horizon, flight tickets could be cheaper than initially assumed. This could also mean significantly higher passenger numbers – resulting in higher-than-planned passenger growth and earnings for the Munich Airport.

Munich Airport has been pursuing intensive quality management for some time and is just one of a small number of airports worldwide to hold the status of a five-star airport. It also has an extremely attractive catchment area, both in terms of business and private travel, and has been operating a professional airline acquisition service for years. Deutsche Lufthansa is an important customer for Munich Airport. They operate a hub at the Munich location and intend to maintain it in the future. In addition, cooperation is based on joint investments and long-term cooperation agreements.

If the airline market recovers more quickly than expected, and if the Munich Airport is able to expand its share of the recovery, it would lead to higher-than-planned earnings in the short and medium term. Although such a scenario is uncertain due to the current situation, the resulting opportunity must be rated as «high relevance» due to its impact on the subsequent development of the company.

Rail access

For some time now, the EU in particular has been calling for the various modes of transport to be interlinked as efficiently as possible, thus conserving resources. To this end, it makes sense to optimally connect the major European hub airports in particular to the rail infrastructure. In connection with the intensively conducted climate protection debate, this topic has gained momentum in recent years.

With regard to the rail link to Munich Airport, several projects, including the Erding ring closure, the Walpertskirchen Interchange, the second main line in Munich, and the Munich-Mühldorf-Freilassing/Salzburg Line 38 extension, are currently being planned or implemented. Should an adequate connection to the long-distance rail network also be established, Munich Airport could be efficiently integrated into a future multimodal transportation system. This would expand the passenger catchment area and consequently result in a higher-than-planned development of earnings.

Munich Airport has the necessary expertise on this subject and is in intensive contact with regional and national authorities as well as with Deutsche Bahn. The goal here is to realize an optimal connection of the airport to the long-distance rail network, which would bring a considerable economic advantage. The resulting opportunity must be rated as «high relevance» in the long term.

FR 01

Interest and exchange rate trends

Favorable interest rate and exchange rate trends may have a positive impact on the Group's financial result. Thus, currency effects from the conversion of earnings not denominated in euros into the Group's functional currency (euros) may have a positive impact on the financial results.

In the retail business at Munich Airport, international customers (outside the euro zone) play a special role due to retail spending, some of which is significantly above average. Internal analyses have shown that fluctuations in exchange rates have a significant impact on retail revenues. A continued low euro compared to the relevant foreign currencies therefore offers the potential for earnings that exceed targets.

Interest rates are much higher than in the previous year; Munich Airport's planning therefore assumes continued high interest rates for variable-interest loans. However, if interest rates decline again during the planning period, it would have a positive effect on the Group's EBT.

Altogether, the opportunity arising from interest rate and exchange rate trends must be rated as «high relevance» in the short and medium term due to the current crisis situation.

Economic development

There is a close correlation between national and global economic growth and the growth in air traffic. In 2021, the global economy quickly rebounded from the 2020 downturn brought on by the pandemic. However, the global containment measures also disrupted global supply chains, which led to shortages of essential primary products. The outbreak of war in Ukraine during the first quarter of 2022 escalated this situation and also drove up energy prices and production costs. The economic recovery faded as economic uncertainty increased. At this time, supply shortages in energy, raw materials and primary products put pressure on the global economic situation and drive up inflation. Rising interest rates also

put a damper on investment activity. Private consumption has also declined as a result, which will probably have a negative effect on demand for vacation travel. Moreover, the difficult situation that companies find themselves in also jeopardizes the development of business travel. At the same time, there has been a significant drop in energy prices recently. Some countries, including Germany, have also taken fiscal measures to counteract the historically high inflation rates.

The reversal of the strict zero covid policy can also contribute to the swift recovery of supply chains. As a result, inflation forecasts have improved recently. The International Monetary Fund (IMF) expects that the global economy will be able to cope with the impact of the war in Ukraine and continued inflation somewhat better than initially feared. If the supply difficulties resolve quickly and inflation is not as bad as expected, there is a chance that the economy will recover more quickly and air traffic will grow as a result.

Protectionist trade policy tendencies have been observed in various countries in recent years. Since air traffic volumes are strongly dependent on the degree of globalization of the world economy, protectionist measures generally have a slowing effect on global air traffic. If these trends reverse in the following years and there is a renewed political focus on the global distribution of labor, it could boost economic and air traffic growth.

Different divisions of Munich Airport intensively monitor all relevant economies worldwide. In this way, potential for the various business units [e.g. Aviation and Commercial Activities] is identified and appropriate measures are initiated to exploit opportunities on a decentralized basis.

Even though economic growth is one of the main factors affecting air traffic, it is not expected that short-term economic growth will be significantly higher than the current forecasts. The resulting opportunity must therefore be rated as «low relevance».

Regulation and legislation

Air transport has historically been a highly regulated market. Accordingly, laws, ordinances and international agreements are still a decisive factor influencing air traffic today. The introduction of new regulations, as well as changes to existing ones, may involve risks, but also present opportunities for market participants.

In 2011, the German government introduced a ticket tax in the form of the German aviation surcharge, which was increased on April 1, 2020. The surcharge is used to implement climate policy objectives. Due to its national character, the German air traffic surcharge has competition-distorting effects in the European air traffic market. As a result, air travelers from areas close to borders are increasingly choosing airports abroad as their departure point. If the aviation tax were to be replaced by more effective international climate policy instruments, this could reduce the competition-distorting effects. And this could lead to an increase in traffic at Munich Airport.

In the wake of the current crisis, the discussion on the creation of a Single European Sky gained momentum. In addition to the introduction of uniformly high safety standards, the goal is to expand airspace capacity and achieve more economical supranational cooperation between the national air traffic control organizations. In concrete terms, the goal is, among other things, to enable airlines to operate more economical flight routes (direct air route). More efficient flight routes could lead to significant kerosene savings and thus reduce CO₂ emissions (by up to 10%). While the latter could bring a positive image boost for air travel as a whole, the former would have a positive impact on demand for air travel due to lower costs. However, Single European Sky is an extremely complex issue, since it involves questions of national sovereignty of the individual European states. Accordingly, possible solutions must be developed by all national and European players in dialog with industry.

FR 01

In order to properly utilize opportunities arising from regulation and legislation, Munich Airport maintains a Corporate Communications and Politics department and is involved in various aviation associations, such as the BDL. The central objective here is to help shape important regulations for the aviation sector and counteract competition-distorting effects.

In summary, the opportunities arising from regulation and legislation are currently rated as «low relevance» due to the low probability of occurrence.

Implementation of climate protection measures

Munich Airport is pursuing the climate target of «CO₂-neutrality by 2030». It will reduce the CO₂ footprint it can control to zero through a combination of reduction and offsetting measures. The implementation of this CO₂ strategy is associated with costs. In the field of energy generation and conservation as well as renewable energies, a progressive increase in efficiency can generally be observed. If this development accelerates, the cost of CO₂ neutrality at Munich Airport could fall below the expected level. The environment, technology, and strategic sustainability management departments at the airport monitor trends in this direction.

In the long-term, this could lead to higher than expected earnings. Despite changing political incentive and/or sanction mechanisms, the resulting opportunity is rated as «low relevance» due to the comparatively low earnings outcome effect.

Internal process and efficiency improvements

The impact of the coronavirus pandemic prompted Munich Airport to launch the «Restart» change program. The program served to make the company viable and efficient for the future. The measures of the program were implemented in the course of 2021. Since the economic effects have already been taken into account in Munich Airport's medium-term planning and ambitious targets have been assumed, the likelihood of a performance that is significantly greater than planned can be classified as low. The resulting opportunity is therefore rated as «low relevance».

International business

Munich Airport's international business could develop better than expected.

After the pandemic, the macroeconomic environment will recover and demand for consulting and management services will increase again. In the medium term, the further acquisition of airport-related consulting firms and new strategic partnerships could also strengthen the local market position of the international business in important target markets. On the one hand, this could ensure faster market entry, local networks can be adopted, and local personnel cost structures can be established. On the other hand, acquisitions can complement the product portfolio and thus strengthen competitiveness.

Current developments also reveal a global trend where private companies are increasingly involved in the management and operation of airports, which were previously managed by the government. For the international business, this development means more financially advantageous project opportunities that could be realized in the context of the applicable corporate law and strategic requirements.

To this end, the Group closely monitors all relevant markets and developments, conducts professional customer acquisition, and continuously adapts its product and service portfolio to market requirements. In this way, opportunities that arise can be optimally exploited.

In the medium and long-term, this could lead to higher than expected earnings. However, the resulting opportunity must be rated as «low relevance» due to the comparatively low earnings effect.

Real Estate

The current major economic and ecological challenges are putting companies in the Federal Republic of Germany under high pressure to innovate and collaborate. Moreover, major changes are also occurring in the labor market, which will require a rethinking with regard to the future configuration of workplaces. This could lead to an expanded need for cooperative sites and test sites.

With its «LabCampus» project, Munich Airport is creating a new type of innovation center that provides lease premises and that focuses on cross-sector collaboration, joint development, testing, presentation, and realization. Projected earnings may be exceeded if the LabCampus is completed more quickly and additional buildings and other clusters generate earnings earlier than forecast.

The Group keeps a close eye on all relevant markets and conducts professional customer acquisition activities in order to make the best possible use of opportunities that arise in the market. The resulting opportunity is currently rated as «low relevance» due to the long-term impact horizon.

FR 01

RISK MANAGEMENT SYSTEM

The Executive Board of FMG and all subsidiaries and affiliated companies is responsible for the early detection and prevention of risks that jeopardize the continuity of Munich Airport and the investments. Group Management has overall responsibility for an effective risk management system and lays the essential foundation for it by communicating and defining corporate strategy and targets. It formulates specifications for the risk management process and the organizational structure of the risk management system.

The goal of the risk management system is to identify events and developments that may have a negative impact on the achievement of strategic and operational targets in good time and develop suitable countermeasures. All dimensions of the business activities are taken into account.

The risk management guideline regulates the general principles of risk management in the Group as well as the tasks and responsibilities of the function holders involved in risk management on the basis of the internationally recognized framework model «COSO ERM» [Committee of Sponsoring Organisations of the Treadway Commission – Enterprise Risk Management].

The Risk Management Committee, which reports directly to the Executive Board, serves as an additional supportive management, control and supervisory body. It consists of the entire Executive Board, the heads of the Aviation, Commercial Activities and Real Estate business units, the heads of the Legal, Corporate Bodies, Compliance and Environment, Finance & Controlling, Group Security, Group Development, Corporate Communications and Politics departments, the head of IT and the Risk Manager. The head of Compliance and the Business Continuity Management (BCM) officer also participate in the committee.

The task of the Risk Management Committee is to analyze the risks from a Group perspective and to monitor the effectiveness of countermeasures. It provides support for developing the risk management system and for risk identification, assessment, and control. The Risk Management Committee meets quarterly and issues the risk report for the shareholders.

The risk management process comprises the following steps. A digital coordination and communication platform has been established to support this process.

Identification and communication of risks

All divisional managers and Chief Executive Officers of subsidiaries and shareholdings are responsible for the identification and assessment of risks. It is where all risk-relevant information is coordinated, managed, documented and forwarded. The risk manager checks the divisions' risk reports for plausibility and compliance with the Group-wide standards for risk assessment. The role involves combining the divisions' individual reports in a risk report, taking account of materiality for the Group, and reporting quarterly to the Risk Management Committee and the shareholders. Risks that jeopardize the Group's existence that have been identified for the first time must also be reported to the Executive Board on an ad hoc basis.

As a basis for dealing with risks responsibly, each individual employee is involved in managing risks throughout the company. All employees are responsible for reporting risks in their department.

Assessment of risks

The risk assessment allows the company to determine the extent to which individual risks jeopardize the fulfillment of corporate goals and strategies and which risks may possibly threaten its existence. For this purpose, the factors damage amount and probability of occurrence/frequency are presented in a risk matrix. The expected loss describes the impact on profits that can be expected if the risk materializes. In the case of events that recur over time, the company works with the frequency with which they occur. The assessment

first takes place without considering measures to limit the risk [gross risks, see the section «Risks»]. Subsequently, the risks are assessed after countermeasures are implemented [net risks, see section «Risks»].

Dealing with risk

Starting from the risk analysis, appropriate countermeasures for dealing with risk are specified according to corporate strategy and economic aspects. Risk management strategies include: control, insure against, minimize, eliminate, and transfer. The risk officers have the task of specifying and implementing countermeasures to manage risks in the respective division affected.

Risk monitoring

The risk manager continuously monitors the effectiveness of risk management. Risks are also monitored separately by Internal Audit.

COMPLIANCE MANAGEMENT SYSTEM

Compliance covers compliance with all Munich Airport-related laws, specifications, and regulations, national and international rules and standards, as well as in-house rules and guidelines. To this end, Munich Airport has established a Group-wide compliance management system.

The Compliance department submits reports on the current status of the compliance management system to the Executive Board on a regular basis and to the Supervisory Board on an annual basis.

Compliance risks are also communicated as part of the risk reporting to the Executive Board and shareholders if internal thresholds are exceeded. Regular dialog takes place between Risk Management and Compliance.

FR 01

On May 1, 2022, the current compliance principles were replaced with the Code of Conduct. It contains directives and principles for conduct that conforms to the values and the legislation. It applies both within the Group and vis-a-vis third parties in the national and international context.

Identifying and minimizing compliance risks

The Compliance department prepares the compliance risk analysis with input from the FMG divisions and combines it with the subsidiaries/affiliates compliance risk analyses every year. The Executive Board is informed of the results. Compliance risks are assessed in the same way as the risk management process.

The annual Compliance Report to the Supervisory Board of FMG also includes the results of the compliance risk analysis. If, despite all countermeasures taken, a risk has a high potential for damage and at the same time a high probability of occurrence, then it is examined in more detail.

After consideration of the countermeasures, no significant compliance risks remain for the year 2022.

The Executive Board addresses the issue of compliance in an ongoing process at frequent intervals, and the Supervisory Board is informed at regularly scheduled intervals.

Preventing corruption

The Code of Conduct and the Gift and Invitation Policy support management, executives and employees in behaving lawfully and ethically in the workplace. They are published on the intranet and are therefore available to all employees. In addition, the Code of Conduct refers to the observance of other internal company guidelines, such as compliance with public procurement law during procurement and procurement processes, data protection organization or information security. These ensure that processes and procedures are transparent and traceable, both internally and

externally. An undertaking to avoid corruption is required during procurement and tender processes, with sanctions for violations.

The position of anti-corruption officer is exercised by the head of the Compliance department. There are no known confirmed cases of corruption in the Group for 2022.

Communication and training

A key task of the Compliance department is to train and advise employees, managers, and the FMG Executive Board as a preventative measure to stop compliance breaches from occurring.

All employees and managers are regularly familiarized with compliance documents and innovations using a flexible process (in-person or digital). Participation in the training was documented.

In order to raise awareness of compliance issues and data privacy violations, web-based compliance training is mandatory for all employees throughout the Group once a year, in addition to compliance instruction by the respective manager, and it must be successfully completed with a test. In addition, all employees must participate in web-based training for «Information security and data protection» once a year.

In 2022, an external law firm delivered five training sessions in cooperation with the Compliance department as part of the Leadership Excellence program.

Electronic whistle-blower system

Through an electronic whistle-blower system, the Business Keeper Monitoring System (BKMS®), Munich Airport employees, business partners, and customers can report behavior potentially damaging to our organization (also in English). Furthermore, documents can also be forwarded electronically in anonymized form. People inside the Group and outside can also contact the Compliance department by other means of communication (telephone, e-mail, face-to-face discussions) if they wish to draw attention to compliance infringements and need advice. Tender documents inform potential bidders of the possibility of using the BKMS® should compliance infringements be suspected.

Data protection

Munich Airport has taken comprehensive measures to comply with the General Data Protection Regulation (GDPR) and the Federal Data Protection Act (BDSG). The subsidiaries and associated companies have appointed data protection officers to perform advisory and oversight duties in accordance with the GDPR. Data protection coordinators have also been established in FMG's specialist departments in order to identify and address the issues and risks faced by the departments. They are continuously trained, informed, and advised by the Corporate Compliance unit in cooperation with the Data Protection Officer.

The Group-wide data privacy policy was updated with the continued aim of protecting data subjects when their personal data is processed within the Group, and ensuring compliance with data privacy laws.

Responsibility for data protection compliance in their respective processing operations is decentralized among the individual FMG departments and subsidiaries/affiliates.

FR 01

FMG's Data Protection Officer is responsible for advising and supporting the departments and is directly appointed as data protection officer in some subsidiaries/affiliates. He/she is assigned organizationally to the Compliance department and reports directly and independently to the Executive Board.

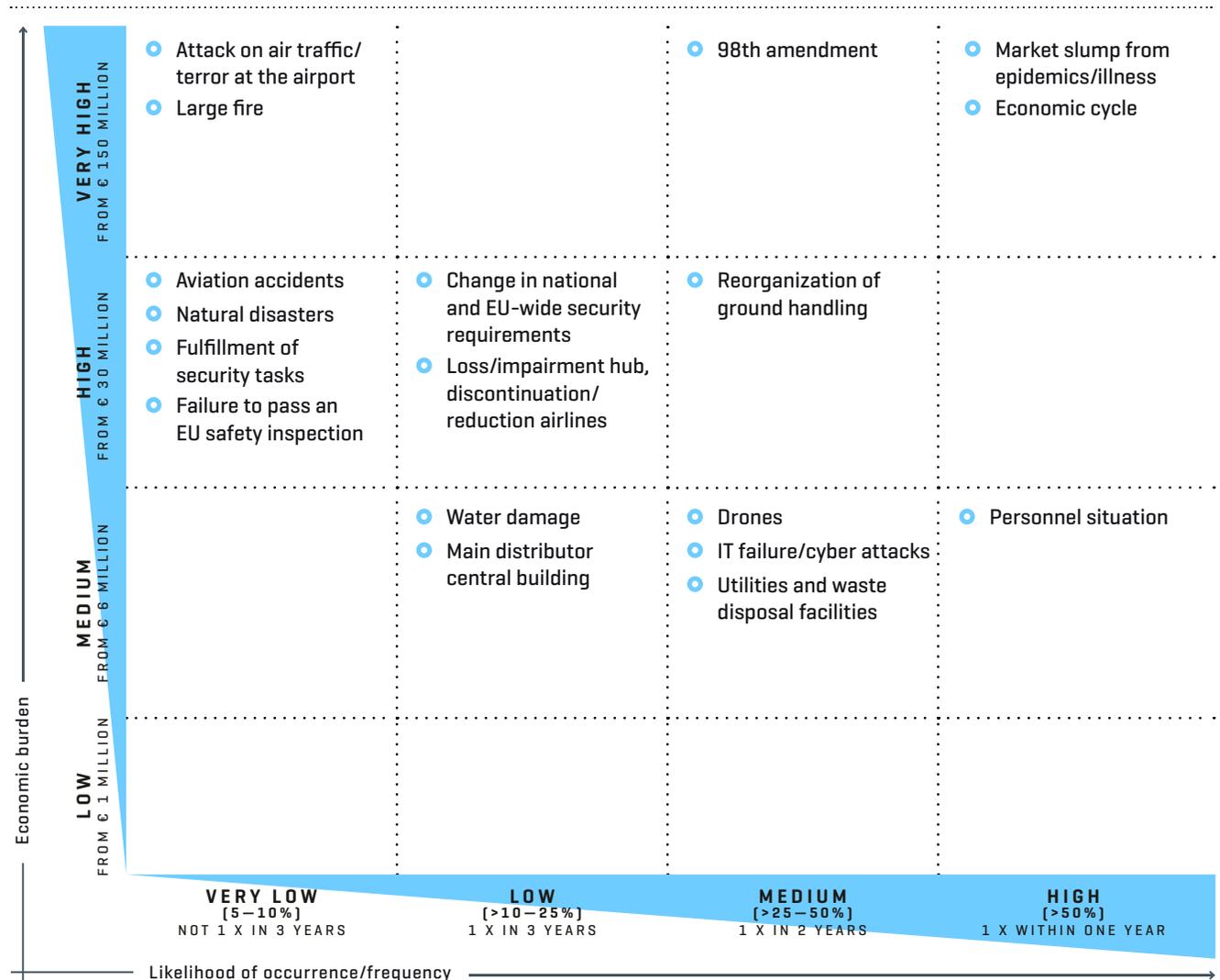
Because of the coronavirus pandemic, training and awareness-raising measures were delivered digitally; moreover, information was continually provided via the Intranet and customized advisory services were also made available.

RISKS

Risks that could have a material influence on the business activity or on the assets, financial position, and results of operations as well as the reputation of Munich Airport are explained below. In each case, the risks are shown before (overview of gross risks) and after consideration of suitable countermeasures (overview of net risks).

The risk assessment relates to the economic impact in the period quoted. As of December 31, 2022, the following material gross risks were identified for Munich Airport:

Overview of gross risks



FR 01

Risks resulting from force majeure

Risk	Description and analysis	Countermeasure(s)
Natural disasters	Persistent and intensive rainfall together with melting snow and ground saturation to the south of Munich as far as the Alps could cause flood run-off in the Isar. A resulting breach of the Isar dams and the flood protection dikes near Freising could lead to flooding in the airport vicinity.	The Water Management Office has remeasured the Isar River. Studies have shown that the existing flood protection dikes in the airport's sphere of influence are adequate for intense precipitation and flash floods, which can occur during appropriate weather conditions. In addition, a review of drainage safety within the airport is conducted to establish the requirements for a «Hochwasser-TÜV» [a technical inspection agency for flooding]. On a permanent basis, Munich Airport monitors the wastewater discharge and carries out maintenance and repair measures. Countermeasures are being intensified at an operational level by means of crisis and risk management procedures at Munich Airport. Insurance to cover earthquakes, storms, hail, and flooding has been arranged.
Attack on air traffic/terror at the airport	Air traffic is subject to threats from terrorist attacks and politically motivated disruption. Aircraft and infrastructure facilities are relevant targets. In addition to bodily injury and property damage, this would result, at least temporarily, in a decrease in the number of aircraft movements and passengers.	To avert possible disruptions, Group security takes strategic, operational, and technical/organizational measures: Provision of sufficient and well-trained personnel resources, construction measures to guarantee modern and approved security technology and infrastructure, monitoring of service quality through sustainable quality measures, and constant exchange with the responsible security authorities. Bodily injury and property damage as well as interruptions of operations are insured.
Fulfillment of security tasks	The airline companies are responsible for security tasks in transferred areas. In these areas, airline companies fulfill the same task as airport operators, but are not subject to the same supervisory authority. For Munich Airport, there is a risk that inspections will reveal defects in transferred areas and the airport as a whole will lose its security status as a result. Defective controls could lead to property damage and bodily injury as well as reputational damage.	At present, a subsidiary of FMG is responsible for operational security tasks in the transferred areas; its services rendered are subject to regular monitoring by FMG. Furthermore, a mutual, intensive exchange takes place with the responsible government and supervisory authorities.

FR 01

Risks resulting from force majeure

Risk	Description and analysis	Countermeasure(s)
Market slump from epidemics/illness	Munich Airport is an arrival, departure, and transfer point for millions of travelers and thus a potential gateway for bacteria and viruses from all over the world. Epidemic/sickness outbreaks can result in market downturns with reduced aircraft movements and passenger numbers.	Munich Airport is subject to the Act Implementing the International Health Regulations (IGV-DG) and employs a subsidiary to fulfill the necessary functions. Likewise, the rules specified by EASA (European Union Aviation Safety Agency), which are regularly audited by the supervisory authority, are met. Examples of protective measures against infection include: touch-free access points and faucets, regular hygiene inspection tests, safety distances, and «eGates» for touch-free identification using facial recognition technology. For explanations of the economic countermeasures, please refer to the «Economic cycle» risk.
Large fire	In the event of damage to or destruction of terminals or infrastructure systems caused by a large fire, property damage and bodily injury as well as long-term interruptions of operations are to be expected.	To minimize the risk of a large fire, Munich Airport takes all necessary preventive and defensive fire protection measures. To this end, it operates its own airport fire department. The risk of a major fire is additionally minimized by a fire insurance policy (property and interruption of operations insurance) and public liability insurance (liability claims of third parties). After taking the countermeasures into consideration, the net risk is below the risk tolerance limit.
Aviation accidents	Aviation accidents or damage to aircraft can result in bodily injury and property damage, as well as interruptions of operations and secondary damage.	To minimize the risk, Munich Airport maintains an Airport Rescue and Firefighting service, a medical service, and a counseling team. The risk of aviation accidents is minimized through liability insurance and fully comprehensive insurance. After taking the countermeasures into consideration, the net risk is below the risk tolerance limit.

FR 01

Market risks

Risk	Description and analysis	Countermeasure(s)
Loss/impairment hub, discontinuation/reduction airlines	<p>Some of the transportation-related and economic impacts from the coronavirus pandemic continue to this day. At the start of the 2022 summer flight schedule, air traffic developments were already characterized by significantly higher passenger demand and a substantial expansion in airline offerings. The significant increase in connections to business centers indicates a recovering business travel sector.</p> <p>The continued war in Ukraine has little effect on traffic developments at the Munich location.</p> <p>DLH continues to reconstruct the hub at the Munich Airport and confirms its commitment to Munich by stationing its entire Airbus A350 fleet and four leased machines of the same type in Munich. In addition, Airbus A340-600 machines with First Class compartments are used for the premium segment on the relevant routes. As further evidence, DLH also announced that some Airbus A380 machines would once again take off from Munich as of the summer of 2023, in response to the strong demand for intercontinental flights.</p> <p>The risk of losing the hub in the short term is therefore rated as «moderate».</p>	<p>Munich Airport's collaboration with DLH is based on joint investments and long-term cooperation agreements. Even in the current crisis, the intensive cooperation between FMG and DLH will continue in order to further develop the high-performance, globally renowned hub. This is also reflected in the letter of intent [Lol II] in the context of the MUC2030 project, which was signed at the end of the year.</p> <p>Additionally, at the «World Airport Awards», which are awarded annually by the London-based aviation research institute Skytrax on the basis of a global passenger survey, Munich Airport was awarded the title «Best Airport in Central Europe» in 2022.</p>

FR 01

Market risks

Risk	Description and analysis	Countermeasure(s)
Economic cycle	<p>The global economy is currently on a downward trend. The pandemic and the war in Ukraine pose key risks for economic development.</p> <p>In the course of the war in Ukraine, western government imposed far-reaching sanctions and have restricted trade with Russia. This led to a big increase in energy prices, which declined again somewhat in the fourth quarter of 2022. Furthermore, production is hindered by disrupted supply chains, while production costs remain high. This can lead to higher inflation and a restrictive monetary policy. Similarly, protectionist and economic policies can also have a negative effect on global economic performance [punitive duties, «Buy American» program, «Inflation Reduction Act»]. This may hinder growth in the transatlantic market, which is important to Munich Airport.</p> <p>A multi-year economic crisis, including subsequent effects, could have an acute and significant impact on FMG's earnings and liquidity.</p>	<p>The reduction of expenditures by means of cost-cutting measures in all areas, socially acceptable staff reductions and a short-term cut in the investment budget in non-critical divisions have mitigated the consequences of economic slowdowns. To ensure solvency, revolving credit lines exist or loans can be taken out on the capital market.</p>

FR 01

Operating risks

Risk	Description and analysis	Countermeasure(s)
IT failure/cyber attacks	<p>Constant new technological developments and the increasing threat of cyber attacks worldwide lead to risks in relation to the security of IT systems and networks as well as data security. In the area of cybercrime, there is an increasing, abstract potential risk that requires constant monitoring and assessment.</p> <p>Failure of IT for traffic operations can lead to interruptions in operations. This would result in financial losses and reputational damage.</p>	<p>Critical corporate IT systems are fully redundant with systems located in physically separate locations. Property damage and business interruption are covered by all-risk insurance.</p> <p>To avert a cybercrime attack, strategic, technical, and organizational measures are specified and monitored by an information security management system, and managers and employees receive regular training.</p> <p>In its own competence center against cybercrime, IT specialists at the airport work together with experienced IT security companies to develop new procedures for combating cybercrime. To reduce losses, FMG has taken out insurance against cyber risks.</p> <p>After taking the countermeasures into consideration, the net risk is below the risk tolerance limit.</p>
Water damage	<p>Water damage caused by a break in the main drinking water or fire extinguishing water pipelines could lead to the failure of infrastructure systems important for air traffic.</p>	<p>Remotely controlled emergency shut-off equipment and additional protective devices in the pipeline connections limit the possible damage. Property damage and interruptions of operations are insured. After taking the countermeasures into consideration, the net risk is below the risk tolerance limit.</p>
Change in national and EU-wide security requirements	<p>Munich Airport is subject to national and EU-wide aviation security requirements, encompassing the topics of airport security, air passenger and hand luggage checks, air-freight, airmail, and goods control, among others. Security requirements are adjusted continuously to the current circumstances. This can give rise to procedural and also infrastructural changes for Munich Airport. Corresponding financial burdens would then follow.</p>	<p>Munich Airport attempts to minimize these consequences through work in associations and on committees. Early information relating to ongoing legislative procedures ensures the timely implementation of security regulations.</p> <p>Additional expenses incurred as a result of infrastructural changes are used as the basis for the framework agreement on charges.</p>
Failure to pass an EU safety inspection	<p>The EU's aviation authorities are conducting safety inspections at airports. Should it fail to comply with a safety standard and subsequently fail the follow-up audit, Munich Airport can lose its «Clean» status. The consequences would be a heightening of the safety regulations, considerable obstruction with operational processes, competitive disadvantages, and a loss of image.</p> <p>The last inspection in May 2022 was completed successfully.</p>	<p>Munich Airport conducts thorough and strict quality controls to manage the quality of all safety aspects at the airport. The quality controls have shown that the countermeasures taken and the consistent monitoring are effective and that – in theory and practice – very well trained personnel are employed.</p>

FR 01

Operating risks

Risk	Description and analysis	Countermeasure(s)
Utilities and waste disposal facilities	Insufficient availability of utilities required for operations, such as electricity, heating, cooling, drinking and fire-fighting water, wastewater and waste, can lead to property damage and business interruptions.	The service and maintenance programs, network redundancies, and storage reduce the risk of gaps in supply. Property damage and interruptions of operations are insured. After taking the countermeasures into consideration, the net risk is below the risk tolerance limit.
Reorganization of ground handling	The success of the reorganization of the former Ground Handling business unit could be put at risk by the following uncertainties and circumstances: sustained reductions in traffic from existing customers, ground handling losses due to the transfer of part fleets to third parties, aggressive pricing policies of competitors, and increasing price decline at Munich Airport.	In the negotiations to extend the long-term contract with an important customer of AE Munich, a contract was concluded at the end of 2016 until October 2024. As a result, associated collective restructuring agreements could be extended. To compensate for declining ground handling volumes, talks with potential new customers are ongoing. In the event of a loss of ground handling, capacities and associated costs will fall. Constant monitoring and reporting of the renovation progress and renovation path is carried out.
Personnel situation	As traffic improves again, there is a risk of labor shortages, which could lead to long wait times and delays in aircraft handling. Regardless of the tight staffing situation, care is taken to ensure that sufficient qualified personnel are available to maintain operator responsibilities. In view of the overall economic situation and the wage developments observed in the market, it is expected that personnel costs will rise faster than in the past.	FMG is reviewing the introduction of bonuses for critical areas and has also introduced relief packages to support employees [early rate increases, increased driving cost allowances]. Recruiting measures have also been intensified.
Drones	After the German government adopted stricter rules on the operation of drones in airport control zones in 2017, the EU Commission added a regulation on the safe operation of drones in 2019. At the national level, legal responsibility was regulated on this basis. German Air Traffic Control [Deutsche Flugsicherung – DFS] is responsible for all German commercial airports. Details of this were published in the Federal Law Gazette on June 17, 2021 and are in force. In the coalition agreement of the German government, the detection and defense of drones is classified as a sovereign task. It therefore does not lie with the airport operator.	Munich Airport has taken measures to minimize the impact on operations in terms of safety and security. This includes, among other things, participation in the uniform regulation of drone traffic via associations [ADV, ACI, BDL] as well as participation in EASA initiatives, public education, and participation in a test project on «Technology for Future Drone Detection» with DFS. The systems demonstrated in the test project need to be further developed to ensure effective, reliable use at commercial airports. To this end, DFS, with the support of Munich Airport, is in close contact with system manufacturers. After taking the countermeasures into consideration, the net risk is below the risk tolerance limit.

FR 01

Legal risks

Risk	Description and analysis	Countermeasure(s)
Construction price increases	Risks can arise in construction projects from increases in construction prices, supplier defaults, planning delays and external influences from the public, the environment, politics, changes in technology, rules of technology or other requirements, including the postponement of construction projects. At this time, Germany has a shortage of building materials due to the crisis.	The investment projects are planned appropriately in terms of their commercial viability, their financial feasibility and the risks associated with the investments, and are monitored continuously during implementation. Currently, storage space is made available so production and supply shortages of affected building materials can be averted. Moreover, time reserves for possible delivery delays are taken into account in the overall schedule. The gross risk here is below the risk tolerance limit set by FMG and is therefore not represented in the risk matrix.
98th amendment	Due to the political moratorium and the resulting postponement of the decision to realize the third runway, all planning and land acquisition costs incurred to date must be tested for impairment on an ongoing basis and written off if necessary. Without an increase in capacity brought about by the construction of the third runway, there could be capacity bottlenecks and a significant loss of company value in the medium and long term. This will be influenced primarily by a stagnation or decline in the traffic volume and the associated lower revenues in the Aviation and Non-Aviation divisions.	The confirmation of the planning approval decision by the Bavarian Administrative Court [BayVGH] on February 19, 2014 and in the following year by the Federal Administrative Court limited the legal risks for project implementation. Diversification of the product range and expansion of foreign business are planned or already being implemented as countermeasures to the significant loss of company value. The appropriate expansion of the airside infrastructure remains a key strategic project for Munich Airport in the medium and long term.
EU General Data Protection Regulation	In addition to the legal risks listed in the risk matrix, there are risks in connection with the EU General Data Protection Regulation [GDPR]. The GDPR expands the existing obligations arising from the Federal Data Protection Act [BDSG] and increases the legal, operational, and technical/organizational requirements for data protection. An infringement of these rights and obligations could incur high fines, claims for damages, reprimands, and reputational damage. Currently, Munich Airport is considering issues related to the use of closed circuit television [CCTV] video surveillance and the use of Microsoft 365.	At Munich Airport, the project to implement the requirements of the GDPR has been successfully completed. As part of this, organizational structures and processes as well as their documentation were adjusted and awareness of data protection was heightened within the Group. The following measures were implemented to address data protection risks from CCTV: role usage concept, re-signage to indicate video surveillance, renegotiation of the company agreement on CCTV, consolidation of the legal basis, implementation of a data protection consequence assessment. Munich Airport has also appointed data protection officers and data privacy coordinators who receive awareness training and other types of training on a regular basis from the Group's Compliance unit. The gross risk here is below the risk tolerance limit set by FMG and is therefore not represented in the risk matrix.

FR 01

Munich Airport is confronted with various legal disputes during the normal course of business. These can lead, in particular, to the payment of compensation claims or, in the case of construction projects, to changes in the remuneration of services. Moreover, other legal disputes can be initiated or existing legal disputes can be expanded. Apart from matters for which provisions have already been made in the balance sheet, Munich Airport is not currently anticipating any material negative impacts for the assets, financial position, and results of operations from other known cases at the present time.

In the case of foreign subsidiaries, risks may arise in particular from the assumption of operational responsibility abroad in the context of consulting services for other airports and the operation of terminals. Airport operating projects, like the Munich location itself, are subject to general economic and company-specific risks. To minimize risk, Munich Airport therefore works with local partners who have experience with respect to the specific country regulations and conditions. Risks can arise, in particular, with what are typically long-term airport operator projects, when it comes to assessing future aviation development and consumer behavior on the part of air travelers. To counter liability risks for Munich Airport in particular, local limited liability companies have been established outside Germany to act as independent entities and as local contractors.

Risks may also arise from unforeseen regulatory intervention in the tariff, tax and levy structure of airports or from contractual breaches to the detriment of airport operators.

Tax [operational] audits by the tax authorities are also considered a general risk.

Financial risks

The expected financial liability for the gross financial risks listed below were under the reporting limit as at December 31, 2022. Therefore they were not included in the risk reporting. The monitoring and management of these risks are the responsibility of central finance and cash management.

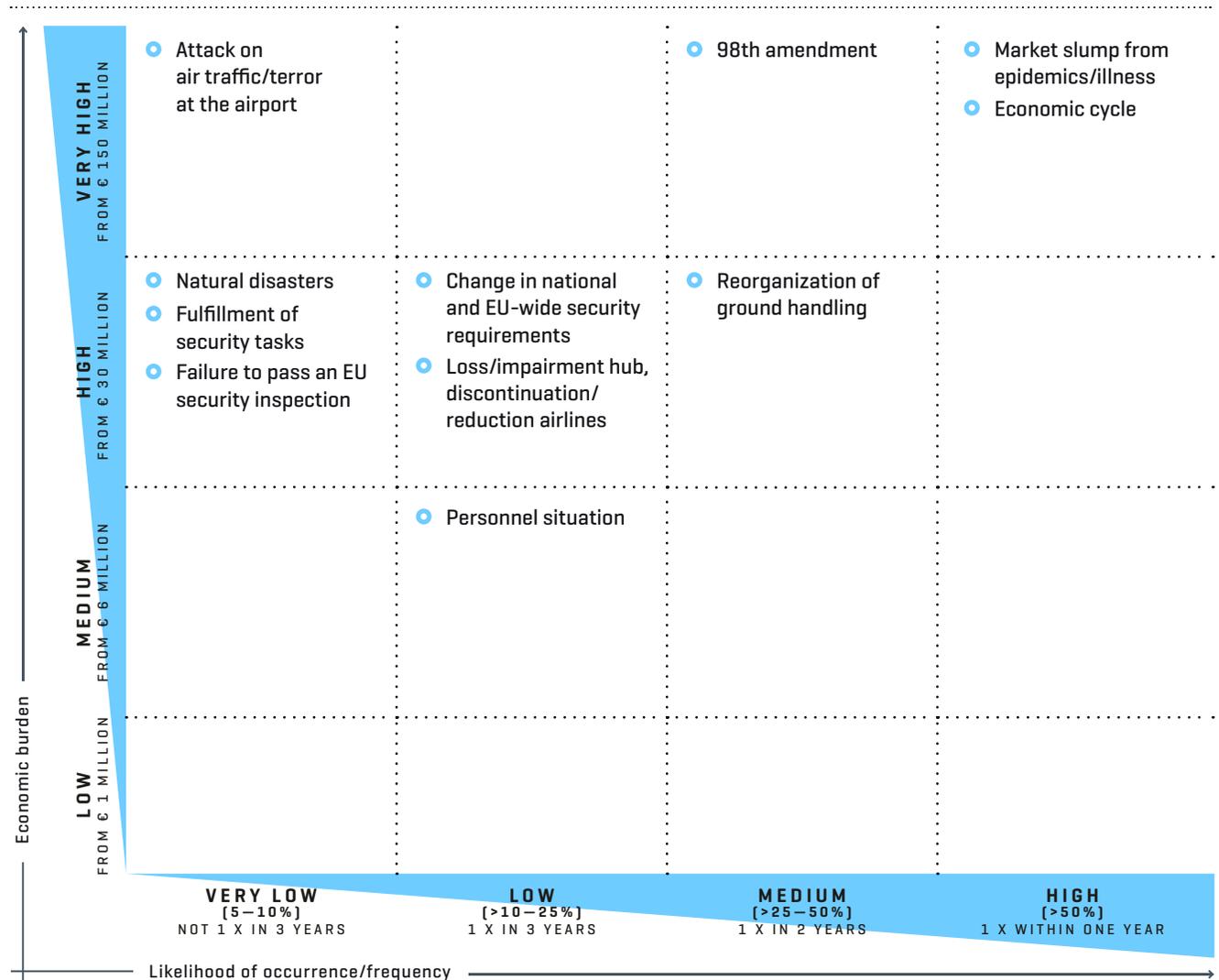
Financial risks

Risk	Description and analysis	Countermeasure[s]
Currency risks	Currency risks arise insofar as planned sales in foreign currencies are not balanced by any corresponding expenses or outgoings in the same currency.	Munich Airport hedges currency risks using forward exchange transactions.
Credit and reliability risks	Credit and credit rating risks primarily arise from short-term deposits as well as trade receivables.	Deposits are [generally] only made with [German] banks with deposit protection. The management of credit risks includes the constant monitoring of debtors' creditworthiness, overdue invoices, and stringent collections management. Dependent on the credit rating, certain services are only performed against prepayment or provision of collateral in the form of guarantees.
Interest rate risks	Interest rate risks largely arise from floating-rate financial liabilities with respect to loans and financial liabilities to shareholders. In particular, the interest change risk for the shareholder loans increases as the European Central Bank [ECB] will probably continue to raise the base rate.	Interest rate risks from floating-rate financial liabilities from loans are countered by Munich Airport by hedging with interest rate swaps. Strategies for limiting the medium-term interest risks are currently examined against the background of a dynamically changing environment.
Liquidity risk	Liquidity risks may arise from banks' lending practices and changes in the general conditions on the capital market with regard to the assets, financial position and results of operations. Munich Airport monitors risk as part of its long-term business planning and short and medium-term financial planning.	Munich Airport has set up a separate liquidity management system to safeguard liquidity during the pandemic. Liquidity planning takes into account ongoing business, capital expenditure and financing aspects for the entire Group. It also focuses on ensuring access to credit and capital markets. In order to ensure solvency at all times, long-term credit lines and liquid funds are made available based on a rolling liquidity plan.

FR 01

After considering countermeasures, the following net risks remain:

Overview of net risks



FR 01

OVERALL ASSESSMENT OF THE OPPORTUNITIES AND RISK SITUATION

It is important for Munich Airport to actively seize opportunities as they arise in order to secure and further improve its position in the market through steady growth. However, it is also a key objective of Munich Airport to recognize risks in good time and to counter them systematically.

Therefore, the actual expected impact of possible events and developments is already taken into account in the business planning every year. The reported opportunities and risks are defined as potential deviations going beyond the forecast corporate result. Munich Airport consolidates and aggregates the risks reported by the corporate divisions and Group companies, and reports quarterly to the Executive Board and shareholders. Opportunities are identified and managed in collaboration with the Finance and Controlling department.

The spread of the coronavirus and its impact on global air traffic have had a significant negative impact on the risk situation at Munich Airport. Taking this situation into account, the risks were reviewed or reclassified at the beginning of the pandemic. The Executive Board expects that the economic impact of the coronavirus pandemic will continue to affect earnings. However, the further course of the pandemic is not foreseeable, so that a conclusive risk assessment is not possible at the present time.

No risks were foreseeable from the Group-wide risk management system or in the assessment of the Executive Board during the current forecast period, which individually or in their entirety could jeopardize the continued existence of Munich Airport. As in the previous year, management is confident that access to liquidity to meet financing needs will be available to overcome the challenges posed by the coronavirus pandemic and the war in Ukraine. With its diversified business units, Munich Airport's fundamental earnings power forms a solid basis for exploiting opportunities for future business development and for providing the necessary resources to accomplish this.

Munich Airport would like to point out that various known and unknown risks, uncertainties and other factors could lead to material differences between the actual events, the financial situation, the development or performance of the company and the estimates given here.

Munich, April 17, 2023

Jost Lammers Nathalie Leroy Jan-Henrik Andersson

FR 02

ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of profit or loss

		Disclosure	2022	2021
T €				
+	Revenue	VI.1	1,187,988	601,276
+/-	Changes in inventories and work in progress		-64	53
+	Own work capitalized	VI.2	14,869	17,207
+	Other income	VI.3	30,532	61,946
	Total revenue		1,233,325	680,482
-	Cost of materials	VI.4	-421,965	-249,702
-	Personnel expenses	VI.5	-500,035	-419,095
-	Other expenses	VI.6	-72,672	-57,501
	Earnings before interest, taxes, depreciation, and amortization (EBITDA)		238,653	-45,816
-	Depreciation and amortization	VI.7	-266,400	-239,851
	Operating result (EBIT)		-27,747	-285,667
+	Interest result	VI.8	-37,280	-66,690
+/-	Other financial result	VI.8	-115	18,676
	Financial result		-37,395	-48,014
+	Result from companies accounted for using the equity method	VII.4	-216	-2,576
	Earnings before taxes (EBT)		-65,358	-336,257
+/-	Income taxes	VI.9	6,564	74,961
	Group profit/loss of the year (EAT)		-58,794	-261,296
	of which assignable to owners of the company		-58,794	-261,296
	of which assignable to non-controlling interests		0	0

FR 02

Consolidated statement of comprehensive income

T €			
	Disclosure	2022	2021
Group profit/loss of the year		-58,794	-261,296
+/- Cash flow hedging	VII.16	3,055	12,719
+/- Deferred taxes not affecting profit or loss	VII.6	-601	-2,543
+/- Effects of foreign currency translation		1,267	0
Items that are reclassified to the statement of profit or loss		3,721	10,176
+/- Actuarial gains and losses	VII.17	7,776	491
+/- Deferred taxes not affecting profit or loss	VII.6	-2,163	-133
+/- Effects of foreign currency translation		0	-4
Items that are not reclassified to the statement of profit or loss		5,613	354
= Other comprehensive income net of tax		9,334	10,530
Total comprehensive income		-49,460	-250,766
of which assignable to owners of the company		-49,460	-250,766
of which assignable to non-controlling interests		0	0

FR 02

Consolidated statement of financial position

T €

Assets	Disclosure	Dec. 31, 2022	Dec. 31, 2021	Equity and Liabilities	Disclosure	Dec. 31, 2022	Dec. 31, 2021
Intangible assets	VII.1	11,717	15,605	Subscribed capital	VII.12	306,776	306,776
Property, plant, and equipment	VII.2	4,983,574	5,124,510	Reserves	VII.12	113,819	90,083
Investment property	VII.3	198,774	144,974	Other equity	VII.12	1,345,057	1,418,253
Investments in companies accounted for using the equity method	VII.4	1,502	1,708	Non-controlling interests		20	20
Receivables	VII.5	5,009	5,051	Equity		1,765,672	1,815,132
Contract assets	VII.23	47,962	15,176	Financial liabilities from interests in partnerships	VII.14	382,357	348,177
Other financial assets		2,560	290	Liabilities	VII.15	11,552	17,192
Deferred tax assets	VII.6	5,211	15,794	Other financial liabilities	VII.15	1,786,848	1,949,988
Other assets	VII.9	7,729	5,554	Employee benefits	VII.17	68,437	82,923
Non-current assets		5,264,038	5,328,662	Other provisions	VII.18	69,383	91,999
Inventories	VII.7	24,848	22,518	Deferred tax liabilities	VII.6	234,766	250,516
Receivables	VII.8	88,986	57,334	Other liabilities	VII.20	13,048	13,658
Contract assets	VII.23	7,801	10,930	Non-current liabilities		2,184,034	2,406,276
Other financial assets	VII.8	0	134	Liabilities	VII.19	167,770	145,006
Current income tax assets		973	1,088	Contract liabilities	VII.23	5,598	2,376
Other assets	VII.9	26,597	19,263	Other financial liabilities	VII.19	915,465	699,495
Short-term deposits	VII.10	31,983	34,984	Employee benefits	VII.17	29,671	44,351
Cash and cash equivalents	VII.10	30,811	16,963	Other provisions	VII.18	11,618	12,409
Current assets		211,999	163,214	Current income tax liabilities		1,707	5,187
Assets held for sale	VII.11	1,037	1,269	Other liabilities	VII.20	13,182	14,736
Assets		5,477,074	5,493,145	Current liabilities		1,145,011	923,560
				Equity and Liabilities		5,477,074	5,493,145

FR 02

Consolidated statement of changes in equity

	Disclosure	Subscribed capital	Reserves		Other equity	Non-controlling interests	Equity
			Capital reserve	Revenue reserve			
			As of Dec. 31, 2020	VII. 12.			
Group profit/loss for the year		0	0	0	-261,296	0	-261,296
Other comprehensive income		0	0	358	10,176	0	10,534
Total comprehensive income		0	0	358	-251,120	0	-250,762
Withdrawals from reserves		0	0	-43,926	43,926	0	0
Change in reserves		0	0	-43,926	43,926	0	0
Effects of foreign currency translation		0	0	0	932	0	932
As of Dec. 31, 2021	VII. 12.	306,776	102,258	-12,175	1,418,253	20	1,815,132
Group profit/loss for the year		0	0	0	-58,794	0	-58,794
Other comprehensive income		0	0	5,613	2,454	0	8,067
Total comprehensive income		0	0	5,613	-56,340	0	-50,727
Allocation to reserves		0	0	18,123	-18,123	0	0
Change in reserves		0	0	18,123	-18,123	0	0
Effects of foreign currency translation		0	0	0	1,267	0	1,267
As of Dec. 31, 2022	VII. 12.	306,776	102,258	11,561	1,345,057	20	1,765,672

FR 02

Consolidated statement of cash flows

T E

	Disclosure	2022	2021		Disclosure	2022	2021
Total comprehensive income		-49,460	-250,766	Proceeds from the sale of owner-occupied property, plant, and equipment		10,697	19,801
+ Deferred taxes not affecting profit or loss		2,764	2,676	Proceeds from the sale of intangible assets		631	639
+ Actuarial gains and losses		-7,776	-491	Proceeds from the sale of investment property		3	0
+ Cash flow hedging		-3,055	-12,719	Payments from the sale of subsidiaries		-3,045	0
+ Changes due to foreign currency translation		-1,267	4	Payments for investments in owner-occupied property, plant, and equipment		-167,031	-244,628
Profit/loss for the year [EAT]		-58,794	-261,296	Payments for investments in intangible assets		-1,122	-2,115
Result from companies accounted for using the equity method		216	2,576	Payments for investments in investment property		-9,432	-1,441
Income taxes		-6,564	-74,961	Interest received		1,149	1,104
Financial result		37,395	48,014	Disbursements in connection with companies not fully consolidated		0	-1,960
Operating result [EBIT]		-27,747	-285,667	Proceeds from short-term deposits		3,001	33,000
Depreciation and amortization		266,400	239,851	+ Cash flow from investing activities		-165,149	-195,600
Balance of gains/losses from the changes to the consolidation scope		204	0	Proceeds from borrowings	IX.	216,692	438,350
Balance of gains/losses from the disposal of fixed assets and reclassifications from fixed assets		-2,091	-3,189	Repayments of borrowings from banks	IX.	-150,681	-158,394
Increase/decrease in inventories		-2,345	5,539	Repayments of lease liabilities	IX.	-5,250	-5,340
Increase/decrease in current receivables		-34,575	3,269	Interest payments from lease liabilities	IX.	-254	-269
Increase/decrease in liabilities		19,592	31,176	Cash inflows from Group-wide cash management with associated and affiliated companies	IX.	476	5,121
Increase/decrease in employee benefits		-19,490	-38,759	Interest paid [excluding borrowing costs for qualifying assets]	IX.	-37,500	-24,116
Increase/decrease in other provisions		-21,041	-868	Payments for borrowing costs for qualifying assets	IX.	-3,912	-6,687
Increase/decrease in other assets/liabilities not related to investing or financing activities		-14,749	2,082	+ Cash flow from financing activities	IX.	19,571	248,665
Gross cash flow from operating activities		164,158	-46,566	Change in cash and cash equivalents		13,848	7,246
Net income taxes paid/received		-4,732	747	Cash and cash equivalents at the beginning of the year		16,963	9,717
Cash flow from operating activities		159,426	-45,819	Cash and cash equivalents at the end of the year		30,811	16,963

NOTE ON THE AUDIT OPINION

Disclosures on the result of the audit of the consolidated financial state- ments and the Group management report for fiscal year 2022

The notes to the consolidated financial statements are not included in the above, abridged consolidated financial statements for the fiscal year 2022, which are designed to be included in the printed Integrated Report. The full consolidated financial statements – including the notes – and the Group management report for the fiscal year from January 1 through December 31, 2022 were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, who came to the overall conclusion that the audit raised no objections and issued an unqualified independent auditor's report. In addition to the unqualified independent auditor's report, the full consolidated financial statements and the Group management report for the fiscal year from January 1 through December 31, 2022 are generally accessible on the Flughafen München GmbH website.

FR 04

SUPERVISORY BOARD REPORT

The Supervisory Board was informed regularly and in detail by the Executive Board in written reports and at meetings about the Company's situation, its development, and important business events. In its meetings and the meetings of its committees, the Supervisory Board discussed all major company matters and made such decisions as it was called upon to make in accordance with its statutory responsibilities. The Supervisory Board met for three meetings during the fiscal year 2022. The Working Committee held three meetings. The Personnel Committee convened four times.

The financial statements as at December 31, 2022, and the Management Report of Flughafen München GmbH and of the Group presented by the Executive Board have been audited and issued with an unqualified opinion by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, the appointed auditor.

Having conducted its own review, the Supervisory Board acknowledges the auditor's findings and raises no objections.

In accordance with Section 52(1) of Germany's Limited Liability Companies Act (GmbHG) and Section 171(2) of Germany's Stock Corporations Act (AktG), the Board approves the financial statements of FMG and the consolidated financial statements. It proposes that the shareholders endorse the financial statements of FMG and approve the consolidated financial statements.

The Supervisory Board wishes to express its gratitude and respect for the work carried out and the successes achieved by the company's Executive Board and employees in fiscal year 2022.

Munich, June 21, 2023

For the Supervisory Board



Minister of State Albert Füracker
Chairman of the Supervisory Board
of Flughafen München GmbH

IMPACT REPORT

IR

79 – 99

80	IR 01 Economic responsibility
80	Value creation – Munich Airport as an important economic factor
82	Procurement of services
85	IR 02 Ecological responsibility
85	Climate protection

90	Resource management
90	Noise protection
91	Biodiversity
93	IR 03 Social responsibility
93	A responsible employer
97	Security
98	Community engagement

ECONOMIC RESPONSIBILITY

As a premium hub and major employer in the region, we have a great economic responsibility. We are guided by our Code of Conduct, which summarizes the key principles and rules that govern our dealings with business partners and stakeholders. We offer a wide range of benefits and services for our customers and employees and boost our economic development and attractiveness through targeted investments.

Value creation – Munich Airport as an important economic factor

The economic impact of our business activities on our environment is complex. A basic distinction is made between effects resulting directly from airport operations and the effects of its use.

Effects resulting from airport operation

The value-added effects generated by the operation of the airport are divided into direct, indirect, and induced effects. Induced effects result from consumption from income payments. According to a study on the economic significance of the airport from 2018, all companies on the airport campus generated a direct gross value

added of 3.78 billion euros. Together with the indirect value added from intermediate purchases and taking into account the further use of income, gross value added totaled 6.58 billion euros. 84 percent of this value added was generated in Bavaria. This meant that just under one in every hundred euros generated in the Free State in 2018 was linked to Munich Airport.

Gross value creation at Munich Airport has decreased considerably during the height of the coronavirus pandemic due to the associated traffic reductions. In the meantime, traffic volumes and all business activities have recovered, but pre-crisis levels have not yet been reached.

Effects resulting from the use of the airport

Location effects include positive economic impacts, such as increase in productivity and investments, plus a high level of employment and innovation. With 464 resident companies and government agencies currently employing a total of approximately 33,330 people, Munich Airport continues to be a major employer and economic factor for the region.

The airport makes the region more attractive as a business location and tourist destination, as its quick accessibility and international connections represent important criteria for attracting companies and the tourism industry. This creates numerous additional jobs in the greater Munich area. With orders amounting to millions of euros, we are an important client for local businesses. The airport's economic ties with the region are reflected in the volume of contracts awarded: 39 percent³⁾ of these went to companies in the airport region in 2022. Moreover, as Bavaria's gateway to the world,

³⁾ excluding procurement volumes from Allresto and eurotrade

OUR TARGETS

ECONOMICS



BY 2026
Implementation of the EU Taxonomy Regulation

BY 2024
Increased consideration of economic implications from sustainability effects

IR 01

we facilitate a multitude of global economic relations and thereby make an important contribution to foreign trade.

munich-airport.com/sustainability

Procurement of services

Diverse range of goods

Munich Airport does not have a conventional supply chain, but procures a wide range of products and services needed to operate and expand an international hub airport. Our range of essential products is comparable to the requirements of a small town: The 132 product groups range from things like office supplies and road construction to vehicles and buildings. In 2022, the Munich Airport Group's procurement volume amounted to around 541 million euros [net], representing a 16 percent increase on the previous year's figure. To tap into synergies, all procurement processes involving specialist departments and subsidiaries are handled by the central Group-wide category management system. Only merchandise, food and beverages, and medical equipment are procured directly by our subsidiaries, in some cases in cooperation.

Legal provisions in respect of procurement

The Munich Airport Group, a sectoral contracting entity, operates in the field of «Ports and Airports». As such, it ensures its procurement policy is consistent with public procurement legislation. Where public contracts are involved, calls for tenders are issued on a Europe-wide basis in keeping with the binding regulations under procurement law. The Group normally puts contracts that are not subject to public procurement legislation to tender based on

a formal, company-specific process. A party submitting a tender must confirm it complies with the statutory provisions in order to rule out anything that would prevent it taking part in public procurement or tendering procedures. They must also provide evidence that they comply with the standards relating to quality assurance and environmental management.

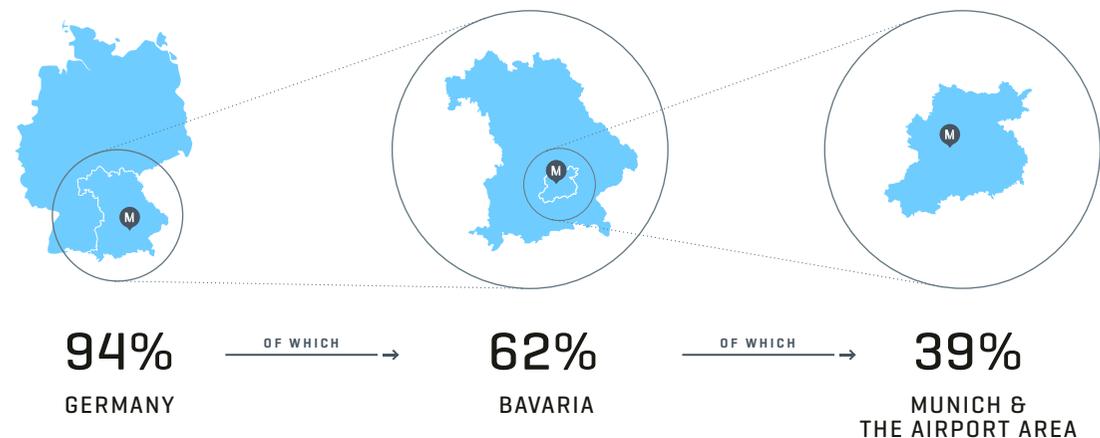
Sustainable criteria in purchasing

We award contracts basis of cost-effectiveness and places particular emphasis on the utilization of materials and products that are both durable and use low levels of natural resources. For investment goods, any subsequent costs for servicing and maintenance [life cycle costs] are also considered. An awareness

of sustainable procurement has already taken hold in our specialist departments. They specify economic, ecological, and social standards that are applied when purchasing goods and services. This applies equally to IT, the maintenance of buildings, the construction of new buildings, the vehicle fleet, and purchasing of promotional materials. When procuring promotional materials, the origin of the item, resource-friendly production, and recycling capability are important criteria. For vehicles and equipment for our vehicle pool, care is taken to ensure that environmentally friendly vehicles, specifically those with low CO₂ emissions, are procured.

Supplier structure

SHARE OF THE AIRPORT'S PROCUREMENT VOLUME



IR 01

Suppliers mainly from the region

Around 3,800 suppliers work for the Munich Airport Group. The number of suppliers has increased in 2022 compared to the previous year due to higher operating volumes. As Munich Airport is mainly supplied by business partners from the region, transportation distances are short and CO₂ emissions are low. Our subsidiary Allresto, for example, purchases mainly seasonal produce throughout the year: nearly all of which originates from Bavaria, and a good 50 percent of which comes from the area directly around the airport. An evaluation of the other parties to framework agreements was not performed in 2022 due to the coronavirus pandemic.

Responsible supply chain management

On January 1, 2023, the Supply Chain Due Diligence Act came into force. It aims to improve the international human rights situation by defining requirements for the responsible management of supply chains. In order to implement the new law in the best possible way, we have developed suitable measures and introduced them in the company. We are generally committed to internationally recognized standards, guidelines, and principles, which specifically include the Sustainable Development Goals, the Universal Declaration of Human Rights and the conventions of the United Nations, the core labor standards of the International Labor Organization, and the OECD Guidelines for Multinational Enterprises. We conduct our business activities primarily in Germany, where the protection of human rights is established by law. When tendering for international services, national and international laws and conventions apply. This is carefully documented when contracts are signed.

sustainabledevelopment.un.org

New Policy Statement on Human Rights

In the newly adopted Policy Statement on Respect for Human Rights, we commit to the highest standards of sustainability, which include environmental and social responsibility as well as good corporate governance. Furthermore, we are also guided by our Code of Conduct. It summarizes the key principles and rules of conduct as well as the standards we have set for ourselves in our dealings with business partners and stakeholders. The Code of Conduct provides the overriding framework of orientation for the Executive Board, as well as all managers and employees. It lays out the fundamental principles and rules for responsible and ethical conduct toward persons inside and outside the Group. In it, we undertake to comply with national and international laws, government regulations and official requirements as well as in-house rules.

munich-airport.com/compliance

Respect for human rights in international relations

The laws and statutes of the Federal Republic of Germany and the EU shall apply directly and without exception also in international relations. This includes the prohibition of anti-competitive behavior, the formation of cartels and monopolies, undeclared work, child labor, forced labor, and violence. Compliance with human rights and human rights procedures is ensured particularly in accordance with the principles of the United Nations [UN] Universal Declaration of Human Rights. Munich Airport has also published new rules of procedure for the complaints process. In addition, we are developing a concept to integrate the Code of Conduct and measures from risk management into the purchasing guidelines and the procurement process.

munich-airport.com/sustainable-corporate-management-15731912

Facts and Figures

ECONOMIC RESPONSIBILITY

TOTAL GROUP PERSONNEL EXPENSES

500.0

€ MILLION



AIRPORT AS A WORKPLACE

464

Companies and public authorities
(employee survey 2021)



EXPENSES

94.5

 € MILLION

Social security contributions,
expenditure for retirement provisions,
and other benefits

WAGES AND SALARIES

405.5

€ MILLION



ECOLOGICAL RESPONSIBILITY

Sustainable business practices that are in harmony with environmental and social goals ensure Munich Airport's long-term corporate value. A responsible approach to the environment forms the basis for a modern company with sustainable connections.

Climate protection

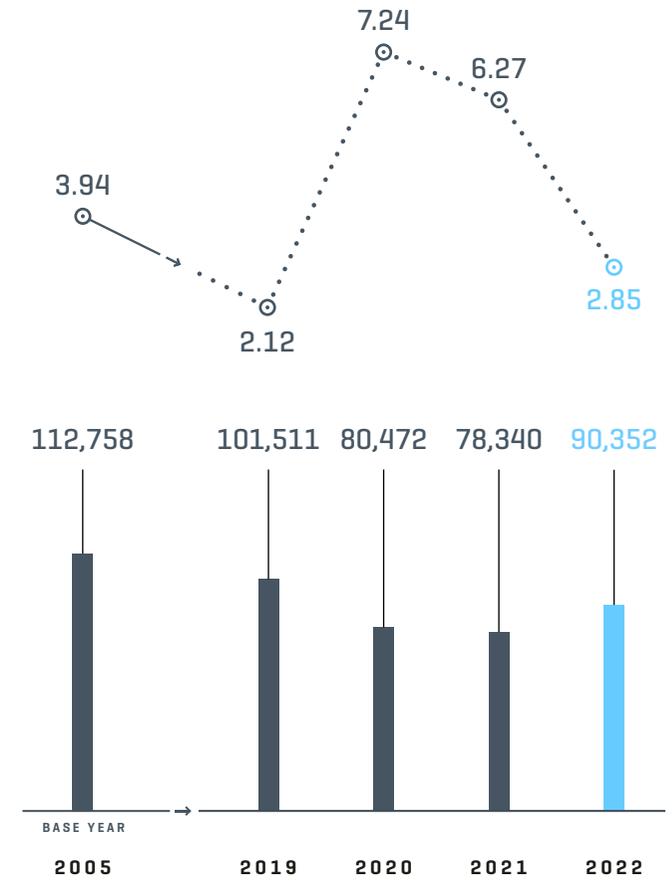
Targeted measures reduce CO₂ emissions

Traffic numbers, which recovered strongly in 2022, led to an increase in CO₂ emissions attributable to the airport to 90,352 tonnes. This was just below the pre-Corona pandemic level. The exceptionally high demand for cooling buildings, facilities, and aircraft during 2022, the warmest year since the beginning of weather recordings, also contributed to this increase.

The focus of reporting, as in 2021, is on technical measures to specifically reduce CO₂ emissions, not on comparisons with previous years. In 2022, Flughafen München GmbH invested around 2.8 million euros to reduce greenhouse gas emissions by 3,216 tonnes over the long term through 28 additional individual measures. Thanks to the 333 measures already implemented since 2005, we have been able to reduce our CO₂ emissions by more than 55,113 tonnes of CO₂

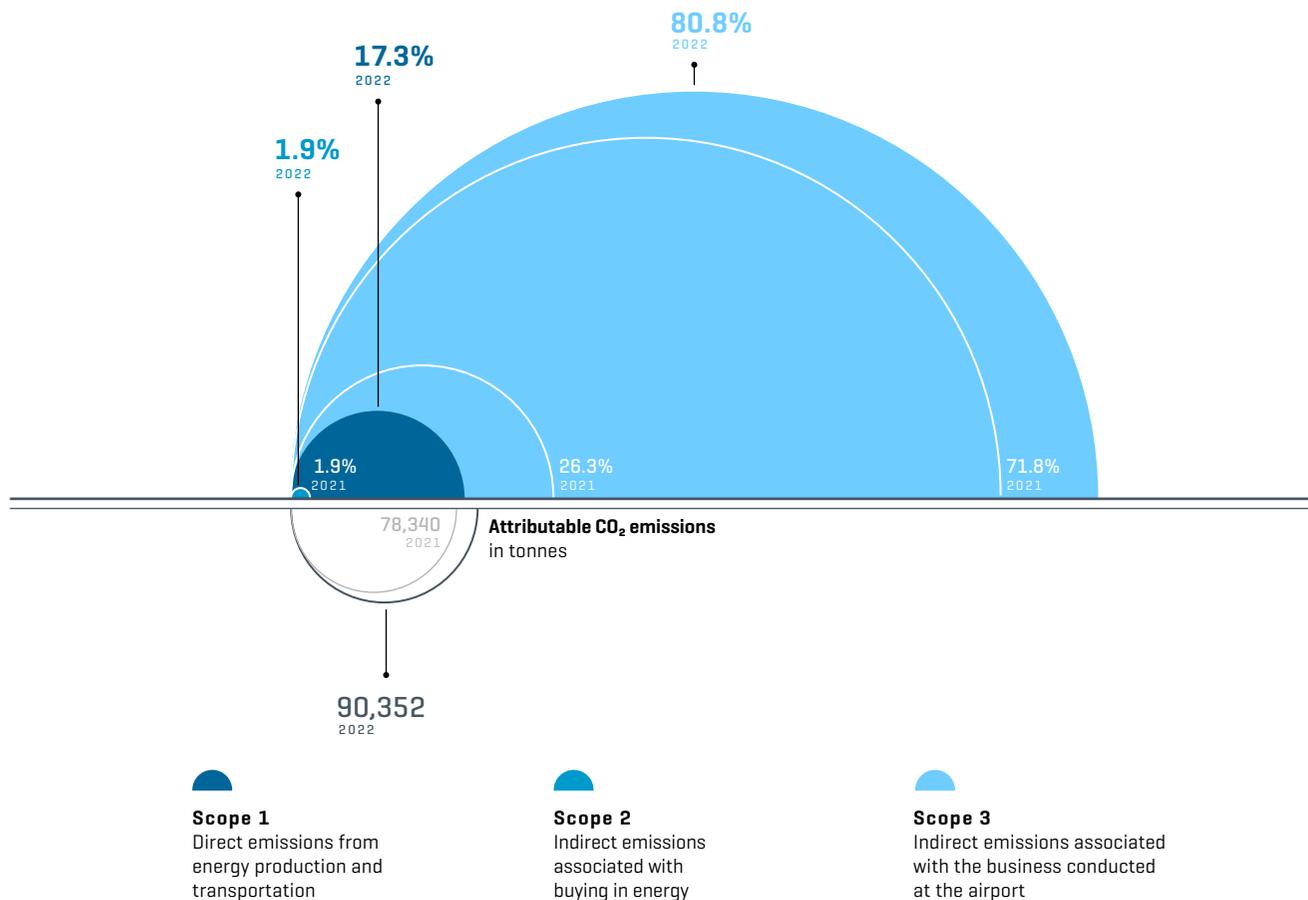
CO₂ emissions

■ Scope 1 and Scope 2 in tonnes per year
○ Specific carbon emissions per passenger in kilograms



IR 02

Greenhouse gas emissions



per year. With the sharp rise in passenger numbers, specific CO₂ emissions per passenger fell to 2.85 kilograms [Scope 1 and 2] in 2022.

→ [Group Management Report: Carbon reductions \(page 33\)](#)
 ↗ cdp.net

Footprint: complex math problem

The operation of a large infrastructure facility involves emissions from a wide variety of polluters. They are all included in the balancing of an airport's greenhouse gas emissions. Emissions from air traffic in the landing-and-takeoff cycle (LTO cycle: aircraft landing and taking off at altitudes up to 3,000 feet) account for the largest share. The carbon footprint provides the basis for recording all forms of emissions and lends itself to comparison. It breaks down all greenhouse gas emissions that can be attributed to the airport into three different sources (scopes) according to an international standard, the «Greenhouse Gas Protocol».

SCOPE 1 AND SCOPE 2 REGENERATIVE ENERGY CONCEPT

Munich Airport set itself the goal of making almost its entire energy supply carbon-neutral by 2030, using as many available resources in the region as possible. To achieve this, for example, additional photovoltaic systems are to go into operation on parking garages, freight modules, and suitable open spaces starting in 2023. In the future, the primary energy supply of the combined heat and power plant is to be switched to biogas. In addition to climate protection, the high energy prices and dependence on Russian natural gas are another argument for pushing for energy self-sufficiency.

IR 02

TARGET: EXPANSION OF PHOTOVOLTAIC SYSTEMS

- 20 MW on roof areas
- 30 MW on open areas
- Over 50,000 MWh of solar power
- Equivalent to the electricity consumption of nearly 15,000 households
- Over 19,000 tonnes of CO₂ savings per year

ENERGY CRISIS: SAVING WHEREVER POSSIBLE

In 2022, the special task force «Energy» at Munich Airport coordinated the energy-saving measures prescribed by law. Altogether, more than 70 measures were taken, such as the shutdown of 7,000 light points, including the MAC roof and the large M logos at the airport entrances. The parking garage interior lighting was reduced to the minimum illuminance required by the building permit, the room setpoint temperature was minimized, and the operation of the ventilation systems was modified. All of this resulted in savings of around 2,500 tonnes of CO₂ per year. At the same time, the special task force developed a phased plan to maintain flight operations despite a strained gas supply situation.

TOP 3 MEASURES

ENERGY-SAVING LED LIGHTING

Munich Airport has already shifted the entire apron lighting to energy-saving LED technology. All measures taken in the area of lighting have brought savings amounting to about 17,800 tonnes of CO₂. Retrofitting to LEDs is planned step by step for all building types. Brightness sensors and motion detectors provide additional savings.

REPLACEMENT OF THE VENTILATION SYSTEMS ON THE ENTIRE AIRPORT CAMPUS

More than 200 ventilation systems are in operation throughout the airport campus, supplying the buildings with fresh air. In line with the climate protection strategy, these are gradually being replaced by fans of the latest generation. As part of an initial project, we have optimized a total of 64 units since 2021. The project, which had a

budget of around two million euros, got off to a slow start due to delays in deliveries, but was successfully continued in 2022 in the Hilton hotel as well as in passenger and office areas.

OPTIMIZATION OF HEAT DEMAND

Various measures reduced the demand for heat in 2022. Through the energy-efficient renovation of the roof in seven modules within the cargo area, along with the optimization of heating programming, a total of approximately 60 tonnes of CO₂ emissions were saved.

EFFICIENT DRIVES WITHIN THE FLEET

Munich Airport has already tested several alternative drive concepts. Among them are the launch of the world's first public hydrogen filling station, as well as trials with biogas, bioethanol, biodiesel and C.A.R.E. diesel. In addition, we currently operate 131 cars and vans and 304 handling and special vehicles with electric drives. By 2030, electric vehicles should comprise the lion's share of the vehicle fleet. Since hardly any new vehicles were procured in 2022 due to the pandemic, they still account for just over 30 percent. With an eye to advances in technology, the vehicle mix will be even more diversified by 2030 through improvements in battery technology, green hydrogen, synthetic fuels, and other alternative drive concepts.

The German Federal Ministry of Digital Affairs and Transport has awarded Munich Airport funding amounting to almost 24 million euros. This grant will support the purchase of up to 72 electrically powered passenger buses, including the necessary charging infrastructure, at Munich Airport. AeroGround, which is responsible for passenger and crew transportation at Munich Airport, plans to convert its entire bus fleet to electric propulsion by 2025, with an investment of up to 60 million euros.

Excerpt from the electricity savings program projects completed in 2022 [Scope 1 and 2]

Issue	Measure	Carbon reductions per year
Air conditioning	Conversion of the ventilation systems in Terminal 2	571 t
	Conversion of the ventilation systems in the MAC [construction phase 2]	433 t
Lighting	Conversion to LED technology in parking garage P1 and P2	162 t
	Conversion to LED technology in parking garage P20 [construction phase 1]	109 t
	Conversion of the large display in Terminal 2 to LED technology	31 t
Vehicles	Electrification of vehicle fleet	102 t
Other energy efficiency	Roof renovation for more energy efficiency	15 t

SCOPE 3

DHL Express Germany has started construction of a highly sustainable and energy-efficient building at the campus. The company is planning to meet all of its heating requirements through heat pump technology, as well as minimizing the amount of electricity it draws from the grid through a photovoltaic system. Plenty of charging locations for electric vehicles should also help avoid fossil fuels.

Air quality

AT A GLANCE: NITROGEN OXIDES, SULFUR DIOXIDE AND PARTICULATE MATTER

In terms of air pollutants, as with CO₂, the aircraft cause significantly more emissions than the ground traffic on the aprons, feeder roads, and service roads. It is not possible, however, to differentiate between the immissions metrologically. Nitrogen oxides, sulfur dioxide, and particulate matter are key factors in assessing air quality

OUR TARGETS

ECOLOGY



END OF 2023

Development of a «Net Zero MUC 2050» concept

BY 2030

Operation of the vehicle fleet with regenerative energy supply

BY 2025

Increased use of service water instead of drinking water through the construction of service water wells

IR 02

at the airport and in its environs. Concentrations of these substances are continuously measured at two points. The measurement stations in the west and east of the airport record the effect of pollutant sources from road and air traffic, and other airport operations – superimposed on the background pollution from the Munich metropolitan area and the natural background concentration in the atmosphere.

In the wake of the Covid-19 pandemic, traffic-related emissions at Munich Airport declined significantly. This is particularly evident for nitrogen dioxide [NO₂]: In 2022 NO₂ concentrations were below the level of 2019, the year before the crisis, but slightly higher than in the previous year. All applicable statutory limit values were observed in 2022. Mobile measurements were taken in 2022 on the north runway at Munich Airport and on the Volksfestplatz in Hallbergmoos. The concentrations were significantly below the statutory limits.

➔ Real-time measurement results:
munich-airport.com/airquality-measurements-4910011
 ➔ munich-airport.com/air-quality-264266

FEWER POLLUTANTS, LOWER LANDING CHARGE

FMG charges emissions-based landing charges. Our aim is to motivate engine manufacturers and aircraft builders to invest more in the development of aircraft that produce less in the way of pollutant emissions. Munich Airport is thus helping to better environmental quality in its environs. Based on the types of aircraft that have landed, we can record and assess the pollutants, including CO₂, for the specific engines, and directly map the technical progress.

ULTRAFINE PARTICLES: SMALLER THAN 0.1 MICROMETER

There is no standardized procedure at present to measure ultrafine particles [UFP], no objective benchmark for their assessment, and also no limit values. However, we are closely monitoring current projects that address ultra-fine particulate pollution from air traffic.

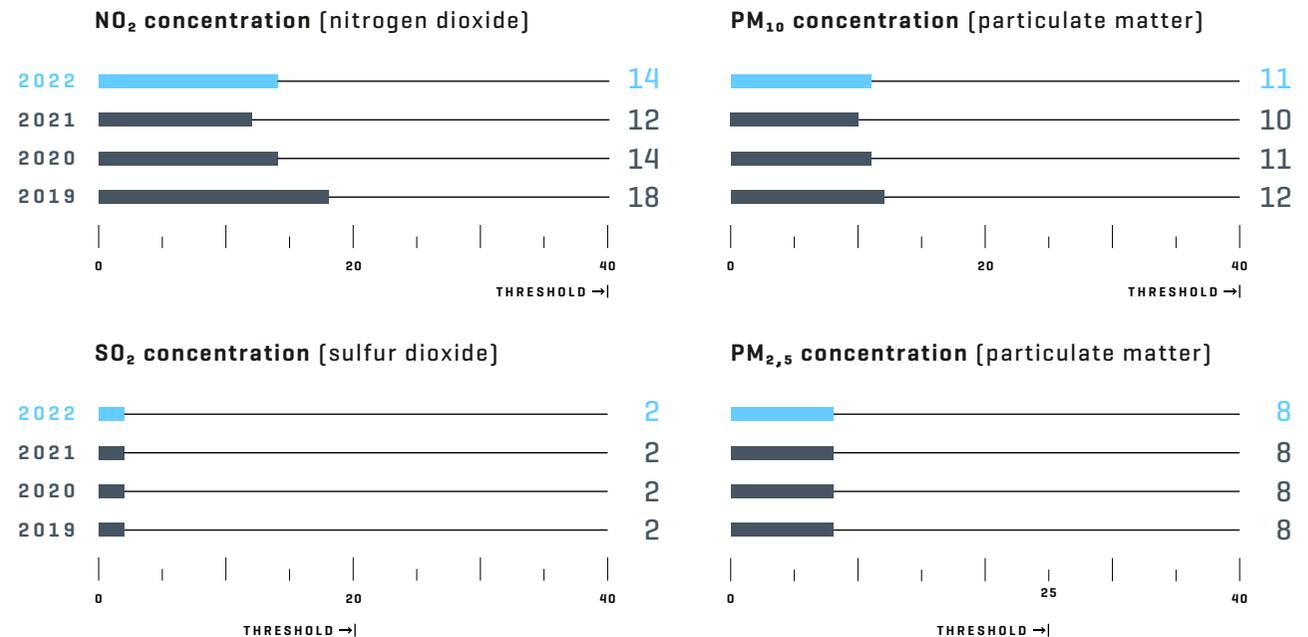
In the vicinity of Frankfurt Airport, the Hessian State Office for Nature Conservation, Environment and Geology is currently carrying out intensive UFP measurements. In the vicinity of Munich Airport, the University of Bayreuth has also been measuring UFP concentrations at Stadtgärtnerei in Freising and at the Volksfestplatz in Hallbergmoos since spring 2021 on behalf of the Bavarian Ministry of the Environment. FMG provides support for this by measuring other air quality parameters with the mobile measuring station at the Hallbergmoos site, but does not carry out any UFP measurements itself.

CONTINUOUS MONITORING OF POLLUTANTS

Long-lasting pollutants can accumulate in the environment and therefore seep into the food chain. Munich Airport has been monitoring this situation for many years using a variety of methods. In 2022, plant pots containing Italian ryegrass and kale as well as pots for collecting dustfall were set up at five monitoring points in the surrounding area. Honey monitoring also continued in 2022 with about 30 bee colonies around the airport.

Pollutant concentrations at the measuring point to the east of the airport grounds

ANNUAL AVERAGE VALUES IN µG/M³



Resource management

Sustainable waste management

Waste and recyclable products are generated in all areas of airport operations. These are collected at the point of origin in various separation systems, handed over to certified specialist companies near the airport, processed in sorting plants, and then recycled or recovered. The resurgence in the number of passengers generated significantly more recyclables in 2022. The quantities of all construction site waste disposed of during the reporting year remained at a similar level to pre-pandemic times due to numerous new construction and renovation projects. To live up to its responsibility for sustainable waste management and make existing processes as resource-efficient as possible, FMG maintains an ongoing dialog with customers and employees.

Responsible water management

The aim of water management at Munich Airport is to affect the natural water balance as little as possible and to minimize any adverse effects caused by water management, drainage, and drinking and firefighting water supplies.

PROCESS WATER INSTEAD OF DRINKING WATER

By 2019, annual drinking water consumption at Munich Airport hovered consistently at around one million cubic meters, despite growth in passenger numbers. Due to the pandemic, the amount of drinking water purchased from the Zweckverband zur Wasserversorgung Moosrain decreased to less than 600,000 cubic meters in 2020 and 2021. In 2022, purchases of water increased again to over 800,000 cubic meters.

Where drinking water quality is not required, Munich Airport is increasingly using process water: for concrete work and construc-

tion site moistening, for cleaning runways with high-pressure equipment, for wet sweepers, for cleaning sewers, and for watering green areas, shrubs, and trees. For the cooling of the West and East power stations, near-surface quaternary groundwater (process water) from specially drilled wells is used instead of valuable tertiary groundwater (drinking water). Since the beginning of 2022, a new process water well has been in place at the car wash in the northern area of the plant. 3,615 cubic meters of process water were pumped from it by the end of the year. In total, this resulted in a savings of around 218,000 cubic meters of drinking water in 2022. Since process water pumping began in 2010, the total savings add up to 2,618,000 cubic meters. To use even less precious drinking water in the future, additional process water wells are planned.

AIRCRAFT DE-ICER CYCLE

De-icing vehicles keep aircraft free from ice and snow before take-off. The de-icer dripping off the aircraft during this process finds its way via slit drainage gutters and channels into underground basins. At the recycling plant at Munich Airport, it is treated mechanically/chemically to recover Type 1 deicing agents. The recycling rate for the active glycol component in de-icer, used for reconstituting type 1 de-icer, was around 56.6 percent for the 2021/2022 winter season. Since the winter season 2000/2001, the recycling rate has ranged between 41 and 60 percent. It is difficult to forecast and influence, as it is highly dependent on weather conditions, especially the amount of deicing agent used, precipitation and evaporation.

Noise protection

Mitigating aircraft noise

Munich Airport strives to minimize the impact of flight noise on residents and employees. It applies a range of steps to achieve this, including operational, technical, and financial measures.

 **«Aircraft Noise and Aircraft Noise Abatement»**
munich-airport.com/publications

MUC: A HOMEBASE FOR LOW-EMISSION AIRCRAFT

The Airbus A350-900 is considered the world's most environmentally friendly long-haul aircraft. Compared to its predecessor, the A340, it creates significantly lower noise levels: up to 7 dB(A) less on take-off and up to 3 dB(A) less on landing. In contrast to the A340 series, the A350-900 series noise contour is around 40 to 50 percent smaller and its noise level does not exceed 85 dB(A) outside the airport premises. This results in lower aircraft noise pollution in the airport region. Lufthansa is adding four more Airbus A350s to its fleet at Munich Airport in 2022, bringing the total number of these fuel-efficient and low-emission long-haul aircraft to 21.

LANDING CHARGES: THE QUIETER, THE CHEAPER

To ensure that airlines benefit even more from the use of quieter aircraft, Flughafen München GmbH has further developed the instrument of noise-based charges and significantly increased their share of total charges since June 1, 2021. With 13 instead of the previous eleven noise classes, the new schedule of charges also makes an even greater distinction between quieter and louder aircraft types. Since FMG attaches great importance to the use of quiet, modern aircraft, especially at night, it now levies surcharges on the basic noise charge for flights during nighttime hours. These increase with each half hour from 10 p.m. to midnight until

the highest surcharge is reached between midnight and 5 a.m. at 120 percent.

→ **Group Management Report: Night-flight curfew [page 29]**

Close monitoring of aircraft noise

From 16 fixed noise measuring points, FMG continuously monitors aircraft noise within a radius of about 20 kilometers around Munich Airport. The measured values recorded can be accessed in real time on the Internet – in addition to numerous other statistics. Compared to the previous year, the increase in air traffic in 2022 was also reflected in the measured noise levels. However, the measured values were below the pre-crisis level of 2019.

In addition, there are special measuring stations that can record aircraft noise at almost any location within the airport region at the request of the local authorities. One of them even operates autonomously from the power grid thanks to a photovoltaic system and a hydrogen-powered fuel cell. Following a two-year hiatus, the mobile measuring stations were deployed five times in 2022, each time for a period of several weeks: in the city of Unterschleißheim and in the communities of Haimhausen, Schweitenkirchen, Marzling and Poing. These results can also be found on the Internet.

↗ **«Aircraft noise and aircraft noise abatement»**

munich-airport.com/publications

↗ munich-airport.com/noise-protection

Noise action plan for Munich Airport

The Government of Upper Bavaria has drawn up a noise action plan for Munich Airport at the end of 2021 with the participation of the public and affected communities. This presents steps already implemented as well as future measures to reduce aircraft noise in the vicinity of the airport. With the noise action plan, the Government is implementing the EU directive on the assessment and management of environmental noise for Munich Airport. While FMG is already implementing the noise abatement measures envisaged in the plan, the Government of Upper Bavaria is working on an audit report on the noise action plan. In this context, further public participation is to take place.

Biodiversity

Landscape design benefits the environment

To integrate Munich Airport into its environment in the best possible way, FMG set about – from the very outset – creating structures that would ecologically upgrade the extensive surrounding area in the Erdinger and Freisinger Moos and link it together. In line with applicable green space planning, a three-zone area was created: Zone I comprises the airport grounds, including the take-off and landing runway system, buildings and roads. Zone II includes the wooded green belt with structural diversity around the airport site and Zone III the ecological compensation measures.

Successful balancing of breeding sites

FMG has been implementing coherence and species protection measures on an area of approximately 79 hectares since fall 2017 as part of the East Infrastructure Project. These measures are intended to compensate for any territorial losses, including those for the curlew, the lapwing, and many other protected bird species. The concurrent mapping activities have documented the success: the number of breeding sites of almost all bird species already exceeds the required amount. The completion of these areas was confirmed in 2021 with the approval of the higher nature conservation authority, ensuring adapted maintenance for the future. The monitoring of this success will continue until the final success of the measure has been achieved.

Bird sanctuary on airport premises

Munich Airport is an inherent part of the 4,525-hectare «Nördliches Erdinger Moos» European bird sanctuary, which is home to 40 species of bird, some highly endangered. With its numerous curlew and lapwing breeding territories on the 666 hectares of meadows surrounding the runways, it represents one of the most important meadow breeding areas in Bavaria. Furthermore, in conjunction with the compensatory and replacement areas outside the airport premises, the airport serves as a refuge for rare plant species, reptiles, and insects.

↗ **«Bird life and flight operations»**

munich-airport.com/publications

↗ munich-airport.com/bird-sanctuary

Facts and Figures

ECOLOGICAL RESPONSIBILITY

GREEN SPACES

2 / 3

Of the airport site consist of green areas

1,575
HECTARES (TOTAL)

ENDANGERED BIRD SPECIES

94

Curlew breeding pairs nested on the airport meadows in 2022



NATURE AND LANDSCAPE

4,300

Trees are located on the airport site

SOCIAL RESPONSIBILITY

Our employees are the basis for our business success. It is important to us that they can flourish in the best possible way at Munich Airport. Likewise, through our social involvement, we assume responsibility for the region and far beyond.

A responsible employer

Airport stands for fair employment

With 8,610 employees ¹⁾ we are the second-biggest employer on the airport campus, after Deutsche Lufthansa AG. This has an impact on the region: The Freising employment agency district, which also includes the districts of Dachau, Ebersberg, and Erding, has one of the lowest unemployment rates in Germany, averaging 2.2 percent. By comparison, the unemployment rate nationwide fell by 0.4 percent to 5.3 percent. As the 2021 employment survey revealed, almost one in four jobs subject to social insurance contributions in the Freising and Erding districts was located at the airport. At 95 percent, the very high proportion of employees with traditional employment and training contracts remains unchanged.

Diversity in the working world

Munich Airport benefits from the diversity of its workforce. We respect all of our employees – regardless of age, sex or gender, nationality, cultural background, sexual orientation, and world-view – and take their different interests and needs into account. As a signatory to the German Charta der Vielfalt, we are committed to a prejudice-free working environment and clearly advocate for equal opportunities. In 2022, the LGBTQ+ initiative «Queerport» resumed its work after a pandemic-related hiatus. The group engages with community organizations and internationally operating companies at network meetings and stands for openness and tolerance.

All company employees make a valuable contribution, provided they are employed in accordance with their resources and skills. Our inclusion officers are committed to the equal rights and social inclusion of employees with disabilities or health restrictions. Prevention, rehabilitation, and accessibility are just as important here as modern, healthy, inclusive, and attractive working conditions. More than seven percent of our employees have disabilities, and their integration is important to us.

→ **Group Management Report: Quota of female employees (page 27)**
↗ [charta-der-vielfalt.de/en](https://www.charta-der-vielfalt.de/en)

¹⁾ employees in the Group excluding apprentices, part-time employees, temporary workers, interns

OUR TARGETS

SOCIAL

END OF 2024

Development and establishment of a new qualification program for managers

END OF 2024

Employee development through digital content and targeted development programs

BY 2026

Development of a concept for the automation of processes in the ground handling services

Collective pay scale: using judgment to emerge from the Corona crisis

As a member of the regional public employers' association, Flughafen München GmbH (FMG) operates in accordance with the collective pay scale agreement for public sector employees (TVöD). FMG employees receive a company retirement provision, which is governed by the pay scale agreement and covered by the Bavarian supplementary pension fund for public sector employers. In view of the Corona crisis, the collective bargaining partners have negotiated a nationwide emergency collective agreement for airports, retroactive to September 1, 2020. It includes, among other things, a reduction in working hours and remuneration by a maximum of six percent – depending on traffic trends and the company's economic situation. Under the agreement, no compulsory redundancies will be made until the end of the term of the agreement, up to a maximum of December 31, 2023.

To mitigate the sharp rise in the cost of living, we have launched three relief packages that go beyond the collective wage agreement, despite the ongoing strained economic situation: The company regulation to reduce working hours and thus pay at FMG and AeroGround (AE) has been suspended. Furthermore, the travel allowance was increased to 17 cents per mile from May to December 2022 and again from January to June 2023. As of June 2022, an early pay increase of 1.4 percent, with a minimum of 50 euros, went into effect. The second 1.8 percent increase was brought forward to August 2022. FMG and AE employees in pay groups 1-8 receive a monthly, tax-free and social security-free bridge allowance, resulting in a higher net salary. This measure will apply retroactively from January 1, 2023. It will be paid on a voluntary basis until the implementation of the collective pay increase in the TVöD.

In April 2023, the regional public employers' association and the federal government reached an agreement with the trade unions

ver.di, dbb beamtenbund, und tarifunion on a new collective agreement. The resulting wage increases amount to between 340 and 600 euros per month, depending on the classification.

Occupational health and safety: an important part of the company culture

We are actively working to counter health and workplace risks. There are defined indicators for systematically monitoring occupational health and safety, which are analyzed on an ongoing basis. Many initiatives are aimed at maintaining or improving the employability of employees. The additional company benefits for a healthy work-life balance range from occupational medicine and employee catering to advice for people living in difficult circumstances.

PREVENTION AS A HEALTH STRATEGY

Health care services that require in-person attendance remained limited in 2022 due to Corona. Together with the German Pension Insurance, however, the «RV Fit Prevention Program» was able to be continued. Employees have the choice between two variants: The «RV Fit BETSI» focuses on exercise, while the «RV Fit Energie vital» focuses on stress management. Since 2021, digital training has also been possible via an app.

FACILITATING REINTEGRATION

Our company integration management (BEM) supports all employees in restoring, advancing, or maintaining their ability to work and be employed. BEM is offered to all FMG and AeroGround employees following longer periods of incapacity for work. In June 2022, the BEM steering committee met for an initial evaluation workshop, which will take place once a year in the future. With the more intensive cooperation between health and safety management and the works council, as well as the further development of the IT system in the area of key figures, results have been achieved from

which employees will benefit in the long term through preventive measures.

EFFECTIVE PROTECTION AGAINST CORONA

As part of our occupational health and safety program, we took early precautions during the Corona pandemic to limit the risk of infection at Munich Airport. As a result of declining infection rates, the Federal Ministry of Labor and Social Affairs has repealed the Corona Occupational Safety and Health Ordinance effective February 2, 2023. This removes the obligation for companies to implement hygiene concepts or to provide free testing opportunities.

WITH ERGONOMICS TO ROBOT-BASED BAGGAGE UNLOADING

In 2021, the Terminal 2 company joined forces with Siemens, FMG and AeroGround to launch a pilot project for automated baggage unloading in the office. By 2023, a new global prototype will be tested to show the extent to which ergonomics and process flows can be improved.

REDUCING MENTAL STRESS

Since July 2019, FMG and AeroGround have already concluded a works agreement on the identification and assessment of mental stress in the workplace as part of a risk assessment process. A scientifically validated, multi-stage screening process is now to provide information about the situation in the company. In cooperation with AOK Bayern, a survey was conducted among all FMG and AeroGround employees in summer 2022. The aim is to use the results of the survey to derive measures to reduce the psychological stresses employees experience in the workplace. Munich Airport has hereby established a structured and systematic process that will set the standard for German airports in the future.

Securing our future through training

WELCOME ABOARD

With 22 apprenticeship programs and dual degree programs, we are one of the largest training companies in the region. FMG received 754 applications for the start of apprenticeships in 2022. On September 1, 2022, 83 new employees started their careers at FMG and its subsidiaries. That meant the Group had 231 young people enrolled in some form of formal training program as of December 31, 2022. The spectrum ranges from IT and technology, protection and security, business, logistics to retail and catering. At the same time, 52 young people completed their apprenticeships at FMG in the year under review. All apprentices were offered a job.

Since the 2022/2023 application process, two new bachelor's degree programs have been added to our training portfolio: the «Bachelor of Engineering Industrial Engineering – Facility Management» and the «Bachelor of Arts/Accounting and Controlling». There was reason to celebrate at the plant fire department: Thanks to the commitment of the alliance partners Audi, Bayernoil, InfraServ, and FMG, this unique training program has now been running for ten years in Bavaria.

MANY ON-SITE EVENTS

Following the pandemic-related interruption, classroom training events were held again in 2022. The new apprentices and dual students came to the airport with their parents for Parents' Apprentice Day. At the end of the year, a graduation ceremony was held for all FMG graduates, honoring the best in that year's class. The Erasmus exchange could be resumed. In October, six mechatronics apprentices spent two weeks at Vienna Airport. In return, four technical apprentices from Austria visited Munich Airport. The qualification of the trainers is also important to us. For example, fundamental seminars for training officers were held again in 2022. Additional qualification measures are planned for 2023.

Resumption of face-to-face meetings with sister airports

International exchange programs serve the personal, professional, linguistic, and cultural development of specialists and managers as well as Munich Airport's own corporate development. In 2022 we could once again organize face-to-face meetings with our sister airports while respecting infection and travel regulations. A short visit to the sister airport in Bangkok, Thailand, followed, as well as a small delegation's trip to Changi, Singapore, in September 2022. We also maintained contact with sister airports through virtual conferences and meetings. The CEOs exchanged views in so-called »CEO Talks« and »CCO Chats«. In addition, experts discussed specific topics and projects. 2023, we would like to further intensify this exchange. Only the partnership with Moscow Domodedovo Airport is currently dormant.

[munich-airport.com/sister-airports](https://www.munich-airport.com/sister-airports)

Airport Academy: Move to new premises

Munich Airport operates an in-house training center with just under 50 employees. The Airport Academy, which is certified in accordance with DIN ISO 9001:2015, is also a «certified training provider according to AZAV» as well as an accredited training institute of the Airports Council International (ACI). As a result of the coronavirus pandemic, qualification measures in 2022 were again scaled back to the activities required by law and critical to operations. Nonetheless, a number of face-to-face events with 15,600 participant days (2021: 9,670) were held for internal and external customers. For digital teaching and learning, the number of participants increased to 29,600 (2021: 27,400). In particular, topics from the areas of aviation and security were in demand. In the area of aircraft handling, Airport Academy relied on web-based training, webinars, and virtual reality formats, and introduced an updated Learning

Management Solution with new functionalities. In the second quarter of 2023, the Airport Academy will move to a new building on the LabCampus site.

[munich-airport.com/academy](https://www.munich-airport.com/academy)

New guiding principle for executives

In 2022, the focus of HR development measures was on executives, as their skills are a key success factor for a smooth recovery after the crisis. A new mission statement shows how leadership in the Munich Airport Group must change and what is expected of managers. At the heart of this is the so-called »leadership DNA«. It describes the attitude with which managers work together with employees: appreciatively, at eye level, and trustingly. The four leadership roles of entrepreneur, structure provider, future shaper, and implementer enhance the DNA, for example through expectations of results, business acumen, and foresight. To establish this guiding principle, the first step was to introduce a structured assessment process for management performance. A suitable development program ensures skills development according to requirements and, ultimately, a continuously high level of leadership quality. For new executives, attending a program to kickstart their careers is mandatory.

Security

High standards for safe flight operations

The European Union has set common standards for airport planning, operation, and maintenance, and FMG is obligated to implement these standards on a binding basis. Munich Airport's operating license is directly dependent on renewal of its EASA (European Aviation Safety Agency) certification, which was granted in December 2017. Under this certification, the airport must demonstrate constant compliance with relevant requirements to the responsible supervisory authority, the South Bavarian Aviation Office at the District Government of Upper Bavaria. We have a safety management system as one way to achieve these aims. Through the system, the airport continuously monitors ongoing flight and handling operations with an eye to risks and trends in order to identify targeted actions early on. To meet the requirements, we make structural changes in the infrastructure relevant to flight operations or to the operational and organizational processes in keeping with EASA specifications, utilizing safety risk assessments and compliance checks in the process. This approach helps to minimize potential accidents and thus to continuously and actively improve the safety of flight operations.

Biotope management provides protection from bird strikes

Collisions between aircraft and heavyweight birds or flocks of birds can endanger the safety of flight operations. We use a special biotope management to prevent possible collisions:

- The nutrient-poor meadow areas are mowed only twice a year, as long grass makes it difficult for predatory birds to find prey. Swarming birds, in turn, avoid these areas because of the lack of visual contact with each other.
- The terrain on and around the airport is unattractively designed for bird species that pose a critical risk.
- The drainage channels near the runways are spanned by steel ropes in order to make access difficult, particularly for waterfowl.
- The wildlife management team at the traffic control department monitors the bird population at the airport grounds and in relevant biotopes within the vicinity in order to ward off potential dangers from bird flight movements at an early stage. If necessary, it takes action to scare away birds.

We work closely with the relevant partners and institutions on the topic of bird strike prevention, particularly with the airlines, German air traffic control, regional and higher-level authorities, and DAVVL (the German Bird Strike Committee). DAVVL statistics have shown a comparatively low wildlife strike rate for Munich Airport for many years. In 2022, it was around 19 percent higher on average in Germany than at the Munich airport site.

Effective protection against flooding

The existing watercourse system protects Munich Airport from flood runoff, which occurs on average once every hundred years. In recent years, it has rained more frequently in flash floods throughout Germany due to climate change – sometimes with devastating effects. This development prompted us to review flood protection at the airport. An initial study in 2019 showed that Munich Airport is well protected from extreme flooding from the south, even during flash floods.

In a second step, we reviewed drainage reliability within the airport in 2021 and 2022, taking into account possible overloading of the sewer system. In the process, we hydraulically investigated the run-off situation during rare, extreme precipitation events and evaluated the results. We also regularly check the performance of the sewer system to ensure proper drainage. When constructing new buildings, we generously design the wastewater pipes and infiltration systems to accommodate rainfall events with a return period of ten years. Decentralized rainwater management and flood-resistant site planning are also important measures for us to minimize the impacts of flooding as much as possible.

The Munich Water Management Office had the Isar river remeasured and flood discharges calculated in 2019. During this process, the experts determined that the existing flood protection dikes along the Isar River in the airport's sphere of influence can also hold back extreme flooding.

Community engagement

Regional work: reliable partnership

Munich Airport is and remains a reliable partner for the region – especially when it comes to sports: We have renewed youth development contracts with almost all of our clubs. In the area of social affairs, volunteer work in the region was promoted, for example at Franziskuswerk Schönbrunn and Lebenshilfe Freising. In 2022, the airport again made an important and ongoing contribution to the region's cultural diversity by supporting the Erding Jazz Days and the Moosburg Summer Festival.

munich-airport.com/sponsorship-15747166

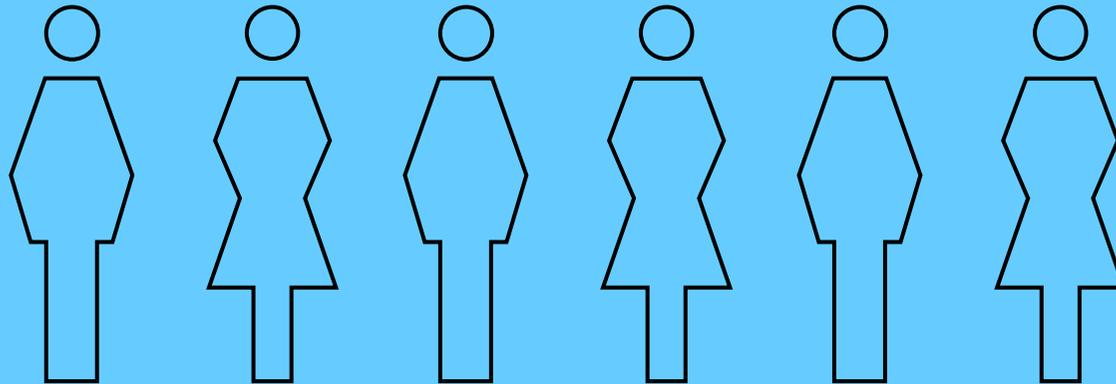
Airport Association: Aid for Ukraine, Turkey, and Syria

A commitment to Ukraine was the top priority for the Munich Airport Association in 2022. The airport association has transported over 150 tonnes of relief supplies to the border regions with Ukraine. In addition, it supported facilities and institutions that cared for Ukrainian refugees in the various counties and municipalities. In February and March 2023, the airport association helped in the earthquake regions in Turkey and Syria. The association not only organized the collection of material and goods donations but also had two teams on-site. The relief teams assisted in feeding those affected and distributing supplies, as well as distributing clothing and toys to children and families. Since 2016, the association, which was founded by employees and friends of FMG 26 years ago, has carried the DZI seal of quality and trust in the German donation system.

Facts and Figures

SOCIAL RESPONSIBILITY

THE EMPLOYEES



AIRPORT CAMPUS

33,330

Employees

[employee survey 2021]

MUNICH AIRPORT GROUP

9,047

Employees

(-1.7%)

YOUNG PROFESSIONALS WITHIN THE GROUP



230

Apprentices

(-7%)

EXECUTIVES WITHIN THE GROUP



25%

Female executives

(+6%)

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Flughafen München GmbH
P.O. Box 23 17 55
85326 Munich
Germany

CONTACT

Corporate Communication & Politics
Telephone: +49 89 975 413 50

Corporate Development – Sustainability Management
Telephone: +49 89 975 435 07

E-mail: bericht@munich-airport.de

PHOTOS

Flughafen München GmbH

GRAPHICS

hw.design gmbh, Munich

CONCEPT, CONSULTING AND DESIGN

hw.design gmbh, Munich
Sustainserv GmbH, Frankfurt/Zurich

LINKS FOR FURTHER INFORMATION

The online report with additional content is available at:

➤ report2022.munich-airport.com

Further information on the company is also available on the website:

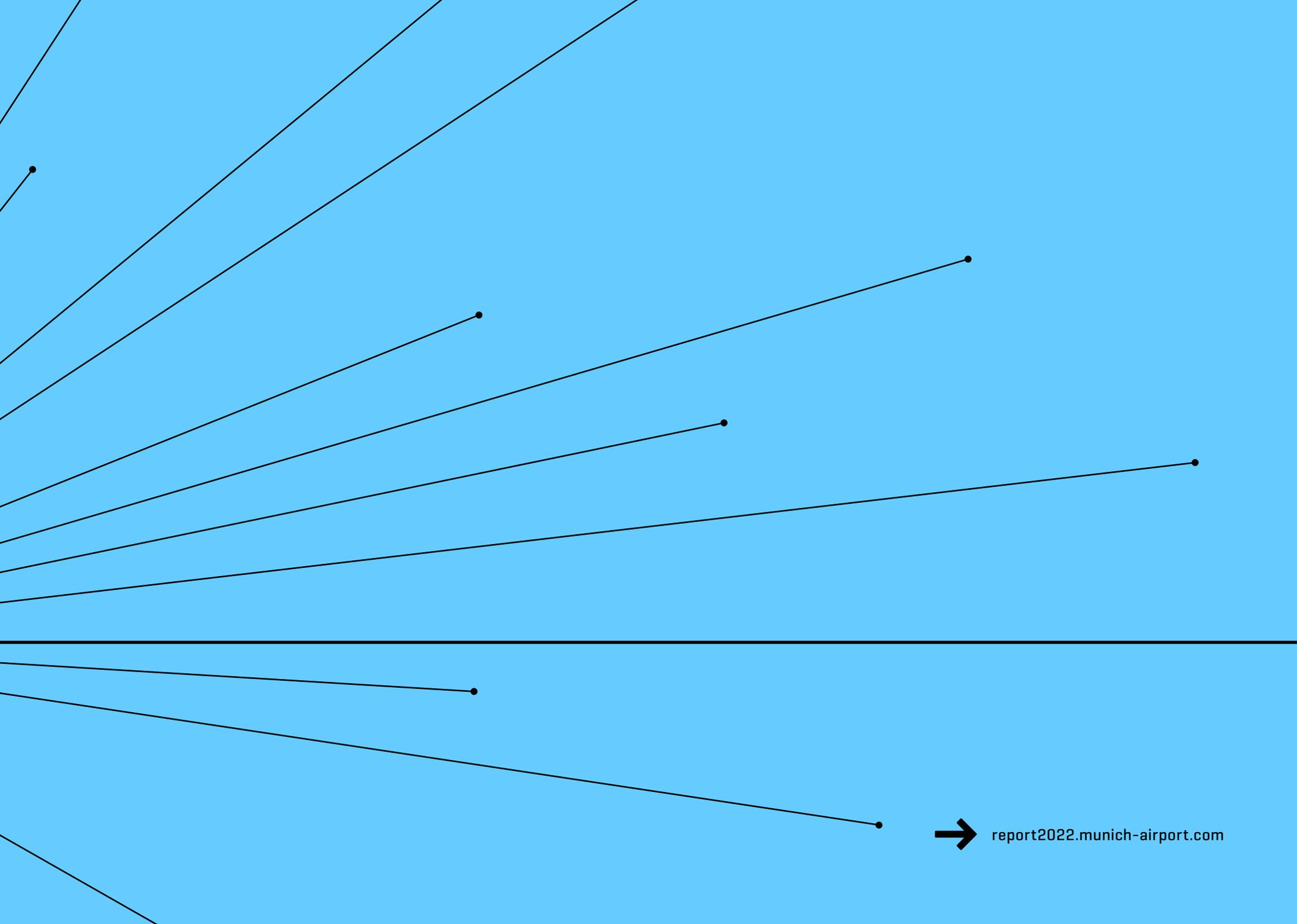
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