REPORT

HALF-YEAR REPORT AT JUNE 30, 2023

SEA MilanAirports

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KEY FIGURES AND GENERAL INFORMATION

Key figures and general information

SEA GROUP STRUCTURE AND INVESTMENTS IN OTHER COMPANIES

INVESTMENTS OF SEA S.P.A. AT JUNE 30, 2023

SEA SpA

Airport Management
- **99.91%** SEA Prime SpA
- **30.98%** S.A.C.B.O. SpA Società Aeroporto Civile di Bergamo Orio al Serio

Utilities
- **18.75%** Disma SpA

Commercial Activities
- **40%** Dufrital SpA
- **40%** Areas Food Services Srl

Other Activities
- **100%** Airport ICT Services Srl
- **0.23%** Romairport Srl

Handling
- **30%** Airport Handling SpA
- **25%** Malpensa Logistica Europa SpA

Controlling shareholding: SEA Prime SpA, Airport ICT Services Srl

Associate: S.A.C.B.O. SpA, Disma SpA, Dufrital SpA, Areas Food Services Srl, Airport Handling SpA, Malpensa Logistica Europa SpA

Investment in other companies: Romairport Srl

CORPORATE BOARDS

BOARD OF DIRECTORS

Three-year period 2022/2024, appointed by the Shareholders' Meeting of May 3, 2022

Chairperson	Michaela Castelli [4]
Chief Executive Officer and General Manager	Armando Brunini
Directors	Pierfrancesco Barletta [1] [2] Franco Maria Antonio D'Alfonso [3] [4] Daniela Mainini [2] [5] Luciana Sara Rovelli [2] [3] Rosario Mazza [3]

BOARD OF STATUTORY AUDITORS

Three-year period 2022/2024, appointed by the Shareholders' Meeting of May 3, 2022

Chairperson	Paola Noce
Statutory Auditors	Stefania Chiaruttini Daniele Angelo Contessi Luigi Di Marco Stefano Giuseppe Giussani
Alternate Auditors	Federica Mantini Giacomo Alberto Bermone *

INDEPENDENT AUDIT FIRM

EY SpA **

[1] *Non-Executive Vice Chairperson*

[2] *Member of the Control, Risks and Sustainability Committee*

[3] *Member of the Remuneration and Appointments Committee*

[4] *Member of the Ethics Committee*

[5] *Member of the Supervisory Board*

* *Appointed by the Shareholders' Meeting of April 28, 2023 to replace Mr. Daniele Angelo Contessi, who had resigned from his previous position as Alternate Auditor to assume the position of Statutory Auditor as of November 9, 2022.*

** *Appointed by the Shareholders' Meeting of April 28, 2023 for fiscal years 2023-2031.*

SEA GROUP NUMBERS

INTRODUCTION

The Half-Year Report at June 30, 2023 comprises the Directors' Report and the Condensed Consolidated Half-Year Financial Statements at June 30, 2023. The Condensed Consolidated Half-Year Financial Statements, prepared in thousands of Euro, are compared with those of the previous year and the Consolidated Financial Statements for the previous full-year and comprise the Financial Statements (Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Comprehensive Income Statement, the Statement of changes in Consolidated Shareholders' Equity and the Consolidated Cash Flow Statement) and the Explanatory Notes.

The Half-Year Report at June 30, 2023 was prepared in accordance with International Accounting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), approved by the European Union and in particular according to IAS 34 - Interim Financial Reporting; in accordance with paragraphs 15 and 16 of this standard, the Condensed Consolidated Half-Year Financial Statements do not require the extent of disclosure necessary for the Annual Financial Statements and must be read together with the 2022 Annual Financial Statements. In the preparation of the Condensed Consolidated Financial Statements at June 30, 2023, the same accounting principles were adopted as in the preparation of the Consolidated Financial Statements at December 31, 2022, updated as indicated in the explanatory notes to the Consolidated Half-Year Financial Statements.

SEA GROUP RESULTS

Operating results

The key consolidated highlights from the financial statements are illustrated below. We note that H1 2022 included revenues for public grants from the state and the Lombardy Region totalling Euro 144,101 thousand, provided to partially offset the losses incurred during the pandemic.

Following the application of IFRS 5, the H1 2022 restated income statement does not include the revaluation of the investment in Malpensa Logistica Europa SpA which is recognised to “Discontinued Operations profit/(loss)”.

(Euro thousands)	H1 2023	H1 2022 restated	Change	H1 2022 approved
Revenues	349,996	408,270	(58,274)	408,270
EBITDA [1]	129,676	204,404	(74,728)	204,404
EBIT	86,619	167,898	(81,279)	167,898
Pre-tax result	82,733	168,787	(86,054)	169,858
Net result from assets held-for-sale	775	1,991	(1,216)	920
Group Net Result	62,122	164,028	(101,906)	164,028

[1] EBITDA is calculated as the difference between total revenues and total operating costs, not including provisions and write-downs, restoration and replacement provisions and amortisation & depreciation.

Financial Data

(Euro thousands)	June 30, 2023	December 31, 2022	Change
Fixed assets (A)	1,358,032	1,354,637	3,395
Net Working Capital (B)	(246,328)	(356,944)	110,616
Provisions for risks and charges (C)	(225,211)	(229,124)	3,913
Employee provisions (D)	(28,023)	(30,942)	2,919
Other non-current payables (E)	(3,898)	(6,590)	2,692
Net capital employed (A+B+C+D+E)	**854,572**	**731,037**	**123,535**
Group Shareholders’ equity	405,458	342,836	62,622
Minority interest Shareholders’ equity	29	31	(2)
Net financial debt [2]	449,085	388,170	60,915
Total sources of financing	**854,572**	**731,037**	**123,535**

[2] Net financial debt or Net financial position (NFP) is the sum of liquidity, financial receivables and current securities, net of financial payables (current and non-current).

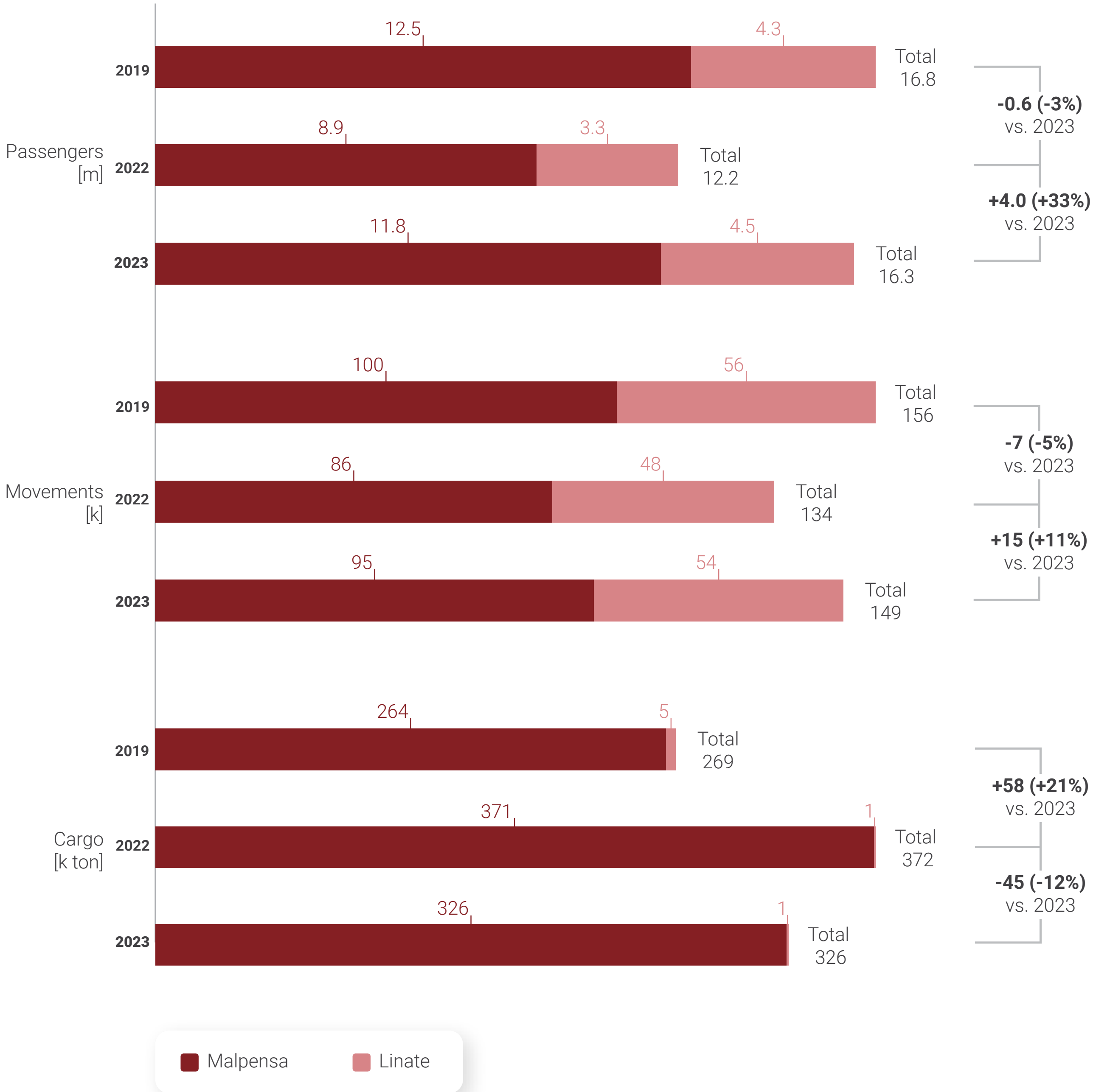
Investments

(Euro thousands)	June 30, 2023	December 31, 2022	Change
Tangible and intangible asset investments	65,187	76,819	(11,632)

Other Indicators

	June 30, 2023	December 31, 2022
HDC Employees (at year end)	2,632	2,570

H1 Traffic (Commercial and General Aviation)



The traffic figures for H1 2023 are compared with the same period in 2022 and 2019. The comparison with 2019 (which was the last year unaffected by the COVID-19 pandemic) highlights the true recovery over the first six months of 2023.

Directors' Report

DIRECTORS' REPORT

H1 2023: SIGNIFICANT EVENTS

COVID-19 pandemic

On May 5, 2023, the World Health Organization officially declared the health emergency over. This had begun on March 11, 2020, when it was first declared a pandemic.

SEA has decided that it will continue to provide sanitising gels at the locations identified during the pandemic and will still provide FFP2 masks for those people who, when coming into contact with others at work, would like respiratory protection.

The protocols, which have so far been consistently updated in line with the applicable regulations, have not been extended beyond their scope, but will be reinstated and adapted to the regulations in the event that the emergency situation should reoccur.

Reopening of Malpensa Terminal 2

Malpensa Terminal 2 reopened on May 31, 2023, having being closed in 2020 due to the COVID-19 pandemic. The Terminal is entirely dedicated to easyJet, and the redesign it has undergone was designed to improve the passenger travel experience, from check-in and security to boarding. 21 self bag drop stations are located at check-in, meaning that travellers can independently drop off their checked baggage. The security area has also been completely renovated, including through the installation of nine new automated lines which cut passenger screening and waiting times. The Fast Track path means that electronic equipment and liquids do not need to be separated from carry-on baggage, thanks to the use of an EDS-CB (Explosives Detection Systems for Cabin Baggage) machine. The Terminal's retail offering has been updated, with the construction of a large duty free shop that offers passengers a rich and structured offer. The variety of food services provided has also been upgraded and enriched.

Linate named best European airport 2023

Airport Council International (ACI), the association that represents 500 airports in 55 countries in Europe, has recognised Linate Airport with the Aci Europe Best Airport Award 2023, in the 5-10 million passengers category.

The judges rewarded the significant work carried out in recent years on issues of sustainability and decarbonisation. Also noted were SEA's commitment to developing sustainable mobility (the new MM4 Metro line connects to central Milan in 12 minutes), investment in alternative fuels (SAF and hydrogen) and the development of Urban Air Mobility. In addition, the airport's commitment to continuously improving its passenger experience - thanks in part to the development of technologies such as smart Security and FaceBoarding, which make that experience increasingly seamless - was rated highly.

The Malpensa 2035 Master Plan

EIA Decree No. 282/23 dated June 8, 2023 was positive in its opinion of the Masterplan's environmental compatibility. It did, however, refer to the requirements expressed by the Technical Commission for Environmental Assessments, in which it called for the natural habitats of the heathland to be preserved by identifying an alternative solution to the expansion of cargo infrastructure set out in SEA's plans. The repercussions of this provision are currently being evaluated.

CLIMATE CHANGE

SEA's commitment continues both in terms of the "Net Zero 2030" goal, which is linked to the reduction of direct (scope 1 and scope 2) emissions, and in terms of the reduction of scope 3 emissions. The company is introducing measures which can effectively reduce the airport emissions of its stakeholders. These include connecting Linate with the city centre via the Milan subway, which took place in July 2023, and the creation of a railway line connecting Malpensa Terminal 2 and Gallarate. Construction work on this project is currently underway within the airport grounds.

As regards emissions from flight activities, H1 2023 saw the launch of a call for tenders, through which SEA offers a contribution to carriers wishing to begin use of SAF before 2025. This involves paying an amount of Euro 500 for each tonne of "pure SAF" purchased and actually used, for a total value in 2023 of Euro 450 thousand.

The possible provision of HVO renewable diesel for operational vehicles at Linate and Malpensa is currently being evaluated and compatibility checks are underway.

ECONOMIC OVERVIEW

Both the European and Italian economies continue to demonstrate resilience in a challenging macroeconomic environment, managing to contain the negative impact of the Russia-Ukraine conflict and the energy crisis that is partly a result of it.

Specifically, supply source diversification - including as a result of bilateral agreements between European states and producers - and reduced gas consumption have driven down energy prices, thereby limiting the effects of the supply shortage from Russia.

Falling energy prices, the reactivation of supply chains and a dynamic labour market underpinned moderate growth in early 2023, dispelling late 2022's fears of a recession and bolstering confidence in the coming economic recovery.

Against this backdrop, after the record highs of 2022, overall inflation continued to fall in H1 2023. This decrease, however, is linked to the marked deceleration in energy and commodity prices. Closer inspection, in fact, reveals a continuing trend in core inflation, which, after the peak in mid-H1 2023, would appear to be falling as of June 2023.

Consumer price increases have reduced workers' spending power, in turn putting increased pressure on wage increases, which has led to multiple demonstrations and strikes. In Italy, one of the factors reducing workers' purchasing power is the delay in renewing a great number of national contracts: of a total of 73 national contracts surveyed by ISTAT in May 2023, nearly a third are yet to be renewed.

This affects air transportation in two ways: firstly, because of the effects on the population's propensity to consume and therefore to travel, and secondly, because labour unrest among air transport operators has already led to disruptions and cancellations.

AIR TRANSPORT AND AIRPORTS

In H1 2023, passenger traffic continued to recover towards pre-crisis volumes, with numbers close to and sometimes in excess of those reported in 2019.[1] It bears remembering that, unlike previous years, 2023 was not affected by the pandemic nor by any particular restrictive measures on travel to contain it.

Despite the Italian Ministry of Health's decision to reintroduce - until February - the requirement that travellers entering from China provide a negative molecular or antigen test (orders of Dec. 28, 2022 and Jan. 30, 2023), passenger traffic - and in particular the intercontinental segment - recovered strongly compared to 2019 volumes. This highlights a gradual stabilisation in the global health situation and passengers' new-found confidence in travelling.

The unstable international geopolitical situation, particularly in Russia and Ukraine, continued to affect air traffic in H1 2023. As in 2022, following the outbreak of the conflict between the two countries on February 24, 2022 the restrictive measures introduced by the European Commission and the United Nations against Russia remained in force. Specifically, these included the closure of Ukraine's airspace for all civilian flights and the ban on Russian-owned and/or Russian-registered aircraft overflying EU airspace. The restrictions imposed by the Russian government on access to and overflight of its airspace also remain in place. These measures have disrupted traffic from war zones and have reduced the possibility of overflying the affected areas, forcing airlines to adopt longer routes and incur higher operating costs. This has particularly affected European carriers operating routes to the Far East.

Airlines have seized the opportunities created by this environment of recovery by expanding their destination portfolios and increasing business on existing routes. This is reflected [2] in the increasing number of connections to destinations in the Far East (China, Japan and Thailand), South America (Brazil and Argentina) and the Middle East (Saudi Arabia and Bahrain). Traffic flows to and from China have also restarted: after an enforced three-year interruption of passenger traffic, in 2023 China reopened to group travel by Chinese citizens to foreign countries and vice versa; on March 15, 2023, Italy was added to the list of authorised destinations for this type of travel.

Driven by the strong recovery in demand, carriers have begun or resumed major capacity development investment plans, thereby confirming the market's medium-term growth prospects: a number of aircraft fleet renewal and expansion initiatives are in place, all of which seek to achieve the dual objectives of increasing operational efficiency and improving the passenger travel experience. June's Paris Air Show saw Air India make one of the largest aircraft orders (for 540 aircraft), while its direct competitor IndiGo ordered 500 aircraft. Other orders were placed by Qantas (nine narrow body aircraft), Philippine Airlines (nine long-haul aircraft) and China Airlines (eight long-haul aircraft).

The recovery of air traffic early in the year was accompanied by significant increases in ticket prices, which in some cases rose by more than 40% on 2022.[3] Given price dynamics that were potentially anomalous, even in an economic climate featuring high inflation, the Garante per la Sorveglianza dei Prezzi ("Price Oversight Commissioner") began an in-depth investigation process, requesting justifications from the main carriers operating the routes currently at the centre of the institutional investigation, i.e. those connecting the airports of Rome and Milan with Venice, Palermo, Catania and Cagliari.

H1 2023 was also marked by the numerous strikes called for May and June by union groups that also represent airline, airport, and ancillary workers; these demonstrations - which have also been announced for July and September - often cause cancellations, delays, and missed connections, affecting airport operations. According to press releases issued by the various labour unions, the national strikes are based on the demand that national collective contracts are renewed.

The positive developments in H1 2023 were replicated in the international airport system as a whole: a sample of 1,232 ACI World member airports reported 2.1 billion passengers, up 43% on the same period of 2022 and down 11% on 2019. Analysis of traffic by region shows various recovery dynamics: passengers in the Middle East increased by 52% on 2022 (+1% vs. 2019), by 19% in North America (-2% vs. 2019), by 35% in Africa (-4% vs. 2019), by 39% in Europe (-10% vs. 2019) and by

[1] *Source | Assaeroporti and ACI Europe: traffic data updated to April 2023*

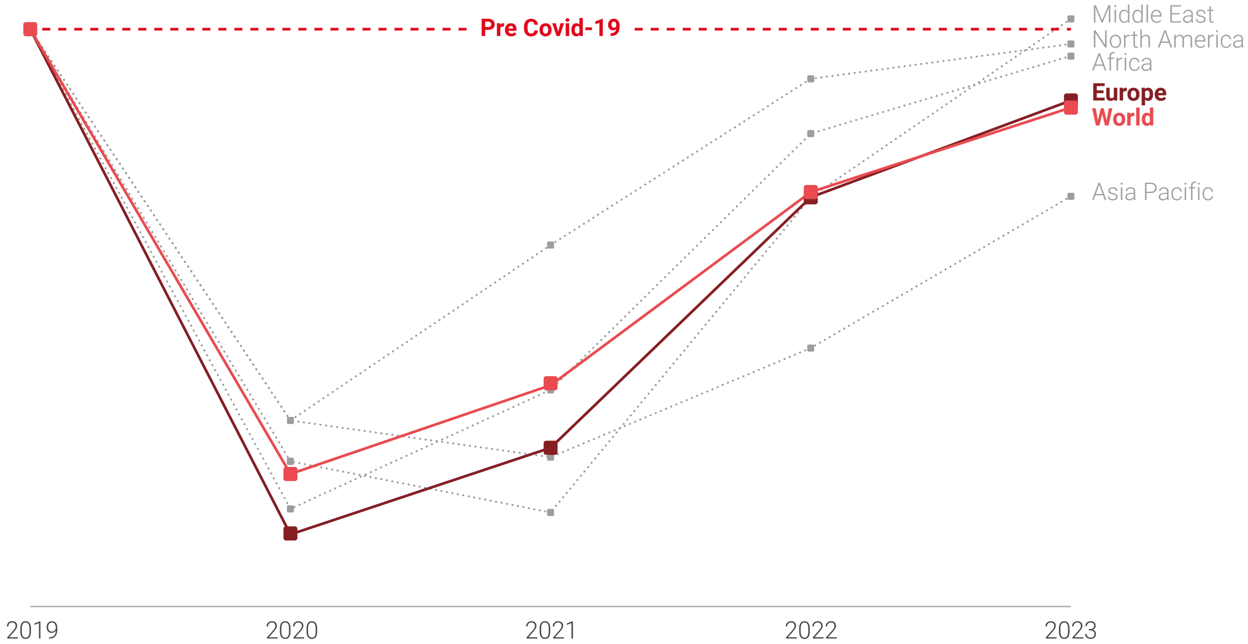
[2] *Source | IATA Airport IS: Information is provided on the states with a greater than 25% increase in connection frequencies to Europe in H1 2023 compared to the same period of 2022*

[3] *Source | Ministry of Enterprise and Made in Italy: Price Oversight Commissioner seeks airline explanation for expensive flights (July 4, 2023)*

105% in Asia (-23% vs. 2019). In Europe, Italy reported 42% increase on 2022 (-4% on 2019).

Against this backdrop, Eurocontrol's most recent forecasts [4] confirm that traffic will also recover in H2 2023, with a return to pre-crisis volumes between 2024 and 2025 (base scenario).

Traffic recovery by geographical area [passengers]



31 million tonnes of cargo were handled by air globally in the first four months 2023. The airports with the most cargo traffic are located in Asia and North America: in the first four months these were Hong Kong and Memphis, recording 1.3 million tonnes of cargo each, followed by Shanghai with 1.0 million tonnes. The volumes reported in 2023 represent a change of -8.3% and -5.4% respectively when compared with the same period in 2022 and 2019. The air cargo sector was negatively affected by the readjustment of supply chains after the pandemic and the gradual return to normal sea freight dynamics, where there was reduced congestion at seaports and a decrease in the rental price of containers. In June 2023, the cost of a 40-foot container [5] for the Shanghai-Genoa route was USD 2 thousand, compared to USD 11 thousand for the same period in 2022. Finally, it bears noting that in July 2022, the operation of preighters [6] was suspended, banning "cargo in cabin" operations.

The Business and General Aviation segment reported 418 thousand movements in Europe in the first four months of 2023, down 6.3% on the same period in 2022. The top European nations by General Aviation volumes generated are France, with 71 thousand movements (-8.4% vs. 2022), the United Kingdom, with 59 thousand movements (-5.5% vs. 2022), Germany, with 55 thousand movements (-2.0% vs. 2022) and finally Italy, with 34 thousand movements (-0.6% vs. 2022).

[4] *Source | Eurocontrol: Forecast update 2023 - 2029 (March 2023 edition)*

[5] *Source | Drewry: World Container Index (June 29, 2023)*

[6] *Passenger aircraft flights used exclusively for cargo transport*

REGULATORY FRAMEWORK

Publication of new Airport Fee Regulation Models

With Resolution No. 38/2023 of March 9, 2023 *("Conclusion of the procedure begun with Resolution No. 42/2022. Approval of airport fee regulation models")* the Transport Regulation Authority (ART) published the new *"Airport Fee Regulation Models."*

The new Models will enter into force on April 1, 2023 and will apply to procedures to review airport fees from that date onwards. At the same time, the previous templates as per Resolution No. 136/2020 were repealed.

The new models retain some features of the previous regulatory framework (multi-year tariff period, asset-based regulatory framework, price cap mechanisms, dual till regime), while also introducing some significant changes both in terms of procedure (definition of stricter timeframes for consultation phases; modification of forecasts regarding the way in which users approve the tariff proposal - voting mechanisms) and in terms of the tariff calculation algorithm (definition of the base year, new forecasts regarding cost and traffic risk elasticity), new disclosure obligations to air carriers and the Authority itself.

With Resolution No. 39/2023 of March 9, 2023, the ART also published the rate of return on invested capital to be used when developing proposed revisions to airport fees (5.83% real pre-tax rate, 7.50% nominal pre-tax rate). The new values are the same for all Italian airports and will apply to operators from the new tariff period until the next update (due by May 31 each year). These values will be valid for the entire tariff period.

SEA has begun activities to prepare for the start of consultations for the new 2024-28 tariff period.

New significant domestic and EU regulations

Amendments to the Code of Tenders

Legislative Decree No. 36 of March 31, 2023 - Public Contracts Code in implementation of Article 1 of Law No. 78 of June 21, 2022, delegating the Government in the field of public contracts (the "Code of Tenders") was published and came into force on April 1, 2023, effective July 1, 2023. The main changes relate to: the establishment of "General Principles" (specifically, the "result principle," the "trust principle" for the public administration and the "market access principle" for economic operators); subcontracting (introduction of "cascade subcontracting"); pooling (allowing "premium pooling"); price revision (obligation to include special clauses in contracts); design (only two levels are now provided for: a technical-economic feasibility project and an executive project); award criteria (rewarding "made in Italy").

New ENAC Regulation on the Certification of the providers of airport ground assistance services

On June 1, 2023, ENAC published its Regulation on the "Certification of the providers of airport ground assistance services - 8th Ed."

This Regulation includes a section on airport sub-concessions. Specifically, an "automatic" two-year extension is provided for aviation, logistics and cargo sub-concessions only, as the civil aviation sector was the hardest hit by a series of damaging health, political, social and energy-related events.

New ENAC Regulation for the purchase and management of Fuel Depots

On May 26, 2023, the Civil Aviation Authority issued the "Regulations on the construction, purchase and operation of aviation fuel depots at airports open to commercial traffic granted under concession." Among other matters, this stipulates that new fuel depots must be built by the operating company or a subsidiary company, and that any existing fuel depots owned by third parties must be purchased by the operating company or a subsidiary company. The operator may contract technical operations to third parties using selection procedures that are public, transparent and non-discriminatory.

OPERATING AND FINANCIAL OVERVIEW

Milan Airport System key traffic figures

In H1 2023, the Milan Airport System, managed by the SEA Group, served 16.2 million passengers, up 33% on the same period of 2022 and down 3% on H1 2019.

Cargo activity handled 326 thousand tonnes of cargo between Linate and Malpensa in the first months of 2023, a decrease of 12% on the same period in 2022 and an increase of 21% on 2019.

General aviation, with 16 thousand movements managed in H1 2023, grew 4% on 2022 and 31% on 2019.

Commercial aviation

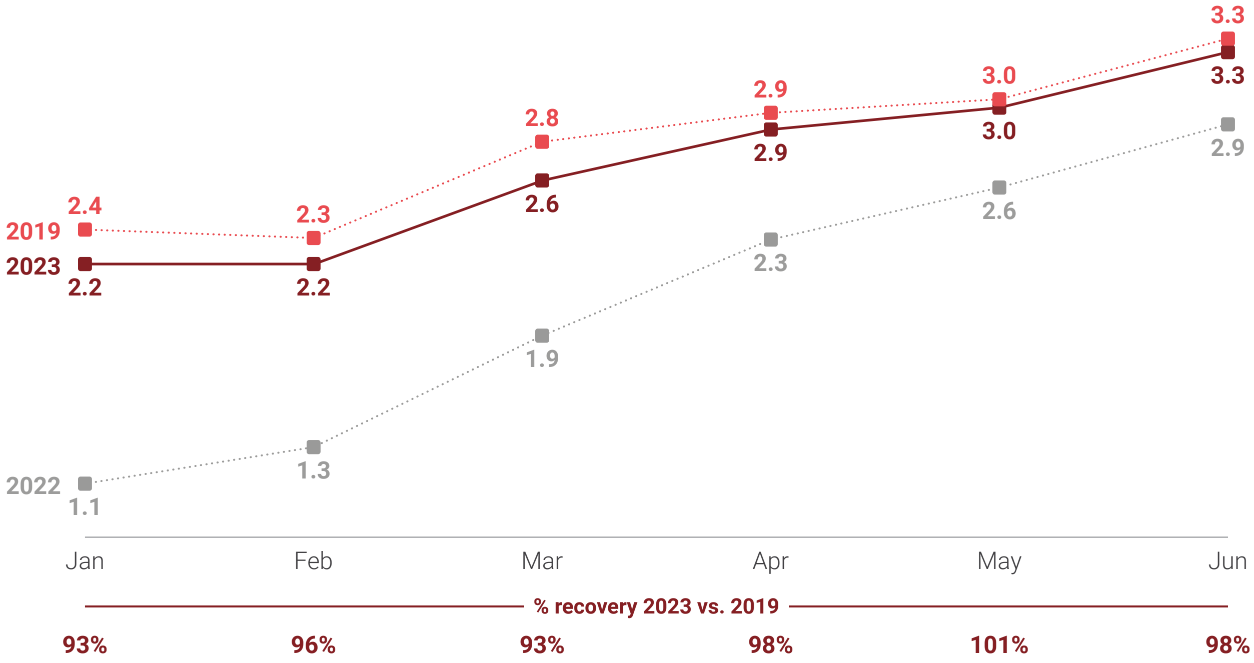
	2023	2022	Δ%	2019	Δ%
Passengers [k]	**16,220**	**12,201**	**+33%**	**16,780**	**-3%**
Linate	4,452	3,277	+36%	4,289	+4%
Malpensa	11,768	8,924	+32%	12,491	-6%
Cargo [k ton]	**326.2**	**371.5**	**-12%**	**268.7**	**+21%**
Linate	0.7	0.9	-16%	5.1	-86%
Malpensa	325.5	370.6	-12%	263.6	+24%
Movements [k]	**132.6**	**118.6**	**+12%**	**143.8**	**-8%**
Linate	40.7	34.9	+16%	46.0	-12%
Malpensa	91.9	83.7	+10%	97.9	-6%
of which passengers	77.9	67.4	+16%	92.3	-16%
of which cargo	14.0	16.3	-14%	5.6	+149%

General aviation

	2023	2022	Δ%	2019	Δ%
Movements [k]	**16.2**	**15.5**	**+4%**	**12.3**	**+31%**
Linate	13.3	12.8	+4%	10.2	+30%
Malpensa	2.9	2.7	+7%	2.1	+38%

As was the case in Europe generally, and with a very similar monthly passenger traffic distribution to the figures recorded in 2019, traffic at Linate and Malpensa in H1 2023 increased, in May reaching the same passenger volumes as in 2019. This made it the first post-pandemic month in which the System fully recovered to 2019 values, recording +1.0% on that year. The graph below shows passenger traffic by month compared with the previous year and FY 2019.

Passengers by month [mln] January - June



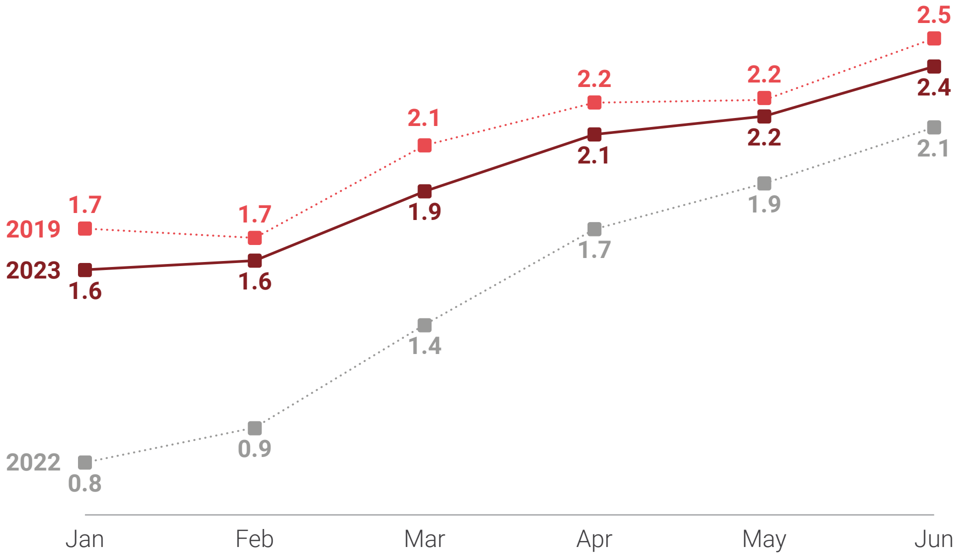
PASSENGER ACTIVITIES

Malpensa

In H1 2023, 11.8 million passengers transited Malpensa airport, up 32% on 2022 and down 6% on 2019. The recovery in passenger traffic compared to the previous year is mainly attributable to the launch of new routes, the expansion of existing ones, and the higher load factor (average load factor in 2023 of 80%, compared to 70% in 2022 and 76% in 2019). This is even more significant when considering the concomitant increase in average aircraft size. This was 193 seats/aircraft in H1 2023, compared to 191 seats/aircraft in 2022 and 180 seats/aircraft in 2019.

Overall, the 78 thousand passenger movements was a 16% rise on 2022 (-16% vs 2019).

Passengers by month [mln] January - June

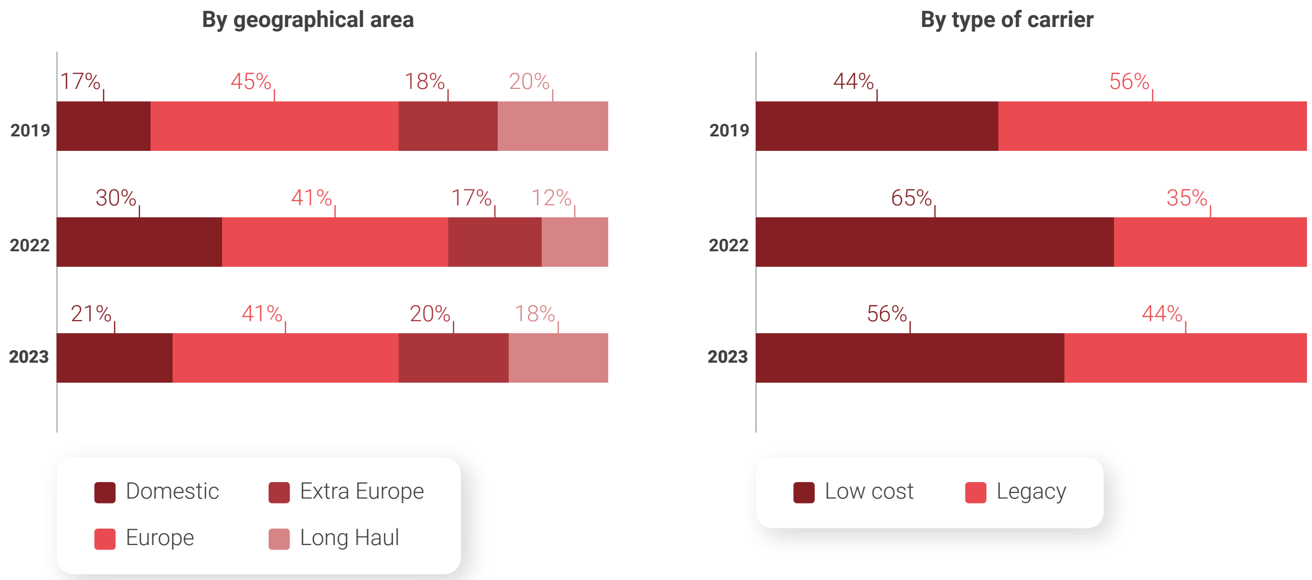


	Seats for travel	Load Factor
2019	180	76%
2022	191	70%
2023	193	80%

In H1 2023, the regional distribution of market shares confirms the strong weighting of international traffic, which recorded figures similar to those seen in 2019. Compared to 2022, the significance of the domestic segment fell, recording an 8% decrease in terms of volume and a decrease of 9 percentage points in its share of total managed traffic. This reduction benefitted the non-European and intercontinental segments, which increased from 17% to 20% and from 12% to 18% respectively. Against this backdrop, and in line with what the figures reported in 2022, European traffic accounted for 41% of managed traffic overall.

New long-haul routes launched in 2023 (among the most significant are Air India to Delhi, Air China to Shanghai, and Neos to Toronto) and the expansion of existing ones (in particular, Cathay Pacific to Hong Kong, Air China to Wenzhou and Beijing, Delta to New York, and EVA Air to Taipei) meant legacy carriers increased their market share on the previous year: in H1 they carried 44% of passengers, which is an increase of 9 percentage points on 2022 but still 12 percentage points lower than 2019 levels.

Market share [passengers%] January - June



Traffic growth and changes in market share are also reflected in the distribution of passengers by carrier type: in early 2023, low-cost carriers' market share decreased from 65% in 2022 to 56% in 2023, to the benefit of legacy carriers.

Linate

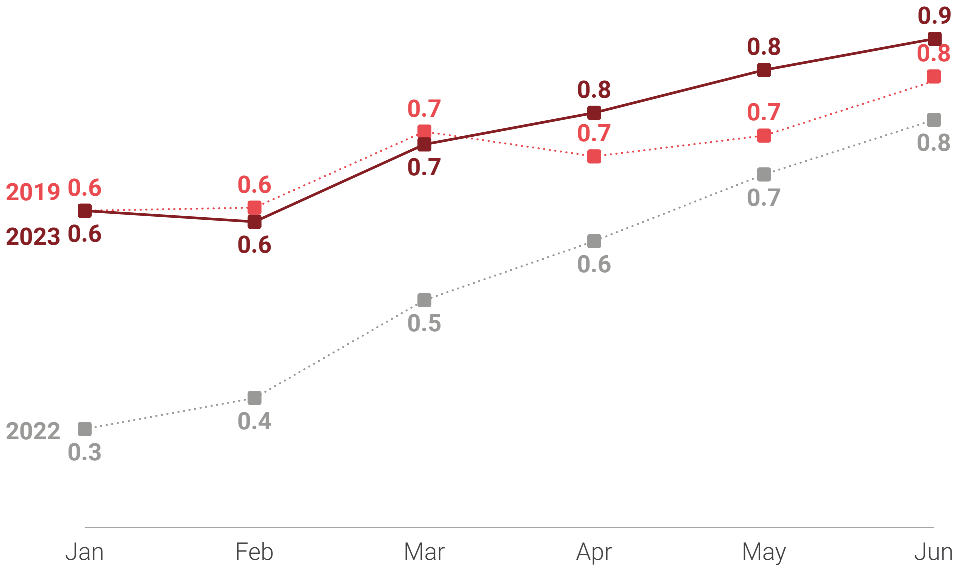
In H1 2023, 4.5 million passengers transited Linate airport, up 36% on 2022 and 4% on 2019. Movements totalled 41 thousand, increasing 16% on 2022 and decreasing 12% on 2019.

The average aircraft size (expressed in terms of seats offered) was 154 seats per movement, down 2% on H1 2022 and up significantly (12%) on 2019 values. The aircraft load factor in H1 2023 was 71%, up 11 percentage points on the same period in 2022 and 3 percentage points on 2019.

The increase in average aircraft size, combined with increased occupancy, resulted in 110 passengers per movement in 2023. This is a 17% increase on both 2022 and 2019, when passengers per movement stood at 94.

2023's increase in average aircraft size compared to 2019 is largely attributable to ITA Airways and British Airways choosing to operate larger aircraft (in 2019, Embraer aircraft with an average size of under 100 seats per movement were operating at Linate airport) and the use of some slots, released by Alitalia and Air Italy, by low-cost carriers, who use larger-than-average aircraft.

Passengers [mln] January - June



	Seats for travel	Load Factor
2019	138	68%
2022	158	60%
2023	154	71%

The reorganisation of ITA Airways (formerly Alitalia) and the arrival of new carriers (following the reallocation of some of the slots made available after Alitalia and Air Italy's flight operations were suspended) have led to a redistribution of market share, in terms of movements operated, among the major airlines. Alitalia's 62% market share in H1 2019 is comparable to that of ITA Airways in the same period of 2023, which stood at 58%.

As regards the application of European regulations that link the maintenance of allocated slots to the actual use of slots above a threshold limit ("grandfather rights"), H1 2023 saw two different regimes: during the 2022-2023 winter season, the minimum percentage for the maintenance of slots was set at 75%, while from summer 2023 the minimum threshold was restored to the level in force before the pandemic period (80%).

Regional continuity agreement flights (to/from Sardinia), subject to public service charges, were an additional difference from the past. These connections (managed between 2013 and 2019 by Alitalia and Air Italy [formerly Meridiana]), were managed in synergy between Volotea and ITA until February 16, 2023. Since February 17, 2023, connections to/from Alghero and Cagliari have been operated by ITA, and connections to/from Olbia by AeroItalia.

Finally, in H1 2023 the provisions of the new Giovannini Decree were enacted. These are effective as of September 2022, and at Linate Airport provide for:

a. expansion of the destinations served to routes within 1,500 km from Linate, including non-EU destinations (including the UK);

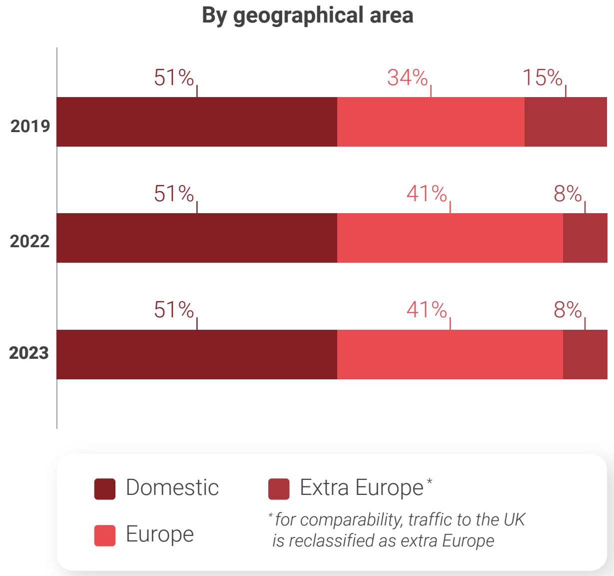
b. maintenance of the maximum capacity of 18 movements/hour, operated by EU airlines (or from another nation specified in vertical agreements) with narrow-body aircraft;

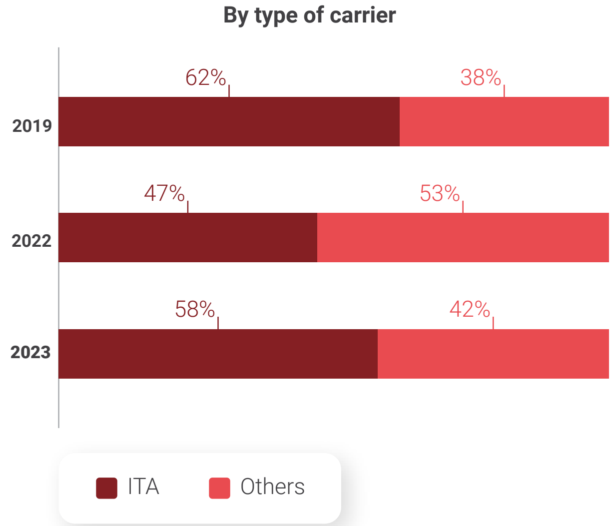
c. the restriction of flights exclusively to point-to-point connections.

In line with previous legislation, the current decree does not establish mechanisms for control of the distribution of travel documents between Linate and any other airport outside the limits set by the decree.

The breakdown of traffic by region (domestic and international) in H1 2023 is fully in line with the pre-pandemic and 2022 figures, with 51% domestic traffic and 49% international traffic (European destinations, with the exception of the United Kingdom, which was served from Linate as an exemption until the Giovannini Decree entered into force).

Market share [passengers%] January - June





Cargo activities

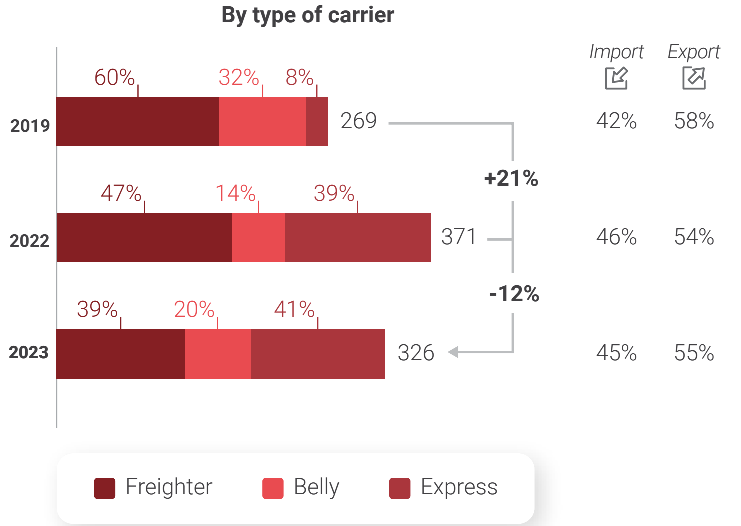
The Cargo segment managed 326 thousand tonnes in H1 2023 (carried on freighter cargo flights or in the hold of passenger flights, "belly" freight), down 12% on H1 2022 and up 21% on 2019. The number of movements of all cargo flights at Malpensa (14.0 thousand in H1 2023) was also down (14%) on 2022 and up 149% on 2019. Compared to 2019, the increase in movements was more than proportional to the rise in the amount of cargo transported: this is explained by the increased presence of express carriers, which typically transport goods in smaller packages and with a lower weight. As confirmation of this, the average load per movement of all-cargo carriers (excluding belly freight) decreased on both 2019 and 2022, by 42% and 5% respectively.

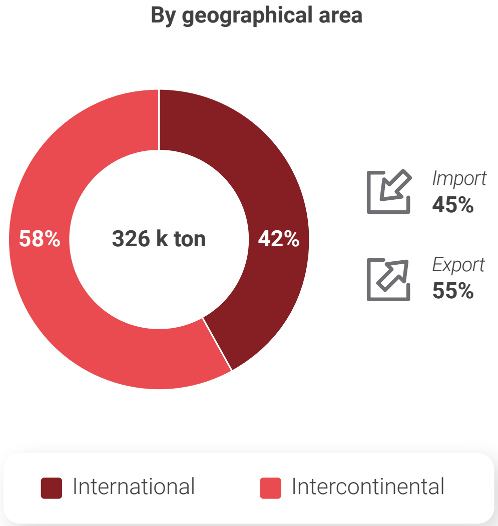
Analysis of cargo performance by type of traffic (see graphic below) highlights notable growth in the express segment between 2019 and 2023, driven partly by the new DHL base (completed in Q4 2020) and the new Amazon warehouses (from October 2021). While increasing its market share in proportion to total freight transported, the express segment contracted by 8% in H1 2023 compared to 2022, with 134 thousand tonnes of freight transported.

The gradual restoration of passenger connections to medium- and long-haul destinations resulted in some recovery for cargo traffic on mixed configuration (belly) aircraft. However, despite the 29% improvement on 2022, cargo carried in the hold (65 thousand tonnes) was still 23% below 2019 levels.

The freighter segment, however, did not follow the same trend: 127 thousand tonnes of cargo transported in H1 2023 constituted respective decreases of 27% (-48 thousand tonnes vs. 2022) and 20% (-31 thousand tonnes vs. 2019). To fully understand the fall from the previous year's figures, it should be recalled that 2022 was affected by a number of general phenomena: the use of "preighter" flights and the reduction in long-haul connections from other Italian airports. On the first point, a number of passenger aircraft were used to transport cargo during the pandemic period, as companies took advantage of cabin space in addition to their hold capacity (these are known as "preighter" flights). This was regulated during the pandemic period but when it was discontinued in July 2022 the effect was only partially compensated by the other segments (freighter and belly). On the second point, 2022 continued to experience a sharp decrease in direct long-haul connections from across the country (-45% on 2019) which reduced available hold capacity. The unmet demand from the belly segment in previous years represented an opportunity for the freighter sector, which faded with the resumption of regular intercontinental flights in 2023.

Cargo [k tonnes] January - June





Despite the decrease on 2022, the H1 2023 results confirm the role of Malpensa's Cargo City as a key Italian hub for cargo imports and exports in Italy, respectively representing 45% and 55% of total cargo volume carried. Nationally, the market share[7] of cargo handled to/from Linate and Malpensa is 65% (by volume).

GENERAL AVIATION

In H1 2023, SEA Prime managed 16.2 thousand general aviation movements (between Linate and Malpensa), up 4% on 2022 and 31% on 2019; at 279 thousand tonnes, total aircraft tonnage is up 8% on 2022 and 35% on 2019.

The numbers presented above show growth in 2023 in average aircraft size (17.2 tonnes), both compared to 2022 (16.6 tonnes) and 2019 (16.8 tonnes); this increase would seem to be attributable to the recovery of international traffic and the development of activities by Linate-based operators (Sirio, which opened a new maintenance base at Linate, and VistaJet and Servizi Aerei). The resumption of in-person events also had a positive effect on traffic managed in early 2023: in April, Design Week generated traffic peaks of more than 180 daily movements.

Finally, the 31 thousand passengers transiting through the general aviation terminals at Linate and Malpensa represent increases of 8% and 26% on 2022 and 2019 respectively.

General aviation

	2023	2022	Δ%	2019	Δ%
Movements [k]	**16.2**	**15.5**	**+4%**	**12.3**	**+31%**
Linate	13.3	12.8	+4%	10.2	+30%
Malpensa	2.9	2.7	+7%	2.1	+38%
Cargo [k ton]	**278.6**	**257.7**	**+8%**	**206.8**	**+35%**
Linate	222.2	211.8	+5%	171.8	+29%
Malpensa	56.4	45.9	+23%	35.0	+61%
Passengers [k]	**31.2**	**28.8**	**+8%**	**24.8**	**+26%**
Linate	25.5	23.7	+7%	20.6	+24%
Malpensa	5.7	5.1	+12%	4.2	+35%

[7] *Source | Airports 2030: Market share calculated based on current data for the first five months of 2023*

Income Statement

The accounting policies applied in preparing the H1 2023 consolidated figures are in line with those utilised for the 2022 consolidated financial statements. The consolidation scope at June 30, 2023 has not changed compared to December 31, 2022. We note that as of June 30, 2023, following the signing of the agreement to sell the 25% minority interest held by SEA S.p.A. in Malpensa Logistica Europa S.p.A., the revalued equity investment was reclassified to the line Discontinued operations profit/(loss) based on the agreed price. As required by IFRS 5, the income statement for the comparative period has also been similarly reclassified.

(Euro thousands)	**H1 2023**	**H1 2022 restated**	**Change**	**C.ge % 2023/2022**	**H1 2022 approved**
Operating revenues	334,413	397,426	(63,013)	(15.9%)	397,426
Revenue for works on assets under concession	15,583	10,844	4,739	43.7%	10,844
Total revenues	**349,996**	**408,270**	**(58,274)**	**(14.3%)**	**408,270**
Operating costs					
Personnel costs	86,964	79,593	7,371	9.3%	79,593
Other operating costs	118,652	114,041	4,611	4.0%	114,041
Total operating costs	**205,616**	**193,634**	**11,982**	**6.2%**	**193,634**
Costs for works on assets under concession	14,704	10,232	4,472	43.7%	10,232
Total costs	**220,320**	**203,866**	**16,454**	**8.1%**	**203,866**
Gross Operating Margin / EBITDA (1)	**129,676**	**204,404**	**(74,728)**	**(36.6%)**	**204,404**
Provisions & write-downs	1,410	(6,828)	8,238	120.7%	(6,828)
Restoration and replacement provision	10,454	10,812	(358)	(3.3%)	10,812
Amortisation & Depreciation	31,193	32,522	(1,329)	(4.1%)	32,522
EBIT	**86,619**	**167,898**	**(81,279)**	**(48.4%)**	**167,898**
Investment income/(charges)	5,322	8,765	(3,443)	(39.3%)	9,836
Net financial charges	9,208	7,876	1,332	16.9%	7,876
Pre-tax Result	**82,733**	**168,787**	**(86,054)**	**(51.0%)**	**169,858**
Income taxes	21,384	6,749	14,635	216.8%	6,749
Continuing Operations result	**61,349**	**162,038**	**(100,689)**	**(62.1%)**	**163,109**
Net result from assets held-for-sale	**775**	**1,991**	**(1,216)**	**(61.1%)**	**920**
Minority interest profit	2	1	1	100.0%	1
Group Net Result	**62,122**	**164,028**	**(101,906)**	**(62.1%)**	**164,028**

(1) *EBITDA is calculated as the difference between total revenues and total operating costs, not including provisions and write-downs, restoration and replacement provisions and amortisation and depreciation.*

The results for the half-year period under review and the equivalent six-month period of 2022 were affected by the recognition of public grants. Specifically, H1 2023 reports grants amounting to Euro 2,280 thousand, partially offsetting the higher energy costs [8] incurred in the same period. H1 2022, on the other hand, included revenues for public grants from the state and the Lombardy Region totalling Euro 144,101 thousand, provided to partially offset the losses incurred during the pandemic.

EBITDA in H1 2023 totalled Euro 129,676 thousand, compared to Euro 204,404 thousand for the same period of 2022.

Excluding the extraordinary items indicated, H1 2023 EBITDA was Euro 127,396 thousand, significantly increasing on the previous year (+Euro 67,093 thousand, excluding the above indicated items). This strong performance is due to operating revenue growth (+Euro 81,088 thousand), primarily due to increased passenger traffic and partially offset by the Cargo segment contraction. Operating costs also increased (+Euro 14,262 thousand compared to H1 2022), mainly due to the higher traffic volumes, the conclusion of the use of the social security schemes and increased operating costs following the reopening of Malpensa Terminal 2.

EBIT amounted to Euro 86,619 thousand, reducing Euro 81,279 thousand on the first half of the previous year. The reduction in EBIT is due to: in addition to the factors outlined above, the allocations to the doubtful debt provision, with FY 2022 benefiting in fact from releases from the doubtful debt provision compared with the accruals made in the present period. Excluding the above outlined extraordinary items, H1 2023 EBIT increased Euro 60,542 thousand on H1 2022.

The net profit for the period was Euro 62,124 thousand, compared to Euro 164,029 thousand in H1 2022.

Revenues

Operating revenues in H1 2023 totalled Euro 334,413 thousand. Against H1 2023 revenues of Euro 253,325 thousand (net of public grants of Euro 144,101 thousand), an increase of Euro 81,088 thousand is reported, based on:

- higher **Aviation Revenues** (Euro 190,338 thousand), up Euro 41,530 thousand on H1 2022. This increase stems from the passenger transport business and particularly the greater capacity operated by airlines and the higher load factor. Cargo business volumes were however lower than the previous year, mainly due to the reduced capacity available, in part due to the conclusion of "preighter" flights.[9]
- Increase of Euro 38,571 thousand in **Non-Aviation Revenues** (Euro 135,940 thousand), due to the improved performances across all segments. In particular, the revenues of the shops at Malpensa airport rose significantly following the resumption of international flights, as did passenger parking management revenues. We in addition highlight the contribution of premium services as a result of the full operability of the VIP lounges at both airports, and the opening of the new premium lounge at Malpensa Terminal 1.
- Contribution of **General Aviation** (Euro 8,135 thousand), increasing Euro 987 thousand on the previous year as a result of the greater number of movements and improved commercial revenues, also due to the entry into service of the new Hangar ("Hangar X") at Linate.

Revenue for works on assets under concession increased from Euro 10,844 thousand in H1 2022 to Euro 15,583 thousand in H1 2023. These revenues refer to construction work on assets under concession increased by a mark-up representing the best estimate of the remuneration of the internal cost for the management of the works and design activities undertaken, which corresponds to a mark-up which a third-party general constructor would request to undertake such activities. This account is strictly related to investment activities on assets under concession.

[8] The regulatory provisions issued in 2022, and confirmed also for H1 2023, grant a tax credit to non-energy-intensive companies with electricity metres with a minimum capacity of 4.5 kWh and which have experienced a significant increase in cost per kWh compared to 2019.

[9] Flights with passenger aircraft used exclusively for cargo transport

Operating costs

H1 2023 operating costs, net of the grants to partially cover the increased energy costs, amounted to Euro 207,896 thousand and comprised:

- **Personnel costs** of Euro 86,964 thousand, increasing Euro 7,371 thousand on the previous year due to the conclusion of the social support schemes and higher salaries under the National Collective Bargaining Agreement. These effects were in part balanced by the reduction in the average workforce following the launch in H1 2022 of an early retirement plan.

  The average workforce in the period, comprising 2,524 Full Time Equivalent (FTE) staff, reduced by 87 (-3.3%) compared to 2022.
- **Other operating costs** of Euro 120,932 thousand rose Euro 6,891 thousand on the previous year, as a result of the increase in costs related to traffic volumes and the new operating costs emerging following the reopening of Malpensa Terminal 2. These increases were in part offset by lower energy costs, in view of energy commodity price movements and the energy saving initiatives introduced.

Costs for works on assets under concession

The costs for works on assets under concession amounted to Euro 14,704 thousand, compared to Euro 10,232 thousand for H1 2022. These costs refer to the costs for the works undertaken on assets under concession. This movement is strictly related to investment activities.

Provisions and write-downs

In H1 2023, provisions and write-downs report a net accrual of Euro 1,410 thousand, on the basis of Euro 1,290 thousand of net accruals to the doubtful debt provision (in 2022 a net release of Euro 6,888 thousand was made) and a net accrual of Euro 120 thousand (in 2022 a net accrual of Euro 60 thousand) to the risks and future charges provision.

The net accrual to the doubtful debt provision is related to a reassessment of the Company's risk, which reflects the expected loss on each receivable. The provision is stated net of the releases made as a result of the relative conditions no longer being applicable.

The accruals to the future charges provision mainly concern the Euro 190 thousand accrued for insurance deductibles.

Further information is available in Note 9.7 of the Condensed Consolidated Half-Year Financial Statements.

Restoration and replacement provision

In the first half of 2023, the net accrual to the restoration and replacement provision was in line with the same period of the previous year. The accrual of Euro 10,454 thousand in the first half of 2022 (Euro 10,812 thousand in the first half of 2022) reflects the assessments of the planned maintenance of the assets under the concession rights.

Amortisation and depreciation

Amortisation and depreciation was in line with the same period of the previous year, with a slight reduction of 4.1%, following the completion of amortisation and depreciation on certain assets, only partially offset by the increase in fixed assets, and amounted to Euro 31,193 thousand.

Investment income and charges

In H1 2023, net investment income and charges decreased Euro 3,443 thousand - from net income of Euro 8,765 thousand in 2022 to Euro 5,322 thousand in 2023, relating to the valuation at equity of investments in associates. The reduction in the result of a number of companies was due to the fact that in the first half of 2022 income was recognised based on the restoration provisions under both the "2021 Budget Law" for airport managers and airport assistance service providers, and the resolution of the Lombardy Regional Council for airports of national interest belonging to the TEN-T network.

Financial income and charges

Net financial charges in H1 2023 amounted to Euro 9,208 thousand, an increase of Euro 1,332 thousand on the first half of the previous year. This increase is mainly due to the higher interest expense on medium/long-term loans, impacted by the increased average cost of debt based on the rising interest rates, partially offset by the reduced amount of the average gross debt following the repayment (in certain cases early) of the term loans entered into between 2020 and 2021 to deal with the COVID-19 pandemic.

Income taxes

Income taxes amounted to Euro 21,384 thousand in the first half of 2023 (compared with Euro 6,749 thousand in H1 2022). Against a reduced pre-tax result, this represents an increase on the same period of the previous year, as the 2022 assessable income included items considered *ex-lege* as not subject to IRES and IRAP, such as the grant to airport operators under Article 1, paragraphs 715-719 of Law No. 178/2020 (2021 budget law) in order to deal with the economic impacts of the COVID-19 pandemic.

Discontinued operations net profit/(loss)

The Discontinued operations net profit/(loss), relating to the Malpensa Logistica Europa S.p.A holding, reported a net profit of Euro 775 thousand. The item includes, as previously indicated, the adjustment of the value of the investment in the company Malpensa Logistica Europa to the fair value at June 30, 2023.

Group Net Result

As a result of the dynamics outlined above, the Group's net result was a profit of Euro 62,122 thousand, a decrease of Euro 101,906 thousand on H1 2022 (Euro 164,028 thousand).

Reclassified Group statement of financial position

(Euro thousands)	June 30, 2023	December 31, 2022	Change
Intangible assets	946,496	939,793	6,703
Property, plant & equipment	158,172	142,994	15,178
Leased assets right-of-use	13,340	14,008	(668)
Investment property	3,399	3,399	0
Investments in associates	77,862	82,178	(4,316)
Other investments	1	1	0
Deferred tax assets	98,267	111,768	(13,501)
Other non-current receivables	60,495	60,496	(1)
Fixed assets (A)	**1,358,032**	**1,354,637**	**3,395**
Inventories	1,555	1,558	(3)
Trade receivables	141,536	122,628	18,908
Tax receivables	1,739	4,769	(3,030)
Other receivables	11,730	6,853	4,877
Current assets	**156,560**	**135,808**	**20,752**
Assets held-for-sale and discontinued operations	**7,400**	**0**	**7,400**
Trade payables	173,415	190,558	(17,143)
Other payables	223,812	290,727	(66,915)
Income tax payables	13,061	11,467	1,594
Current liabilities	**410,288**	**492,752**	**(82,464)**
Liabilities related to assets held-for-sale and discontinued operations	**0**	**0**	**0**
Net Working Capital (B)	**(246,328)**	**(356,944)**	**110,616**
Provisions for risks and charges (C)	(225,211)	(229,124)	3,913
Employee provisions (D)	(28,023)	(30,942)	2,919
Other non-current payables (E)	(3,898)	(6,590)	2,692
Net capital employed (A+B+C+D+E)	**854,572**	**731,037**	**123,535**
Group Shareholders' equity	(405,458)	(342,836)	(62,622)
Minority interest Shareholders' equity	(29)	(31)	2
Net financial debt [1]	(449,085)	(388,170)	(60,915)
Total sources of financing	**(854,572)**	**(731,037)**	**(123,535)**

[1] *Net financial debt or Net financial position (NFP) is the sum of liquidity, financial receivables and current securities, net of financial payables (current and non-current).*

Fixed assets of Euro 1,358,032 thousand increased by Euro 3,395 thousand over December 31, 2022, mainly due to: *i)* the amount of investments and amortisation and depreciation in the period, respectively of Euro 52,430 thousand (net of restoration provision utilisations) and Euro 29,898 thousand (amortisation and depreciation stated net of the IFRS 16 effect); *ii)* the reduction in leased assets rights-of-use, amounting to Euro 668 thousand at December 31, 2022; *iii)* the decrease in the value of investment in associates (Euro 4,316 thousand), which reflects the measurement at equity of these investments. The reduction is exclusively related to the reclassification of the carrying amount of the investment in Malpensa Logistica Europa to Assets held-for-sale following its sale in July 2023, as IFRS 5 does not provide for the reclassification of the comparative balance sheet, partially offset by the revaluation of other investments; *iv)* the reduction in net deferred tax assets of Euro 13,501 thousand.

Net working capital of Euro 246,328 thousand decreased Euro 110,616 thousand on December 31, 2022.

This movement is based on a range of factors. Current assets increased due to the increase in trade receivables, mainly as a result of the restart of business operations, in addition to other receivables which increased slightly, in particular receivables for dividends from associates. Short-term liabilities impacted working capital movement, with trade payables and other payables reducing, particularly as a result of the payment in June 2023 of the second tranche of the extraordinary dividend approved by the Shareholders' Meeting of September 30, 2019 of Euro 84,728 thousand. The second tranche was settled based on the Board of Directors' resolution which verified, as requested by the Shareholders' Meeting, the company's financial equilibrium. This reduction was only partially offset by the increase in the payables for surtaxes and the concession fee to the state, which highlights the resumption of operations.

Net working capital also includes Assets held-for-sale totalling Euro 7,400 thousand (zero at December 31, 2022), corresponding to the fair value measurement of the holding in Malpensa Logistica Europa, reclassified to current assets following its sale in July 2023.

Other non-current payables refer solely to the long-term portion of payables to employees and associated social security contributions, recorded as a result of the mobility procedure's commencement on September 28, 2022. Through the mobility procedure, early retirement incentive payments were established for a pre-determined number of workers who will qualify for (early or ordinary retirement) pension benefits by 2025.

Net capital employed at June 30, 2023 amounted to Euro 854,572 thousand, an increase of Euro 123,535 thousand over December 31, 2022.

The following table illustrates the principal components of Net Working Capital:

(Euro thousands)	June 30, 2023	December 31, 2022	Change
Inventories	1,555	1,558	(3)
Trade receivables	141,536	122,628	18,908
Trade payables	(173,415)	(190,558)	17,143
Other receivables/(payables)	(223,404)	(290,572)	67,168
Assets held-for-sale and discontinued operations	7,400	0	7,400
Liabilities related to assets held-for-sale and discontinued operations	0	0	0
Total net working capital	**(246,328)**	**(356,944)**	**110,616**

Net financial debt

At June 30, 2023, the net financial debt of Euro 449,085 thousand improved by Euro 60,915 thousand compared to December 31, 2022 (Euro 388,170 thousand). The increase is due to the payment of the second tranche of the extraordinary dividend approved in 2019 and previously indicated. The generation of operating cash in the period in fact fully funded the outlay for investments and partially that for the dividend.

ALTERNATIVE PERFORMANCE MEASURES

The SEA Group uses alternative performance measures (APM's) in order to provide information on the profitability of the business in which it operates and its financial situation more effectively. In accordance with the guidelines published on October 5, 2015 by the European Securities and Markets Authority (ESMA/2015/1415), and pursuant to Consob communication 92543 of December 3, 2015, the content and criteria for determining the APM's used in the present financial statements are set out below:

- EBITDA, gross operating margin or gross operating result is calculated as the difference between total revenues and total operating costs, not including provisions and write-downs, restoration and replacement provisions and amortisation and depreciation.
- EBIT or operating result is calculated as the difference between total revenues and total costs, including provisions and write-downs, restoration and replacement provisions and amortisation & depreciation.
- "Net financial debt" or "Net financial position" means liquidity, financial receivables and current securities, net of financial payables (current and non-current).
- "Net working capital" means the sum of inventories, trade receivables, other current receivables, other current financial receivables, tax receivables, other payables, trade payables and tax payables.
- "Net capital employed" means the sum of "net working capital", as defined above, and fixed assets, net of the personnel provisions, other non-current payables and provision for contingencies and charges.
- "Investments in property, plant and equipment and intangible assets" refers to investments net of the 6% remuneration as per IFRIC 12, the share of financial charges and other items of an exclusively monetary nature. Total investments do not include increases for the recognition of fixed assets IFRS 16.
- "Non-recurring components" means items arising from non-recurring transactions. Such items, in the management's opinion and where specified, may be excluded in the interest of better comparability and assessment of financial performance results. In this Directors' Report, some of the measures listed above are presented and described net of non-recurring components.

Finally, it should be noted that APM's have been calculated uniformly across all periods and are not to be considered as replacing the conventional measures prescribed in IASs/IFRSs.

SUBSEQUENT EVENTS

Sale of the investment in Malpensa Logistica Europa (MLE)

On July 4, 2023, SEA S.p.A. and BCUBE Air Cargo S.p.A signed the agreement for the sale of the minority holding in the company Malpensa Logistica Europa S.p.A., held until that date by SEA S.p.A..

OUTLOOK

In line with the first half of 2023, traffic volumes are expected to recover further in the second half of the year (in terms of passengers managed) compared to the pre-pandemic period. It is in particular expected that Linate airport will beat 2019's passenger volumes (excluding the months of the terminal's closure), while Malpensa airport is likely to be further impacted by the crisis and, in particular, by the delay in the resumption of inter-continental flights. Milan airport system passenger traffic is expected to be in line with or slightly below 2019 levels.

Cargo traffic, which in 2022 hit all-time highs, in 2023 contracted both in terms of volumes transported and the number of all cargo movements operated, although remaining well above pre-pandemic levels.

Finally, with regards to general aviation traffic, 2022's volumes are expected to consolidate in 2023, although with a greater share of the international traffic market. On an annual basis, a greater number of movements than 2019 and in line with 2022 is forecast.

SEA's operating and industrial environment over the coming months shall continue to feature a degree of uncertainty, although considerably less than in the past. These factors include the geopolitical environment (particularly the Russia-Ukraine conflict), energy costs movements and developments regarding inflation. Similarly to traffic volumes, also in this case the strong signals in the first half of the year point towards favourable developments for the second half.

In view of that outlined above, the SEA Group's H2 2023 results are expected to confirm the improvement seen in the first half of the year.

OPERATING PERFORMANCE - SECTOR ANALYSIS

Commercial Aviation

The Commercial Aviation business includes Aviation and Non Aviation operations: the former regards the management, development and maintenance of airport infrastructure and plant and the offer to SEA Group customers of services and activities related to the arrival and departure of aircraft, in addition to airport safety services.

The revenues generated by these activities are established by a regulated tariff system and comprise airport fees, fees for the use of centralised infrastructure, in addition to security fees and tariffs for the use of check-in desks and spaces by airlines and handlers.

The Non-Aviation business however provides a wide and segregated offer, managed both directly and under license to third parties, of commercial services for passengers, operators and visitors to the Airports, in addition to the real estate segment. The revenues from this area consist of the market fees for activities directly carried out by the Group and from activities carried out by third parties under license and of royalties based on a percentage of revenues generated by the licensee, usually with the provision of a guaranteed minimum.

This segment includes also income from warehouse, space and office rental to Cargo business operators, such as cargo handlers, transport companies and couriers.

General Aviation

The General Aviation business includes the full range of services relating to business traffic at the western apron of Linate and at Malpensa airport.

The main results of each of the above businesses are presented below.

	Commercial Aviation		General Aviation		Consolidated	
	H1		H1		H1	
(Euro thousands)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
OPERATING REVENUES	326,278	388,785	8,135	8,641	334,413	397,426
OPERATING COSTS	203,028	191,547	2,588	2,086	205,616	193,633
EBITDA	124,129	197,849	5,547	6,555	129,676	204,404
EBIT	82,359	162,397	4,260	5,501	86,619	167,898

Revenues, costs and margins include public grants from the State and the Lombardy Region in 2022 and the grants as partial compensation for the rising electricity costs in 2023.

The EBITDA shown above includes the IFRIC margin.

Commercial Aviation

Revenues

Commercial Aviation revenues in H1 2023 amounted to Euro 326,278 thousand, compared to Euro 388,785 thousand in the previous year. The latter included state and regional pubic grants of Euro 142,608 thousand, received in partial compensation of the losses incurred during the COVID-19 pandemic in financial years 2020 and 2021.

Net of these grants, segment revenues would amount to Euro 246,177 thousand, increasing Euro 80,101 thousand on 2022. The Aviation and Non-Aviation segments contributed to this increase, as described below.

Aviation Revenues in H1 2023 were up Euro 41,530 thousand on the previous year. This growth is due to the increased number of movements managed and the higher passenger load factor. The cargo business however reported a contraction on the previous year of Euro 3,094 thousand, due to the reduced capacity available, also as a result of the conclusion of the "preighter" flights.

Non-Aviation revenues in the period rose Euro 38,571 thousand on H1 2022. Specifically:

- The Retail segment (Stores, Catering, Car rentals and Banks) generated revenues of Euro 56,627 thousand in H1 2023, up Euro 20,435 thousand. This increase is due, in addition to the traffic growth, the increased number of international passengers, with a greater spending propensity, and the revenue management actions implemented.
- Parking business revenues, due to the increase in traffic and the recovery of airport operator activities, were up Euro 11,222 thousand, generating Euro 39,277 thousand.
- Premium Services segment revenues of Euro 12,076 thousand rose Euro 4,019 thousand due to the full operability of the VIP lounges at both airports, the opening of the premium lounge at Malpensa Terminal 1, in addition to the traffic recovery.

Operating costs

The operating costs of the **Commercial Aviation** business in H1 2023 amounted to Euro 203,028 thousand, benefiting from the public grants to partially offset energy costs for Euro 2,259 thousand. Net of this component, costs rose Euro 13,740 thousand compared to the previous year, due to:

- **personnel costs**, which increased from Euro 78,608 thousand in 2022 to Euro 85,851 thousand in 2023, with an increase of Euro 7,243 thousand. This increase is due to the conclusion of the use of the social security schemes and the salary increases under the National Collective Bargaining Agreement, only partially offset by the decrease in the average workforce as a result of the launch of the early retirement plan;
- **external costs**, which rose Euro 6,497 thousand on H1 2022, due to the increase in costs related to traffic volumes and the costs arising from the reopening of Malpensa Terminal 2, in part offset by lower energy costs.

EBITDA and EBIT

As a result of the developments outlined above, H1 2023 EBITDA was Euro 124,129 thousand (Euro 121,870 thousand net of non-recurring components).

Amortisation and depreciation and accruals to the restoration provision reduced on H1 2022 (-Euro 1,829 thousand).

Provisions for risks and charges rose on the previous year (+Euro 8,147 thousand). In the first half of 2022, releases relating to previous years were made from the doubtful debt provision.

Commercial Aviation business EBIT totalled Euro 82,359 thousand (Euro 80,100 thousand net of the non-recurring components).

Investments

The main Commercial Aviation business investments concerned maintenance and optimisation work on managed infrastructures and efforts to ensure compliance with the new rules or legal provisions, including:

- work to reopen Malpensa Terminal 2;
- extraordinary maintenance of flight infrastructures at Linate and Malpensa;
- modification of satellite B at Malpensa Terminal 1 to allow alternate Schengen/Non-Schengen use of the areas;
- extraordinary maintenance of cargo buildings;
- creation, at Linate and Malpensa, of the Entry/Exit System applicable to the European Union's Schengen area for passengers residing outside that area;

- creation of the new Smart Security lines at Linate and Malpensa to check the carry-on bags of outgoing passengers.

In addition to these achievements, in H1 2023 an area in front of Linate airport was purchased, partly for passenger parking use.

Other information

Destination development and co-marketing activities

In order to conclude commercial and marketing agreements to strengthen existing routes and develop new destinations, SEA continues to participate in Routes events, in partnership with the Lombardy Region, the Municipality of Milan, Sacbo and Enit, specifically Routes Asia held in February in Thailand and Routes Europe held in May in Poland.

Marketing support activities for airlines to organise events and develop communication initiatives for the launching of new routes were also stepped up.

New commercial activities

The duty-free segment reports even better results than in 2019, thanks to the return of American and Chinese passengers.

SEA is reacting to new consumer habits, including increased demand for catering and frequent use of VIP lounges (trends recorded at the European level) with new openings in H1 2023.

Of particular note is the completely renovated offering at Terminal 2, where a large duty free shop has been introduced and the range of catering has been upgraded with new arrivals and improvements to the existing establishments.

At Terminal 1, given the resumption of non-Schengen traffic, the Luxury Square has been improved with the opening of Hermés, while a number of new product types have been added. These include consumer electronics, which were previously only available in the Schengen area.

General Aviation

Revenues and Operating Costs

General Aviation revenues in 2023 amounted to Euro 8,135 thousand.

Net of the grants received in 2022, sector revenues were up Euro 987 thousand on the previous year. The increase was the result of the growth in traffic and the entry into operation of the new "Hangar X" at Linate.

Net of the non-structural benefit from public grants to partially compensate for higher energy costs (Euro 21 thousand), operating costs totalled Euro 2,609 thousand, an increase of Euro 523 thousand on 2022; this increase is attributable to the costs of managing higher traffic volumes.

EBITDA and EBIT

As a result of the developments outlined above, General Aviation business EBITDA was Euro 5,547 thousand (Euro 5,526 thousand net of non-recurring components).

Depreciation and amortisation increased on the previous year due to the entry into operation of the new Hangar X at Linate.

The EBIT was Euro 4,260 thousand (Euro 4,239 thousand net of the non-recurring components).

Investments

The main General Aviation business investments in H1 2023 concern the new Hanger X at Linate airport.

RISK MANAGEMENT FRAMEWORK

The creation of sustainable value for stakeholders cannot exclude taking risks, which is a fundamental component of doing business.

As airport operator, the SEA Group is exposed to a broad spectrum of financial and non-financial risks that could jeopardise the achievement of business strategies, should they occur.

In order to reduce exposure to such events, the Group adopted specific processes and procedures to safeguard airport safety and the quality of services offered, for the protection of tangible and intangible assets of interest to stakeholders and to ensure the long-term creation of value. The group has, in addition, introduced an Enterprise Risk Management (ERM) model in line with leading national and international best practices, for:

- homogeneous and cross-cutting identification/assessment of risks related to the performance of business activities that may be relevant in the context of business sustainability over the medium to long term;
- continuous monitoring of risks to support management's strategic and decision-making choices and assurance for relevant stakeholders.

The main risk factors are presented below.

External risks

External risks, deriving from factors outside of the control of the company, include changes in market conditions due to global socio-political, macroeconomic and competitive dynamics, in airline strategies, in applicable sector legislation and regulations, in passenger preferences, in technological development and climate change, in addition to extraordinary events (earthquakes, pandemics, volcanic eruptions, wars).

Russian invasion of Ukraine

The United States and the European Union's response to Russia's invasion of Ukraine in February 2022 was to progressively introduce economic sanctions, closing airspace and excluding some Russian financial institutions from international payment circuits.

These sanctions resulted in the suspension of traffic to and from Russia and Belarus at SEA-managed airports, a significant impact on energy markets and exacerbated global supply chain challenges caused by the pandemic.

The conflict continued into H1 2023, showing no signs of de-escalation. Looking ahead, there remains the risk that the conflict could escalate beyond Ukraine's borders and that the related framework of international sanctions could be tightened. Such outcomes would have economic and operational impacts on SEA through further airspace closures, worsening inflation and supply chain stress.

Air traffic development

COVID-19 outbreak

The WHO declared the pandemic over on May 5, 2023, and the relaxation of remaining travel restrictions and quarantine requirements continued. The WHO does not currently report any other diseases to watch out for.

The effects on traffic have been very positive. H1 2023 saw a marked recovery in traffic handled at the two airports. In some weeks traffic reached pre-Covid levels and a busy summer is expected in terms of passengers at the airports.

However, uncertainty continues to surround the potential emergence of new variants, which could hinder or slow down the recovery of traffic to pre-pandemic levels, particularly with regard to long-haul flights.

Airline strategies

The review of airline strategies, such as, for example, changes to the network of routes operated or capacity reduction - also stemming from general economic issues - may lead to changes in flights at SEA Group airports.

The volume of passenger traffic and cargo in transit at the Linate and Malpensa airports represents a key factor in the results achieved by the SEA Group. Any reduction or interruption to flights by one or more airlines may have an impact on Group operations and results.

In particular, the default of one or more airlines operating out of the Group's airports could have a negative impact on traffic recovery.

SEA closely monitors the economic-financial situation of carriers operating at both airports, with the aim of identifying potentially critical situations in advance and intervening promptly to minimise the Group's exposure to a default event.

Development of the regulatory framework and applicable rules

SEA Group activities, as is the case for all Italian Airport Managers, are subject to a high level of regulation which impacts in particular the establishment of fees concerning services offered (airport fees, security control fees, fees for the use of common use assets and centralised infrastructure for handling services), the allocation of slots and the control of air traffic.

The development of SEA's specific regulatory framework with reference, for example, to the tariff profile, concession rules and Bilateral Agreements between States, may impact Group results.

SEA constantly monitors the activities of national and European aviation authorities and actively participates in technical industrial association roundtables in order to promptly act to ensure compliance with all legislative and regulatory changes.

The Group's activities are also subject to a wide range of environmental, health, safety and planning laws.

Any new law and/or regulation, at European or Italian level, could have an impact on costs for the Group or its customers.

In particular, the new binding provisions on environmental policies in application of the "European Green Deal" and "Fit for 55" package adopted by the European Commission may impact costs in the air transport sector and lead to a reduction in traffic and/or profitability.

The SEA Group is committed on many fronts to sustainability, having implemented direct and indirect initiatives to reduce emissions, in line with the airport sector's best practices. SEA formalised this commitment in its Sustainability Plan, which was approved in January 2023.

New tariff models

With Resolution No. 38/2023 of March 9, 2023, the Transport Regulation Authority (ART) approved the new airport fee regulation models. There is still some uncertainty surrounding the models themselves and the timeline for their implementation.

Operating and business risks

Operating and business risk factors are strictly related to the performance of airport activities. These relate to the design and implementation of airport infrastructure maintenance and construction investments, to the interruption of business processes, due, for example, to strikes, natural events, malfunctions, safety and security events affecting assets and worker health and safety events, to impacts on the quality of offered services, and to IT issues, organisational and environmental issues.

These factors may affect short to long term performance.

Activity and Service Interruptions

Interruptions in activities and services may be generated by a wide range of events of more or less prolonged duration, giving rise to various impacts on airport operations and Group economics. Critical impacts on the Group's business may be caused by long-lasting exceptional events, such as pandemics, wars, volcanic eruptions, that may lead to a more or less extensive collapse in the demand for air transport, also due to consequent regulatory changes.

Company activities could also be interrupted by a strike by third-party employees working at the airport, by personnel dedicated to air traffic control services, or by public emergency service operators; the incorrect and non-punctual provision of services by third parties; adverse weather conditions (snow, fog etc.).

Possible operational disruption caused by frequent strikes in France and Germany is still being monitored closely.

Safety & security

Passenger and employee safety is a central concern to which the Group pays utmost attention in its day-to-day operational and management activities. It does this through effective preventive measures aimed at continuous improvement and the promotion of goals, responsibility and results awareness throughout the company and among all parties operating at its airports.

In terms of aviation safety, the Group's Safety Management System, which is also validated and controlled by the Italian Civil Aviation Authority (ENAC) and by the European Union Aviation Safety Agency (EASA), maintains the highest levels of safety and service quality, as formalised in the Safety Management System Manual.

Information Technology

The increasing aggressiveness and pervasiveness of cyber attacks on a global level, also following the escalation of the Russia-Ukraine conflict, and new Digital Trasformation technology initiatives involving the SEA Group may, by their particularly critical nature, increase the risk of vulnerability of airport information and technology systems.

SEA pays great attention to the protection of its IT systems and telecommunications infrastructure from unauthorised access and cyber attacks that may cause the temporary suspension or hindering of operational services.

SEA carries out periodic system vulnerability and penetration testing using cutting-edge technologies and methodologies, periodic audits to maintain the ISO 27001 certification, and has defined a Cyber Risk procedure to monitor all corporate technical and behavioural security issues.

Compliance activities also continued in the first half of 2023 to ensure the SEA Group is included in Italy's National Cyber Security Perimeter.

Supplier Reliability

Any bankruptcy or operational difficulties of individual or difficult-to-replace suppliers may have an impact on the Group in operational and economic-financial terms.

The Group has a structured supplier qualification and performance monitoring system in place, set out in a specific policy, which allows for the ongoing monitoring of the financial buoyancy of suppliers and minimises the related risk exposure.

People shortage

The outbreak of the pandemic highlighted the Aviation sector's vulnerability to external factors.

Airlines, in particular, were forced to reduce their workforce to cope with the steep drop in flying activities and margins. The difficult situation created by the pandemic and the global economic crisis has led skilled personnel to rethink their priorities and seek more secure workplaces.

With traffic levels rising more quickly than expected, airports and airlines have had to guarantee business continuity despite ongoing staff shortages. Airlines have had to reduce capacity and make mass cancellations, while airports have had to deal with operational disruptions and long passenger queues at check-in desks and security.

The SEA Group's airports have managed to cope with the disruption while minimising its impact on operations. However, the Group must closely monitor the phenomenon, which could continue into H2 2023.

Financial Risks

Financial risks are associated with various factors, such as interest rate changes, the conditions of capital market loans affecting planned investments, the availability of financial resources, counter-party financial defaults, non-fulfilment of obligations assumed by commercial counter-parties and fluctuations in commodity prices.

The management of financial risks is carried out by the Parent Company which identifies, evaluates and implements actions to prevent and limit the consequences of the occurrence of the aforementioned risk factors.

Credit risk

Credit risk represents the exposure of the SEA Group to potential losses deriving from the non-compliance of obligations by trading partners. This exposure is largely - but not exclusively - related to the deterioration of a financial nature of the main airlines which incur on the one hand the effects of the seasonality related to aviation operations, and on the other consequences of geopolitical events which impact upon the air transport sector (wars, epidemics, atmospheric events, rise in oil prices and economic/financial crises).

In order to monitor this risk, the SEA Group has implemented procedures and actions to monitor the expected cash flows and recovery actions.

The company has carefully managed each critical situation, defining and signing payment plans with airlines and operators in order to contain as much as possible non-payments and support customers in times of difficulty.

Trade receivables are reported in the financial statements net of any write-downs which are prudently made with differentiated rates on the basis of the risk ratio assigned to each client using a classification based on the rating class and credit expiry class (for the calculation method of doubtful debt provision, reference should be made to paragraph 4.1 of the explanatory notes to the consolidated half-year report).

Liquidity risk

Liquidity risk for the SEA Group arises where the financial resources available are not sufficient to meet financial and commercial commitments within the agreed terms and conditions.

The liquidity, cash flows and financial needs of the SEA Group are managed through policies and processes with the objective to minimise the liquidity risk. Specifically, the SEA Group:

- centrally monitors and manages, under the control of the Group Treasury, the financial resources available, in order to ensure an efficient management of these resources, also in forward budgeting terms;
- maintains adequate liquidity in treasury current accounts;
- obtains committed credit lines (revolving and non), which covers the financial commitments of the Group in the coming 24 months deriving from the investment plans, operating needs and contractual debt repayments;
- monitors its liquidity position, in relation to the business planning, in order to guarantee sufficient coverage for requirements in future years.

For further information, see paragraph 4 "Financial risk management" of the Explanatory Notes to the Consolidated Half-Year Report.

Legal and compliance risks

Legal and compliance risks are related to compliance with internal policies and regulations (e.g. personnel conduct not in line with the company's ethical values, failure to respect delegated powers), with the SEA regulatory context (e.g. failure to comply with concession or environmental regulations), and applicable general laws and regulations (e.g. failure to comply with privacy and data protection legislation). Such risks may generate penalties that have an impact on the Group's reputation.

The internal checks and corporate procedures in place make the likelihood of non-compliance with the aforementioned regulatory framework minimal.

MAIN DISPUTES OUTSTANDING AT JUNE 30, 2023

Action brought by ATA Handling

In May 2015, ATA Handling in liquidation and subject to administration notified SEA SpA and the Municipality of Milan of a citation, by which ATA Handling, referring to the decision of the European Commission of December 19, 2012 concerning alleged State Aid in favour of SEA Handling, requested compensation for damages suffered as a result of the above-stated aid, issued in the form of share capital increases, alleging that such gravely affected ATA Handling's operations: it was alleged in fact that SEA Handling through the systematic coverage of losses applied significantly lower tariffs than those which would have been applied in the absence of such aid. It was put forward that ATA Handling was forced also to apply lower tariffs than would have been applied in an undistorted market and on the other that ATA Handling was prevented from acquiring a greater market share.

This situation, it was alleged, restricted ATA Handling from operating under balanced conditions and led to its liquidation. In September 2013 and, for a second time in July 2014, ATA Handling requested compensation for damages due to alleged State Aid, although both these requests did not receive a response and therefore ATA Handling notified the citation, quantifying damages, through a differential analysis of two situations (SEA Handling with share capital increases and SEA Handling without share capital increases), as Euro 93.1 million. SEA has already produced the documentary evidence disproving the charge of predatory pricing. ATA Handling then challenged jurisdiction before the Supreme Court of Appeal, asking the latter to rule on whether jurisdiction for damages pertained to the regular courts or to the administrative courts. The Supreme Court of Appeal ruled that the regular courts had jurisdiction, and the case was then referred to the regular courts for a decision on the merits.

Once jurisdiction of the regular courts had been ruled, ATA Handling moved for resumption of the trial before the court which, as it still had no decision from the Court of the European Union, firstly adjourned the case until April 2018 and subsequently to July 2018, and then further moved the hearing to January 22, 2019.

During this hearing, the Court noted the filing of the EU Court's decision and then set deadlines for the filing of submissions pursuant to Art. 183, paragraph VI of the Code of Civil Procedure, deferring the case for the discussion on the preliminary motions to the hearing of May 22, 2019, whereupon it withdrew to decide the case on the basis of the preliminary motions. Following the dissolution of the reserve, the Judge scheduled conclusions on preliminary objections for the hearing on May 6, 2020 and then, following an *ex officio* deferral, to September 9, 2020. The parties proceeded to file their closing briefs on November 30, 2020 and the Judge withheld the case for decision.

In light of the content of the EU Court's ruling, which rejected the Municipality's complaint with regard to the Commission's decision on the existence of State Aid, the automatic application of this investigation within the framework of our law remains in any case contentious, as is, above all, the existence of a casual link between the circumstances ascertained by the Commission and the damage alleged by the plaintiff company, as well as the quantification of said damages.

With a Court Order dated November 30, 2021, the Judge appointed an expert witness to reconstruct the ground services sector in operation at the Milan airports between 2002 and 2011, verifying the entities operating there, the nature of the services provided, and any other relevant factors in order to determine their influence on the formation of service prices. The expert witness was also tasked with analysing the feasibility of the arguments put forth by ATA and the plaintiffs in support of their claims for damages, formulating conclusions on the existence and extent of the damage.

At the hearing held on January 18, 2022 to swear in the expert witness, the deadlines for filing appeals were also defined, and the deadline for filing the final report was set for July 25, 2022.

The hearing for the discussion of the report filed by the expert witness was held on September 20, 2022. After the expert witness provided an opinion that was favourable to SEA, the plaintiff requested that the witness either revise their findings or provide additional information regarding alternative scenarios or a specific method for assessing damages. SEA objected, as did the Municipality, stating that the expert witness had correctly answered the Judge's questions, since the burden of proof as to whether and how much (is due) and the causal link lay with the plaintiff. The Judge reserved their decision. Partial dissolving the reservation, they then set deadlines to file closing arguments and the parties did so in June 2023.

Whilst considering the possible risk, the Directors of the Parent Company did not apply specific provisions in view of the above observations. For the purposes of possible provisions, any negative developments, which to-date are neither predictable nor definable, will undergo a consistent assessment on the outcome of the additional and more in-depth technical assessments that are underway.

Action brought by Emilio Noseda before the Court of Buenos Aires

In 2005, an action was filed against SEA by Mr. Emilio Noseda before the Court of Buenos Aires to compel fulfilment of alleged commitments made in 1997 by SEA to Delta Group S.A., a Uruguayan company of which Mr. Noseda had been legal representative. Delta Group S.A. supported SEA's tender for the Argentine airports concession.

Mr. Noseda, as assignee of Delta Group's rights, sought a judgement ordering SEA to:

- transfer 2% of the shares of AA2000 against payment of their current market value;
- compensate Delta Group for the loss of chance it sustained because it was unable to resell the shares during the time when their value was greater than the price then paid (USD 2 million). No damage amount was specified.
- compensate Delta Group for the expected profit that failed to materialise because Delta Group was not awarded concessions at three Argentine airports. No damage amount was specified.

Once the evidentiary stage of the trial had ended, we awaited the announcement of the judgement. A new judge was appointed. Noseda requested legal aid, which was granted. SEA then proposed a settlement in the amount of USD 500,000 which was rejected. Noseda demanded the amount of USD 3.5 million plus court costs.

On December 30, 2016 Commercial Court No. 2 of Buenos Aires entered judgment, which was served on February 2, 2017, dismissing Mr. Noseda's action to compel fulfilment of the aforesaid commitments made in 1997, and ordering him to pay court costs. Mr. Noseda appealed against the judgment. The case is now waiting to be transferred to the Court of Appeal and will remain suspended pending the appearance in court of the heirs of one of the third parties summoned by the court. In addition, the Argentine courts have been closed for six months due to the pandemic.

The case was sent to the Court of Appeal and the appellant filed its appeal. On December 14, 2021, the Buenos Aires Court of Appeal upheld the first instance ruling, rejecting in full the claims made by Mr Noseda/the Delta Group. The appeal court judgement, which ruled in favour of SEA, has since become final; the legal and related expenses (totalling 30 million Argentinian pesos) have not yet been allocated. This amount should be borne by the losing party, who, however, appears to be in receipt of poverty benefits. The lawyers appointed by SEA in Buenos Aires, aware that the latter has assets that can be seized in Uruguay, where he has relocated, filed to have said claim revoked. Once Mr Noseda has disclosed his true financial situation, he will have to pay the amount ordered by the Court.

In its financial statements, SEA posted an adequate amount as a provision for risks and charges to cover the risk.

Ruling on fees for fire-fighting services

The law of 27/12/2006 no. 296 (2007 Finance Act) article 1, paragraph 1328, established a fire-fighting fund financed by airport companies in proportion to the traffic generated by each, in the amount of Euro 30 million a year, in order to reduce the State's expenses for the fire-fighting service provided at airports by the National Fire-Fighting Service. However, as a result of the entry into force of the provisions of paragraph 3 bis of article 4 of Legislative Decree 185 of 29.11.2008, introduced with the Conversion Act of 28/1/2009 no. 2, the resources of the fund were also allocated to purposes completely unrelated to those initially envisaged by the 2007 Budget.

SEA objected, alleging unlawfulness, and challenged the law both before the Regional Administrative Court and before the regular Court of Rome.

Over the years considerable case law has accumulated, some of which has become final. All judgments have found that "the tax was instituted by the law as a tax earmarked for a specific purpose". Until now the courts have also observed that ever since law no. 2/2009 entered into force, all monies in the fire-fighting fund have been allocated to cover costs and purposes totally unrelated to those initially intended, namely that of reducing the costs incurred by the State for fire fighting services at airports.

It should be noted that the following provision was added to the Stability Act of 2016, which came into force on January 1, 2016:

"Article 39-bis, paragraph 1, of the Decree-Law of October 1, 2007, no. 159, as converted with amendments by the law of November 29, 2007, no. 222, after the words: 'of the law of December 24, 2003, no. 350' the following words are inserted: 'and of fees charged to airport operating companies for fire-fighting services at airports, pursuant to article 1, paragraph 1328, of the Law of December 25, 2006, no. 296'."

The amended law redefines the contribution to be paid to the fund as consideration for the service rendered by the fire brigade, in order to eliminate the objections concerning the nature of the tax that were raised by airport operators and to return the matter to the jurisdiction of the regular courts, notwithstanding the judgments previously entered on this issue. By a judgment published on January 26, 2018, the Court of Rome ruled that the regular courts have no jurisdiction and that the case must revert to the Tax Commission.

The Supreme Court of Appeal, by order 27074/16, applied to the Constitutional Court for review of the constitutionality of this provision.

On July 20, 2018, the judgement of the Constitutional Court of July 3, 2018 was published declaring the unconstitutionality of Article 1, paragraph 478 of Law No. 208 of December 28, 2015 implementing "Provisions for the drawing up of annual and multi-year budgets of the State (2016 Stability Law)".

The aforementioned provision established that the fees charged to airport management companies for fire-fighting services at airports, as per Art. 1, Paragraph 1328, of Law 296 of 2006, are not subject to taxation.

The established taxation status of the fire-fighting fund and the condition of exclusive tax jurisdiction were subsequently confirmed by the Court of Cassation on January 15, 2019.

In relation to appeals by various management companies, the Tax Judge has, on several occasions, ruled that, in consideration of the regulatory assumption establishing the Fire-fighting Fund, with a view to reducing airport fire-fighting service costs borne by the State, the applicant companies are not required to pay anything for purposes other than the activation and use of the fire brigade service for the sole benefit of protecting airports.

In its latest judgement, No. 2517 of February 20, 2019, the Tax Commission recognised the external and ultra-annual effectiveness of the judgement in relation to other companies not directly referenced in the judgment.

In SEA's appeal to the Lazio Regional Administrative Court, the Administrative Judge also ruled in favour of the jurisdiction of the Tax Judge in the judgement issued in December 2019. SEA served the notice of resumption of the proceedings before the Tax Judge in order to assert the validity of the aforementioned rulings against it.

On May 24, 2022, judgement No. 6230/2022, issued by the Rome Provincial Tax Commission, was filed, settling the appeal brought by SEA concerning the contributions it made to the Fire-Fighting Fund at its airports. The judgement fully upheld SEA's defending arguments and annulled ENAC's provision, which had previously been communicated to the Ministry for Infrastructure and Transport and determined the contributions to be made to the fire-fighting service, established pursuant to Article 1, Paragraph 1328 of Law No. 296 of December 27, 2006. After having identified the tax in question as being "earmarked for a certain purpose", the Judicial Panel ruled that pursuant to Article 4, Paragraph 3 of Legislative Decree No. 185/2008, the purpose constraints legitimising the original tax and obliging airport companies to pay some of the costs owed to firefighters had been broken, resulting in the improper use of resources that had originally been earmarked for other purposes, specifically the payment of general firefighter allowances". Considering the above, the contested ENAC provision - which put the burden to pay the costs on airport management companies - was ruled unlawful and thus annulled.

With a claim filed on August 30, 2022, the Public Bodies appealed this judgement. SEA subsequently filed its counterclaims on October 28, 2022. We are still awaiting the judgement.

With regard to the civil case pending in the Court of Appeal, the hearing for closing arguments originally set for May 19, 2023 was rescheduled for November 8, 2023.

Update on judgement 7241/2015 of the Civil Court of Milan concerning airport fees

On January 26, 2017, the Milan Court of Appeal upheld trial court ruling 7241/2015 of the Court of Milan ordering the Ministry of Transport to compensate SEA for Euro 31,618 thousand in addition to revaluations according to the ISTAT [cost of living] indices and interest at the legal rate. An enforceable copy of the judgment was served on the Ministry and the Prosecutor's Office in February 2017. On April 14, 2017, the Ministry of Transport appealed to the Supreme Court of Appeal, reiterating the grounds stated in the appeal without any substantial change.

SEA on June 9, 2017 filed at the Court of Appeal: A response and a cross-appeal. By Order No. 9406/2023 of the Supreme Court of Appeal published on April 5, 2023, the Court declared the Ministry for Infrastructure and Transport's appeal inadmissible, making the above judgement of the Milan Court of Appeal of January 26, 2017 final. Following the request, discussions began with the Ministry to agree on how and when to pay the amounts requested under the Supreme Court's ruling, in addition to the additional amounts related to the non-adjustment of ISTAT for the years after 2005.

Fuel royalties dispute

In 2013, in separate cases, Alitalia S.p.A. in administration and Volare sued Exxonmobil, Tamoil Italia spa, KAI, Q8, and Total, claiming to have paid sums that were not due to the companies summoned, by way of airport fees.

The defendants appeared in court and contested the plaintiff's request. They also asked and received approval to hold harmless SEA and other airport operators as alleged recipients, albeit indirectly, of the fees that are the subject of the dispute in relation to the sums paid by the plaintiff to the oil companies, which the latter then paid to SEA.

SEA entered an appearance in the proceedings and contested the claims on various bases of a preliminary nature (invalidity of the summons, absence of the defendants' active legitimacy to bring the claim, lapse of time) and based on their merits. In particular, SEA's defence against the defendants' claims, with specific reference to the post-2005 period, were primarily based on having correctly applied a specific ENAC note issued in 2009 concerning the refuelling fees.

However, more recently, it has emerged that i) in a case unrelated to those in question, the aforementioned ENAC measure, on which a large part of SEA's defence was based, was annulled by the competent court, and ii) SEA's sentencing at first instance was announced with a ruling in December 2021, whereby the judge partially accepted Exxon's request to be held harmless against SEA for Euro 3,730 thousand, in relation to the initial request for around Euro 13 million, against which SEA has filed an appeal.

In this regard, we note that this ruling is in line with the partial sentences already issued by the Court of Milan, but contradicts the conclusions reached by the judge in the proceedings between SEA and Q8. In those proceedings, (i) Alitalia's claims for supplies up to August 12, 2013 were declared time-barred; (ii) the claims for the remaining portion were rejected; and (iii) Alitalia was ordered to cover the costs of the proceedings and all of the costs of the expert witness. An appeal is also pending in this case.

It should be noted that in March 2022, the Milan Court of Appeal rejected Alitalia's claim against Tamoil, Total, and KAI, with which SEA had been ordered to indemnify its share of the judgement. Alitalia was also ordered to pay the legal expenses for first instance and appeal, in addition to the costs of the expert witness.

Since the risk is still assessed to be probable, the company has maintained an appropriate provision in its balance sheet.

Bankruptcy of Ernest S.p.A. and consequent revocatory bankruptcy action

Following the carrier's declaration of bankruptcy with the Court of Milan with judgement No. 556/2020 of November 23, 2020, SEA was implicated in the bankruptcy proceedings. On June 9, 2021, the statement of affairs was filed, showing that SEA was liable for the full amount, excluding the recognition of privilege. In April, a notice was received from the bankruptcy administrator requesting reimbursement of the payments made by the bankrupt party in the "suspect period", which amounted to Euro 1,005,018.68. This request was rejected in its entirety and SEA contested the lack of proof of the existence of objective and subjective elements, i.e., knowledge of the debtor's insolvency in terms of revocation pursuant to Article 67, Paragraph 2 of the Bankruptcy Law. In June 2022, SEA was served with a summons to annul the above payments.

To mitigate the bankruptcy rescindment brought by the party in bankruptcy, SEA and the Receiver reached a Settlement Agreement. SEA paid the agreed amount in February 2023 and the parties consequently terminated the proceedings. By order dated March 21, 2023, the judge ordered the case to be removed from the register, and the case was dismissed.

Dispute regarding the transfer of employment contracts

Following the transfer of the business unit engaged in "non-business specific" information and communication technology activities to the company Airport ICT Services S.r.l., a number of the transferred personnel challenged the contract transfer as lacking the necessary individual consent. SEA appeared in court and argued the genuine nature of the business unit and the consequent transfer of the employee contracts to the new Group company, which does not require a declaration of acceptance by the personnel. At the same time, SEA, pursuing a conciliatory approach, has set aside an appropriate amount in its financial statements. To date, the conciliatory proposal has been challenged by a limited number of workers, and the litigation process has continued before the Court of Milan in three different cases assigned to different Judges. The next hearings are scheduled for October.

Tax Agency - VAT assessment notices

The local customs office at Linate and Malpensa airports audited SEA to ascertain whether excise duty had been correctly paid on the electricity used to operate Linate and Malpensa airports. As a result of this audit and of the notes, on November 16, 2016 and August 9, 2017, SEA received service of five assessment notices for the years between 2011 and 2015 concerning the VAT profiles in the matter. An appeal against these notices was lodged with the Milan Provincial Tax Commission, which ruled in favour of the Tax Agency and, subsequently, another appeal was lodged with the Lombardy Regional Tax Commission. This, by contrast, ruled in the Company's favour, accepting the defence put forward and simultaneously annulling all tax measures. The Regional Tax Commission's rulings were further challenged by the Tax Agency, which, on January 30, 2020 and May 3, 2021 notified the company of its filings with the Supreme Court of Appeal. The parties are currently waiting for the hearings to be scheduled at the Supreme Court.

Tax Agency - Notice of assessment for registration tax

Several assessments were received for registration tax relating to the application of the tax on the refund of sums as ordered in the judgements entered by the regular Court of Milan. The Company objected to the Tax Agency that the tax had been mistakenly applied as a proportional tax instead of at a flat rate. The tax assessment notices served to date have resulted in a drawn-out tax dispute that has so far seen the court rule in the Company's favour in both the first and second instance, as well as in the Supreme Court of Appeal, and the underlying case closed on eleven occasions.

Despite the consistently unfavourable judgements against it, the Tax Agency continues to maintain that it acted correctly by taxing in a proportional, rather than fixed, measure, such that, in addition to the definitively concluded situation referred to above, six other settlement notices are still pending in litigation. For these case, the respective hearings before the competent Tax Commissions in the first and second instance are awaited.

Other disputes

Extraordinary Administration Procedure of Alitalia SAI S.p.A. pursuant to Article 2, paragraph 2 of Decree-Law No. 347/2003

The decree of the Ministry of Economic Development of May 2, 2017 declared the opening of Alitalia SAI S.p.A.'s extraordinary administration procedure pursuant to Article 2, paragraph 2 of Decree-Law No. 347/2003 ("Alitalia in Extraordinary Administration Procedure 2017").

On December 5, 2017, SEA filed a claim in the amount of Euro 41,050,979.58, of which Euro 9,622,397.82 to be allocated as a pre-deduction.

On December 4, 2019, the Administrators filed the partial statement of liabilities, according to which, after ascertaining the payment by Alitalia of most of the receivables lodged under pre-deduction, they formulated a proposal to admit the liability of the SEA receivable for an amount equal to Euro 30,789,279.36, with the exclusion of the amount of Euro 731,454.80, of which Euro 660,227.50 relating to surcharges and Euro 71,227.30 relating to various invoices, subject to dispute; SEA did not consider it necessary to file observations on this proposal.

With a court order dated November 30, 2020, the delegated Judge ordered the appointment of an expert to determine the exact amount of senior debt abstractly imposed on each aircraft owned by Alitalia at the date the case was opened, assigning creditors a term to appoint an expert witness.

On June 17, 2021, the Experts' Report was filed which defines the exact amount of senior debt for SEA as Euro 126,263.43. The report also includes a series of observations and objections by the various expert witnesses (CTPs) (including SEA's CTP) regarding the criterion used to identify the aircraft owned by Alitalia. On February 6, 2023, the Appointed Judge confirmed the draft state of the liabilities was declared executive.

After reaching a settlement with Alitalia in administration in July 2022, a second application for the submission of claims related to further claims in pre-deduction (after May 2, 2017) was submitted on November 29, 2022. The claim amount is Euro 5,617,156.56 (of which Euro 5,190,705.50 pertains to additional fees). However, a date for the hearing to examine the claim has not yet been scheduled.

It should be noted that lodged claims include surtaxes on boarding fees amounting to Euro 11,363 thousand for which SEA acts as a withholding agent. These have a corresponding debt entered as a liability toward Institutions (INPS and Ministry of the Interior) for which the carrier is the debtor. No specific doubtful debt provision has been set up. The remaining receivables related to the procedure were fully written-down.

OTHER INFORMATION

Customer Care

The SEA Group has identified service quality and passenger satisfaction as strategic priorities for its growth and business success, and has therefore set itself the objective of achieving excellence with regard to passenger experience by adopting an approach geared towards the continuous improvement of service quality, including during the pandemic.

The aim is to offer passengers and operators a safe environment and a modern, dynamic, hi-tech and pleasurable experience, distinctive features of Milan and the Lombardy Region as a whole, to which the city's airports are a gateway.

Service quality management

SEA has equipped itself with a quality system, which allows the Group to make choices regarding the revision of processes and the implementation of new services. With a view to continuous improvement, SEA is always very attentive to passenger needs. The Group employs listening tools to better understand the various types of passengers so that it can anticipate their needs and provide a better customer experience.

The management of service quality is guaranteed through an intricate system that includes:

- the measurement of perceived quality, through interviews with a statistically significant sample of departing and arriving passengers and through specific survey methods, including online surveys;
- the measurement of quality provided, through specific indicators relating to primary operational services;
- benchmarking, which enables comparison with and access to a network of leading international airports through the international ACI ASQ programme promoted by the World Association of Airports (of which SEA is a member);
- service certifications and audit plans, which ensure the concrete application of methodologies for the effective and efficient management of airport processes and services.

In H1 2023, the aforementioned activities were supplemented with new and revised methodologies that allowed for a more in-depth evaluation of SEA's capacity and potential to provide ever-improving performance levels.

Data from these evaluations are shared with key stakeholders and ENAC during committee meetings on the regularity and quality of airport services. They are also analysed by working groups to identify appropriate improvement actions.

Most of the objective checks and surveys are summarised in the Service Charter, in accordance with the regulations enforced by the Italian Civil Aviation Authority (ENAC). Among other matters, the Service Charter defines the passenger service standards that SEA is committed to achieving and also summarises the main information regarding services offered at the airports.

SEA also renewed its membership of the ACI ASQ programme for 2023. Internationally, this has reported a gradual increase in the number of participating airports after a fall during the pandemic.

The programme enables a comparison with the world's leading airports, particularly those in Europe and Italy. Passenger satisfaction at Malpensa and Linate airports have improved steadily over the years. H1 2023 confirms the trend of improvement at Milan's airports, which are at average European levels, with Linate recording especially positive performance.

ACI ASQ Overall satisfaction

H1 2023 consolidated figures

Passengers particularly appreciated the security services, which have been made simpler and more user-friendly. The restyling of the toilets, which continued into 2023, has resulted in aesthetic and functional improvements and was also very positively received by passengers.

The need to take measures to contain and combat COVID had already encouraged research into and the adoption of important technological solutions, which will continue to be developed to make passenger travel within our airports safer and more relaxing. Specifically, these technologies include:

- the latest EDS-CB machines (Explosive Detection System for Cabin Baggage) at both Linate and Malpensa Terminal 1 ("smart security"), which use CT technology to detect explosives in hand luggage, eliminating the need for passengers to separate liquids and electronic devices, reducing waiting times and making security checks safer and faster.
- FaceBoarding, available at Linate for ITA Airways passengers to Rome Fiumicino and for SAS - Scandinavian Airlines passengers travelling to Stockholm Arlanda. FaceBoarding is a Biometric Passenger Journey (BPJ) system which, by detecting a passenger's face, means they do not need to show paper documentation at any point of their airport journey, from security screening procedures to boarding.
- The Entry Exit System (EES) project, which electronically registers the entry and exit of third-country nationals in the Schengen area, automatically calculating the length of their stay. By digitising certain processes, this European Commission project enables modernised and automated border management, increased security and more efficient border controls. SEA is preparing to facilitate new activities at border control before the system goes live, installing kiosks at Linate and Malpensa where passengers will register with the Central European System.

SEA also offers quick, easy, and complimentary Wi-Fi services, along with charging points in the primary waiting areas.

Confirming its commitment to disability issues, SEA has also launched a collaboration with trade associations for the rights of disabled people in order to create the conditions to also improve the passenger experience of this type of user. The collaboration will be supported by experts with extensive and proven experience and people with disabilities, who can verify the effectiveness of services.

The environmental dimension

The SEA Group is committed to combining the fundamental value of protecting our environmental heritage with development. The airport business environmental and energy policy reflects SEA's renewed commitment to address sustainability over the coming years through the adoption of the guidelines identified by the European air transport industry. SEA obtained ACA4+ certification in 2021.

Note that from November 2020 the Airport Carbon Accreditation programme includes an additional level of accreditation to expand the opportunities for airport operators to demonstrate their commitment to reducing absolute greenhouse gas emissions. The four current levels of accreditation are:

- **1 Mapping** - Mapping of emission sources under the direct control of the airport operator and calculation of resulting CO_2 emissions.
- **2 Reduction** - In addition to the level 1 (Mapping) requirement, creation of an emissions reduction plan focused on the ongoing rationalisation of emission levels (scope 1 and scope 2).
- **3 Optimisation** - in addition to level 1 (Mapping) and 2 (Reduction) requirements, the calculation of the airport emissions of the stakeholders and their involvement in the drawing up of an action plan (scope 3).
- **3+ Neutrality** - In addition to levels 1, 2 and 3, achievement of the CO_2 neutrality goal for emissions under the direct control of the airport operator (scope 1 and scope 2) with the purchase of carbon offsets.
- **4 Transformation** - The additional level has been introduced to commit member airports to the absolute reduction of scope 1 and 2 emissions according to a trajectory that must still achieve the "net zero" objective by 2050. Commitments relating to scope 3 have also been strengthened through the adoption of a specific Stakeholder Partnership Plan.
- **4+ Transition** - As with level 3+, this level is achieved by neutralising residual emissions through the purchase of carbon offsets.

Environmental management processes

The Linate 2030 Masterplan has received positive opinions on environmental compatibility (EIA Decree 348/2019) and urban planning conformity (Services Conference closed with Ministry for Infrastructure Executive Decree No. 12318 of July 9, 2021). H1 2023 saw the first positive compliance checks received for the "General Aviation - New Hangar X" work, and the Environmental Monitoring Plan was submitted to the Lombardy Region so that the Territorial Agreement required under Prescription No. 1 of EIA Decree 348/2019 can be finalised.

As regards the New Malpensa 2035 Master Plan, EIA Decree No. 282/23 of June 8, 2023, expresses a "positive opinion on the environmental compatibility of the 2035 Master Plan", making reference to the prescriptions (which are attached to the decree itself) expressed by the Technical Commission for Environmental Assessments (CTVIA Opinion No. 443/21), the Ministry of Culture and the Lombardy Region (which incorporates the contents of the Memorandum of Understanding signed with local authorities on June 6, 2022).

Environmental protection

With regard to the regulatory matter of mitigation for homes surrounding Linate, in 2022, preparation was finalised of the noise containment action plan pursuant to Ministerial Decree 29/11/00 for Linate airport. Publication of the checks carried out by ARPA Lombardia on noise levels for the year 2022 is currently being awaited, in order to communicate the Plan's findings to the relevant bodies.

The sensor mapping plan will also be prepared for the Malpensa area by the end of 2023, following the Airport Commission's approval of acoustic zoning. This establishes and identifies the boundaries of the zones around the airport in which aviation noise must be kept within the limits established by industry regulations. The approved zoning is in line with the change scenarios set out in the 2035 Master Plan, while activities to actively manage noise impact have also been identified. At the same time, these safeguard the airport's needs for operational flexibility. Among the activities identified are an extension of operational management hours in "daytime" mode, research to optimise take-off routes (SID), and research into limiting the use of particularly noisy aircraft at night.

European project

SEA is involved in international research and innovation projects, co-financed by the European Union, mainly focused on environmental, sustainable transport and safety/security issues. Activities related to the following projects are ongoing under the Horizon 2020 and CEF (Connecting Europe facilities) programme:

- MXP-NLINE: Work began in April 2020, and will be completed by June 2024. The project, in a partnership with FERROVIENORD, involves the construction of a rail connection between Terminal 2 at Milan Malpensa Intercontinental Airport and the Sempione train station. Excavations affecting the airport grounds have begun, resulting in the temporary restriction of runway 35R.
- ClimOp: Climate assessment of innovative mitigation strategies towards Operational improvements in Aviation. The project will last 42 months and has an official start date of January 2020.
- ORCHESTRA: the project, begun in May 2021 for a duration of 36 months, seeks to create a multi-modal traffic management ecosystem (MTME) which will enhance the coordination and synchronisation of operations within and between different modes of transport, and will help to improve safety, increase accessibility, and reduce emissions.
- OLGA: hOListic & Green Airport. The project started in October 2020 and will last 60 months. The OLGA project seeks to minimise the carbon footprint resulting from the 2024 (Paris) and 2026 (Milan-Cortina) Olympic Games, which have the potential to harm biodiversity and exacerbate air pollution. To accomplish this, the project intends to develop environmental innovations for green airports, which can be adapted and replicated in other airports and settings. SEA is overseeing the most relevant workpackage (WP5) as the WP leader, which requires significant investment and personnel resources. The workpackage focuses on energy, with a particular emphasis on hydrogen. SEA has agreed to design, install, and trial a "green H2 hub".
- FENIX: beginning in April 2019, a 36-month project, for which an extension was requested, engaging stakeholders in the field of logistics in the collaborative planning and monitoring of various scenarios and contexts relating to trans-European transport, telecommunications and energy networks.
- PASS4CORE: work began on April 1, 2020, and will be completed by June 2024. The context for this proposed action is the development and improvement of a safe and protected parking network for HGVs along Italy's primary road network.
- TH2ICINO: as part of the Horizon2020 program, a project proposal known as TH2ICINO (Towards H2ydrogen Integrated eConomies In NOrthern Italy) was approved on January 26. This seeks to develop and demonstrate a full hydrogen ecosystem covering a specific area, beginning with local/regional activities and including multiple stages of the value chain. These include production to storage, transportation, and off-take, and will in the future open the market to other stakeholders and end users, such as industrial organisations (which are already present in the area). TH2ICINO will support the spread of hydrogen micro-economies by developing and demonstrating a complete ecosystem ("Hydrogen Valley"). This will be supplemented by six replicable use cases, including the area focused around Malpensa Airport, whose strength is the hydrogen production and distribution plant set out in the OLGA project.

  The Project will demonstrate how integrated hydrogen economies can rapidly accelerate the transition to renewables using digital tools to model and simulate energy systems.
- U-ELCOME (U-space European Common dEployment): this is a project that falls under the CEF-SESAR (Connecting Europe Facility European co-financing programme) calls and which began in December last year. It deals with U-Space issues, but is mainly focused on testing and demonstration in a range of operational environments in various EU countries (Italy, Spain, France).
- EUREKA (EUropean Key solutions for vertiports and UAM): a project that falls under the SESAR 3 Joint Undertaking (S3JU) European partnership. Activities in this area seek to concretely enable the evolution of urban air mobility (UAM) in Europe to support the development of the U-space regulatory framework with a particular focus on vertiport. Work began in June with the kick-off meeting of the 36-month project.
- Meanwhile, work is nearing completion on the projects "Implementation of A-SMGCS Level 1 & 2 with Safety Nets in MXP and FCO" and "Synchronized stakeholder decision-making on process optimization at airport level & AOP-NOP Integration - Extended Implementation," which relate to the previous CEF calls in 2016 and 2017.

Human resource management

Workforce

At June 30, 2023, SEA Group employees numbered 2,632, increasing by 62 on the end of 2022 (+2.4%). The total number of Full time equivalent employees in the first half of 2023 compared to the full year 2022 decreased 103, from 2,627 to 2,524 (-3.9%).

Females at the SEA Group represented 34% of the headcount at June 30, 2023, equally distributed across categories.

Organisation

In H1 2023, the Innovation, Quality and Continuous Improvement Department was established to propose and ensure the introduction of innovation initiatives in the company.

Training

Among the professional education and training activities that are essential for airports operations, initiatives have been developed in line with ENAC, EASA, IATA and ICAO regulations to ensure that the airports retain their airport certification. The areas most affected by compulsory education and training included occupational safety, PRM operatives, Easa Rules specialised training, and airside safety.

Mandatory training includes continuing courses on the GDPR (company privacy system) and the Organisation and Management Model pursuant to Legislative Decree No. 231/2001.

In line with previous efforts, non-mandatory training activities focused on initiatives to improve employee skills in the first half of 2023. Use of the GoodHabitz platform continued to be encouraged through collaboration with The European House of Ambrosetti and the provision of the LinkedIn Learning platform. Projects included:

- Mentoring, which launched in October 2022 and involved 46 Mentors and Mentees. The programme methodology was one-on-one mentoring in which the Mentor, a senior figure with extensive knowledge of the company, offered their knowledge and skills to the Mentee to support their growth;
- preparatory activities to obtain gender certification continue, demonstrating compliance with the minimum parameters defined by the UNI/PdR 125:2022 standard on "Guidelines on the management system for gender equality which provides the adoption of specific KPIs relating to gender equality policies in organisations".

Welfare

At the beginning of the new year, the initiatives proposed in 2022 were analysed as usual, with particular attention given to the uptake levels for each one. Initiatives were also planned for 2023, building on the evidence gathered from a survey conducted in July 2022.

The main initiatives to be rolled out or reintroduced during the first half of 2023 were:

- Merit scholarships;
- improvement of ATM and TRENORD season ticket offers, in line with SEA's focus on environmental sustainability;
- social services at work;
- in February, introduction of a new edition of the Basic Life Support and Defibrillation (BLSD) course, which provides the basic knowledge required in a first aid situation for cardiac arrest, with the use of the defibrillator (AED);
- creation of a cross-functional work team for the new WHP project "Workplaces that Promote Health," whose main goal is to promote organisational changes in workplaces, making them conducive to the spread of healthy lifestyles and contributing to the prevention of chronic illnesses.

Labour/management relations

In H1 2023, constant discussions continued with the Trade Unions on both operational issues and new company projects (e.g. reorganisation of workshops and maintenance areas, reopening of Terminal 2, training projects, etc.).

Discussions also dealt with the main measures to cope with the expected increase in traffic in the summer season. Specifically, a number of placement plans were presented for temporary staff working in the main operating areas (PRM/BHS, Drivers, Customer Operators, AAOC, etc.).

On January 12, 2023, two separate agreements were signed to streamline maintenance processes and to identify possible solutions to cover the operational need for specialist drivers. The first agreement introduced two professional figures: the "landside maintenance technician" and the "field maintenance coordinator." The second agreement, meanwhile, established internal selection criteria to seek specialist drivers, including through specific training courses.

Occupational health and safety

In H1 2023, the Occupational Health and Safety Management System, which is ISO 45001:2018 certified, was monitored by way of internal audits, audits of the (retail and non-retail) sub-concessionaires, and safety walks.

In particular, starting in February, the organisation of surveillance and operational monitoring activities performed on site (safety walks) was reviewed.

With regard to Fire Prevention, in addition to Emergency Tests, H1 2023 saw the introduction of Exodus Tests, which provide more streamlined modes of operation. The tests and drills carried out in H1 yielded positive results in terms of knowledge of the emergency management plan, the procedures in place, timing, and responsiveness; All anomalies and discrepancies that emerged during fire-fighting inspections, document checks, retail/non-retail audits, and evacuation evidence were managed and reported in the Fire Fighting Register.

The Inter-company Prevention and Protection Service has also:

- updated the Risk Assessment Documents;
- provided technical support to the various company functions that manage outsourced activities in the preparation and updated of the Combined Interference Risk Assessment Report pursuant to Article 26 of Legislative Decree No. 81/08;
- assisted the divisions tasked with drafting the documentation requested by the control bodies concerning investigations into work-related injuries or cases of work-related ill health;
- carried out the electromagnetic field mapping campaign at Malpensa Airport;
- carried out magnetic flux and electric field strength sampling of CEIA's metal detector portals.

Relations continue with the public entities on issues of occupational health and safety ATS (Health and Safety Authority), INAIL, (National Institute for the prevention of workplace accidents), DTL (Local Directorate of Labour), and from time to time they support the corporate functions involved.

Certified radioprotection experts continued with employee safety monitoring activities through the use of specific environmental and personal dosimeters measuring ionizing radiation related to the transit of radioactive packages, and through instrumental testing of the x-ray equipment present and in use by SEA personnel.

CORPORATE GOVERNANCE SYSTEM

This section contains, among other issues, the information required by Article 123-*bis*, paragraph 2, letter b) of Legislative Decree No. 58 of February 24, 1998 ("TUF"). The company, not having issued shares admitted to trading on regulated markets or on multilateral trading systems, avails of the option under paragraph 5 of Article 123-*bis* of the CFA to not publish the information required of paragraphs 1 and 2 of Article 123-*bis* of the law, except for that required by the above-stated paragraph 2, letter b).

The Corporate Governance System of Società per azioni Esercizi Aeroportuali S.E.A. involves a set of rules which meet applicable legal and regulatory requirements. The Corporate Governance system of the company is based on the traditional administration and control model as per Articles 2380-*bis* and subsequent of the Civil Code, therefore with two corporate boards appointed by the Shareholders' Meeting - the Board of Directors, which undertakes the management of the Company, and the Board of Statutory Auditors, which is required to ensure financial control, together with the Shareholders' Meeting itself, which represents the common interests of Shareholders.

SEA has already since June 27, 2001 complied with the Self-Governance Code for listed companies issued by the Corporate Governance Committee of Borsa Italiana S.p.A., renamed the Corporate Governance Code, edition January 2020 (the "Code"). Although compliance with the Code is voluntary, SEA applies part of the recommendations, based on the comply or explain principle, in order to ensure an effective corporate governance system which appropriately assigns responsibilities and powers and supports a correct balance between management and control.

The Company therefore annually prepares on a voluntary basis the Corporate Governance and ownership structure report, which outlines the Corporate Governance structure adopted by SEA and provides information on the means for the implementation of the recommendations of the Code. The report is available on the website *www.seamilano.eu*

The company is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Italian Civil Code.

The Board of Directors of SEA has set up internally two Committees established under the Code undertaking proposing and consultation functions for the Board of Directors (the Control, Risks and Sustainability Committee and the Remuneration and Appointments Committee). The Committees comprise non-executive Directors, the majority of whom independent. The prerogatives of the Committees are established by motions of the Board of Directors, based on the recommendations and principles of the Code; at the Committee meetings minutes are prepared and maintained by the Company.

The Shareholders' Meeting is the body that, through its resolutions, expresses the shareholders wishes. The Shareholders' Meeting approves the most important decisions of the Company, among which, the appointment of the Corporate Boards, the approval of the financial statements, and any changes to the Company By-laws.

The Board of Directors is vested with the broadest powers for the management of the company, with the right to carry out all actions deemed opportune for the implementation and achievement of corporate purposes, excluding only those that legislation and the corporate by-laws reserve for the Shareholders' Meeting. The Board of Statutory Auditors is the company's Control Board. The Board of Statutory Auditors verifies compliance with law and the By-Laws and the principles of correct administration and in particular on the adequacy of the administration and accounting organisation adopted by the Company and on its correct functioning. The accounting control functions are assigned to the Independent Audit Firm appointed by the Shareholders' Meeting.

The Shareholders' Meeting thus appointed a seven-member Board of Directors on May 3, 2022, with a term of office ending with the approval of the 2024 Annual Accounts.

The Board of Statutory Auditors in office at the date of the present report was appointed by the Shareholders' Meeting of May 3, 2022 in accordance with the Company By-laws and remains in office until the approval of the 2024 Annual Accounts.

The Internal Control and Risk Management System is based on the main recommendations of the Corporate Governance Code and applicable best practice.

The Corporate Governance System of SEA also involves procedures governing the activities of the various company departments, which are consistently subject to verification and updating in line with regulatory developments and altered operating practices.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Introduction

The Internal Control and Risk Management System is represented by the set of instruments, rules, procedures and corporate organisational structures to ensure compliance with regulatory provisions, the By-Laws, reliable and accurate financial reporting and the safeguarding of corporate assets in line with the corporate objectives defined by the Board of Directors. The latter is responsible for the Internal Control and Risk Management System which - on the basis of information provided to the Chairperson and to the Control, Risks and Sustainability Committee by the departments/bodies responsible for internal control and the management of business risks - establishes the guidelines, verifies their suitability and effective functioning and ensures the identification and correct management of the main business risks.

The procedures and organisation subject to the Internal Control and Risk Management System seek to ensure that:

- compliance with the laws, regulations, By-Laws and policies;
- the safeguarding of the company's assets;
- the efficiency and effectiveness of the business processes;
- the reliability of financial disclosure.

The Internal Control and Risk Management System applies the Enterprise Risk Management (ERM) model as best practice for the identification, assessment and monitoring of business risks, support for the management's strategic and decision-making choices, and assurance for stakeholders. The model is based on the principle that the management of risks involves the organisation at all levels and that management is the primary owner of risks, since it manages risks and opportunities on a daily basis and is responsible for the definition and implementation of identified mitigation plans.

Main features of the risk management and internal control systems in relation to the financial reporting process contained in the financial statements and in the half-year report

SEA's Internal Control System on financial reporting ensures the exchange of data and information with its subsidiary companies and implements its coordination. In particular, this activity is carried out through the dissemination, by the SEA parent company, of regulations on the application of the accounting policies for the preparation of the SEA Group consolidated financial statements and the procedures regulating the drafting of the separate and consolidated financial statements and half-year financial statements and reports. The setting of controls occurs at the end of a process carried out by the SEA parent company according to a targeted approach to identify the individual organisational entities' typical critical issues that could have significant impacts on financial reporting.

Description of the risk management and internal control systems' main features in relation to the financial reporting process

As regards the financial reporting process, the risk management system should not be considered as distinct from the internal control system. The System is intended to ensure the trustworthiness, accuracy, reliability and timeliness of financial reporting.

The Risk Management and Internal Control System's monitoring process over financial reporting is divided into the following phases:

1. Identification of risks on financial reporting: the activity is carried out with reference to the SEA separate financial statements and the SEA Group consolidated financial statements, taking qualitative and quantitative aspects into account primarily for the selection of the relevant companies to be included in the analysis and, thereafter, of significant transactions.
2. Assessment of risks on financial reporting: risks are assessed in terms of the potential qualitative and quantitative impact. Risk assessment is carried out at both the individual company and specific process levels.
3. Identification of controls implemented to mitigate previously-identified risks, both at the individual company and process levels.

The Internal Control and Risk Management System's components described are mutually coordinated and interdependent and the System as a whole involves - with different roles and according to a rationale of collaboration and coordination - administrative bodies, supervisory and control bodies, and the company and SEA Group management.

Control, Risks and Sustainability Committee

The Control, Risks and Sustainability Committee (CRSC), appointed by the Board of Directors on May 31, 2022 and in office at June 30, 2023, is composed of Directors Pierfrancesco Barletta (Committee Chairperson), Luciana Rovelli, and Daniela Mainini.

The Committee performs advisory and recommendation functions to the Board of Directors on internal control and risk and sustainability management. The CRSC supports the Board of Directors with the definition of the guidelines of the Internal Control and Risk Management System, so that the principal company risks are correctly identified, adequately measured, managed and monitored. It also implements the Board's guidelines by defining, managing and monitoring the internal control system. The Committee examines the Annual Audit Plan approved by the Board of Directors.

The Committee also fulfils the functions of Related Parties Committee (except for transactions concerning matters that are the exclusive prerogative of the Remuneration and Appointments Committee) and the sustainability topic functions.

Internal Audit Manager

The audit on the suitability and functionality of the Internal Control and Risk Management System is entrusted to the Internal Audit Department. The Internal Audit Manager reports to the Board of Directors and its Chairperson; he/she is not responsible for any operational area and does not hierarchically report to any manager responsible for operational areas, including the administration and finance areas. The Internal Audit Manager audits the functionality and suitability of the internal control and risk management system and compliance with internal procedures issued for this purpose. The Internal Audit Manager has autonomy in expenditure and extends his/her activities to all the companies in the SEA Group through specific service contracts. Similarly, the SEA Internal Audit Department reports hierarchically to the Board of Directors and its Chairperson. The Internal Audit Department is entrusted with auditing the effectiveness, suitability and upkeep of the Organisation and Management Model pursuant to Legislative Decree No. 231/2001, on the instructions of the SEA Supervisory Boards and the subsidiary companies. The Auditing Department was also assigned, with Board of Directors' motion of February 22, 2018, the responsibility to check the adequacy and effective implementation of SEA's Corruption Management and Prevention System, certified as per the UNI ISO 37001:2016 standard.

Independent Audit Firm

EY S.p.A. is the Independent Audit Firm appointed to audit the separate and consolidated annual financial report, to periodically verify corporate accounting practices and to carry out the limited audit of the SEA consolidated half-year financial report. The appointment was made by the Shareholders' Meeting on April 28, 2023 for the fiscal years 2023-2031. The Board of Statutory Auditors and the Independent Audit Firm regularly exchange information and data in relation to the controls carried out.

Supervisory Board as per Legislative Decree 231/2001

The Supervisory Board, appointed by the Board of Directors on May 31, 2022 and in office at June 30, 2023, is composed of four members: two external independent members, Giovanni Maria Garegnani and Antonella Apicella, one Non-Executive Independent director, Daniela Mainini, and Auditing Director, Rossella De Bartolomeo.

On June 20, 2022, the Supervisory Board appointed Giovanni Maria Garegnani as Chairperson.

The Supervisory Board regularly reports to the Board of Directors on the Model's effectiveness, its suitability and upkeep. It sends a written report to the Board of Directors every six months and annually on the 231/01 Model's implementation status and, in particular, on controls and audits performed and on any critical issues that emerged.

The Supervisory Board has autonomous powers of initiative, control and expenditure.

Organisation, Management and Control Model pursuant to Legislative Decree 231/2001

SEA has adopted an Organisation and Management Model pursuant to Legislative Decree 231/2001 - which lays down the *"Rules on the administrative liability of legal persons, companies and associations, including those* *without legal status"* (the "Decree") to prevent the offences envisaged by the Decree. The Model was adopted by the SEA Board of Directors by motion of December 18, 2003 and more recently amended and supplemented by the Board of Directors motion of May 31, 2022, and includes all the offences listed by the Decree at that date. The Model consists of a "General Section", a "Special Section" and individual "Components". SEA's subsidiary companies have adopted their own Organisation and Management Model pursuant to Legislative Decree 231/2001.

Whistleblowing - Managing reports

In line with international best practices and in full compliance with applicable regulations, SEA has adopted a process for collecting and managing reports (whistleblowing).

To enable reports to be submitted, SEA has launched an online whistleblowing platform that allows anyone (employees, collaborators, suppliers, and other individuals) to submit reports, including anonymously if they so wish. Individuals can also submit reports by regular mail.

The reporting management process is defined in a specific procedure applicable to SEA S.p.A. and adopted by its subsidiaries, in line with their organisational structures. The procedure specifically lists the reporting channels, receiving bodies, and verification process. It also defines the safeguards put in place for whistleblowers and the confidentiality obligations, in line with the regulations in force.

The reporting management system is currently being adapted to the provisions of Legislative Decree No. 24 of March 10, 2023, *"Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019, on the protection of persons who report breaches of EU law and on provisions concerning the protection of persons who report breaches of national laws"*.

Anti-Corruption Focal Point

Since 2014, the company has an appointed anti-corruption officer, currently the Legal Affairs Manager - Staff services and Legal compliance, tasked with all internal and external anti-corruption communications, and currently identified in the Corporate Affairs and Compliance Legal Counselling Manager. The role, prerogatives and responsibilities of the anti-corruption officer are not comparable to those envisaged by the reference legislation regarding the figure of the Corruption Prevention Officer, as per Law 190/2012, which SEA is not required to appoint on the basis of current legislation.

Anti-corruption Measures

In confirmation of its commitment to preventing and combating illegal practices, SEA has adopted on a voluntary basis, in the absence of any regulatory obligation, specific anti-corruption measures as per the objectives of Law No. 190/2012, which support the Organisation and Management Model pursuant to Legislative Decree 231/2001. The anti-corruption measures were approved by the Board of Directors on February 6, 2020. The document includes the prevention measures set out in the Anti-Bribery Management System, approved by the Board of Directors on February 22, 2018 and certified on March 8, 2018 according to the UNI ISO 37001:2016 "Anti-bribery Management System" standard. The certification was renewed until March 2024 following an external audit.

On March 24, 2023, SEA's Board of Directors approved the document "Bribery Prevention Policy UNI ISO 37001:2016," which replaces the similar document approved by the Board of Directors on February 22, 2018.

Related Parties Transactions Policy

The company has adopted a Related Parties Transactions Policy (the "RPT Policy"), in effect since February 2, 2015. The Policy was updated by Board of Directors' motion of February 22, 2018.

The RPT Policy is also available on the company's website *www.seamilano.eu*.

In assessing the substantial and procedural correctness of transactions with related parties, the Board of Directors is assisted by the Related Parties Committee which is identical to the Control, Risks and Sustainability Committee or the Remuneration and Appointments Committee, depending on the matters dealt with from time to time.

Ethics Code

The Code of Conduct, approved by the Board of Directors on December 21, 2020, published on the Company's website, reflects the Group's value system and ethical vision. It also dictates the rules of conduct recipients are required to follow and the conduct behaviour to be adopted with regard to stakeholders. The Code of Conduct is a component of the Organisation and Management Model as per Legislative Decree No. 231/2001.

The Ethics Committee, appointed by the Board of Directors on May 31, 2022, is chaired by the Chairperson of the Board of Directors, Michaela Castelli, and includes as, members the Non-Executive Director of SEA Franco D'Alfonso, and the heads of the Human Resources, Health & Safety at Work, and Auditing departments, Massimiliano Crespi and Rossella De Bartolomeo respectively. The main duties of the Ethics Committee are to promote the dissemination of the Code of Ethics and to monitor compliance with it.

SEA's subsidiaries have adopted the Parent Company's Ethics Committee as their own Ethics Committees, which also performs functions on their behalf.

Diversity policies

The obligations of Article 123-*bis*, Paragraph 2 of Legislative Decree No. 58/1998 require a description of the Company's policies on the composition of the administrative, management and governing bodies taking into account aspects such as age, gender, professional and educational background. For cases where no policy has been adopted, there is a requirement to explain this decision. We hereby state that SEA's By-Laws comply with the applicable legal provisions and address diversity issues, specifically the gender composition of administrative and control bodies.

SEA GROUP CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		June 30, 2023		December 31, 2022	
(Euro thousands)	Note	Total	of which related parties	Total	of which related parties
Intangible assets	8.1	946,496		939,793	
Property, plant & equipment	8.2	158,172		142,994	
Leased assets right-of-use	8.3	13,340		14,008	
Investment property	8.4	3,399		3,399	
Investments in associates	8.5	77,862		82,178	
Other investments	8.6	1		1	
Deferred tax assets	8.7	98,267		111,768	
Other non-current receivables	8.8	60,496		60,496	
Total non-current assets (A)		**1,358,033**	**0**	**1,354,637**	**0**
Inventories	8.9	1,555		1,558	
Trade receivables	8.10	141,536	18,144	122,628	13,026
Tax receivables	8.11	1,739		4,769	
Other current receivables	8.11	11,730	2,001	6,853	442
Cash and cash equivalents	8.12	67,490		160,341	
Total current assets (B)		**224,050**	**20,145**	**296,149**	**13,468**
Assets held-for-sale and discontinued operations (C)	**6.1**	**7,400**			
TOTAL ASSETS (A+B+C)		**1,589,483**	**20,145**	**1,650,786**	**13,468**
Share capital	8.13	27,500		27,500	
Other reserves	8.13	315,836		132,876	
Group Net Result	8.13	62,122		182,460	
Group shareholders' equity		**405,458**		**342,836**	
Minority interest shareholders' equity		**29**		**31**	
Group & Minority int. share. equity (D)	**8.13**	**405,487**		**342,867**	
Provision for risks and charges	8.14	225,211		229,124	
Employee provisions	8.15	28,023		30,942	
Non-current financial liabilities	8.16	484,221		519,516	
Other non-current payables	8.17	3,898		6,590	
Total non-current liabilities (E)		**741,353**		**786,172**	
Trade payables	8.18	173,415	9,008	190,558	8,641
Income tax payables	8.19	13,061		11,467	
Other payables	8.20	223,812	110	290,727	
Current financial liabilities	8.16	32,355		28,995	
Total current liabilities (F)		**442,643**	**9,118**	**521,747**	**8,641**
Liabilities related to assets held-for-sale and discontinued operations (G)	**6.1**				
TOTAL LIABILITIES (E+F+G)		**1,183,996**	**9,118**	**1,307,919**	**8,641**
TOTAL LIAIBILITIES & SHAREHOLDERS' EQUITY (D+E+F+G)		**1,589,483**	**9,118**	**1,650,786**	**8,641**

CONSOLIDATED INCOME STATEMENT

(Euro thousands)	Note	H1 2023 Total	H1 2023 of which related parties	H1 2022 restated Total	H1 2022 restated of which related parties
Operating revenues	9.1	334,413	34,158	397,426	22,471
Revenue for works on assets under concession	9.2	15,583		10,844	
Total revenues		**349,996**	**34,158**	**408,270**	**22,471**
Operating costs					
Personnel costs	9.3	(86,964)		(79,593)	
Consumable materials	9.4	(5,921)		(5,187)	
Other operating costs	9.5	(112,731)		(108,854)	
Costs for works on assets under concession	9.6	(14,704)		(10,232)	
Total operating costs		**(220,320)**	**(19,366)**	**(203,866)**	**(51,205)**
Gross Operating Margin / EBITDA		**129,676**	**14,792**	**204,404**	**(28,734)**
Provisions & write-downs	9.7	(1,410)		6,828	
Restoration and replacement provision	9.8	(10,454)		(10,812)	
Amortisation & Depreciation	9.9	(31,193)		(32,522)	
Operating result		**86,619**	**14,792**	**167,898**	**(28,734)**
Investment income/(charges)	9.10	5,322	5,322	8,765	8,765
Financial charges	9.11	(10,498)		(8,180)	
Financial income	9.11	1,290		304	300
Pre-tax result		**82,733**	**20,114**	**168,787**	**(19,669)**
Income taxes	9.12	(21,384)		(6,749)	
Continuing Operations result (A)		**61,349**	**20,114**	**162,038**	**(19,669)**
Net result from assets held for sale (B)	**6.1 / 9.13**	**775**	**775**	**1,991**	**1,071**
Minority interest profit (C)		**2**		**1**	
Group Net Result (A+B-C)		**62,122**	**20,889**	**164,028**	**(18,598)**
Basic net result per share (in Euro)	9.14	0.25		0.66	
Diluted net result per share (in Euro)	9.14	0.25		0.66	

In accordance with IFRS 5, the H1 2022 figures were reclassified

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(Euro thousands)	H1 2023 Total	H1 2023 of which related parties	H1 2022 restated Total	H1 2022 restated of which related parties
Group Net Result	**62,122**	**20,889**	**164,028**	**(18,598)**
- Items not reclassifiable in future periods to the net result:				
Actuarial gains/(losses) on post-employment benefits	658		5,846	
Tax effect on actuarial gains/(losses) on post-employment benefits	(158)		(1,404)	
Total items not reclassifiable, net of tax effect	**500**		**4,442**	
Total other comprehensive income items	**500**		**4,442**	
Total comprehensive result	**62,622**		**168,470**	
Attributable to:				
- Parent company shareholders	62,620		168,469	
- Minority interest	2		1	

In accordance with IFRS 5, the H1 2022 figures were reclassified

CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)	H1 2023 Total	H1 2023 of which related parties	H1 2022 restated Total	H1 2022 restated of which related parties
Cash flow from operating activities				
Pre-tax result	82,733		168,787	
Adjustments:				
Amortisation, depreciation and write-downs	31,193		32,522	
Net change in provisions (excl. employee provision)	(3,913)		3,969	
Changes in employee provisions	(2,750)		(1,483)	
Net changes in doubtful debt provision	1,290		(6,888)	
Net financial charges	9,208		7,876	
Investment (income)/charges	(5,322)		(8,765)	
Other non-cash changes	(1,201)		(920)	
Cash generated / (absorbed) from operating activities before changes in net working capital of assets held-for-sale and discontinued operations			6,980	
Cash flow from operating activities before changes in working capital	**111,238**		**202,078**	
Change in inventories	348		(53)	
Change in trade and other receivables	(22,100)	(6,677)	(41,699)	(3,650)
Change in trade and other payables	(1,130)	367	61,050	12,278
Cash generated/(absorbed) from changes in working capital of assets held-for-sale and discontinued operations			(15,640)	
Cash flow from changes in working capital	**(22,882)**	**(6,310)**	**3,658**	**8,628**
Income taxes paid	(5,187)		(1,212)	
Income taxes paid by assets held-for-sale and discontinued operations			(4,648)	
Cash flow generated /(absorbed) from operating activities	**83,169**	**(6,310)**	**199,876**	**8,628**
Investments in fixed assets:				
- intangible assets (*)	(19,453)		(15,541)	
- tangible assets and property	(31,446)		(2,661)	
-investments in associates	(1,375)	(1,375)		
Divestments from fixed assets:				
- tangible assets and intangible	2		1	
Dividends received	2,938	2,938		
Cash generated/(absorbed) from investing activities of assets held-for-sale and discontinued operations			1,587	1,757
Cash flow generated /(absorbed) from investing activities	**(49,334)**	**1,563**	**(16,614)**	**1,757**
Change in gross financial debt:				
- increase/(decrease) of short & medium-term debt	(37,740)		(195,064)	
Changes in other financial assets/liabilities	(1,145)		(14,185)	(13,486)
Dividends distributed	(84,690)	(84,690)	(2)	
Interest and commissions paid	(3,576)		(2,330)	
Interest received	465		1	
Cash generated/(absorbed) from financing activities of assets held-for-sale and discontinued operations			13,479	
Cash flow generated /(absorbed) from financing activities	**(126,686)**	**(84,690)**	**(198,101)**	**(13,486)**
Increase/(decrease) in cash and cash equivalents	**(92,851)**	**(89,437)**	**(14,839)**	**(3,101)**
Opening cash and cash equivalents	160,341		134,208	
- of which, cash and cash equivalents included under assets held-for-sale and discontinued operations			35	
Cash and cash equivalents at opening reported in the accounts	160,341		134,173	
Closing cash and cash equivalents	67,490		119,369	
- of which, cash and cash equivalents included under assets held-for-sale and discontinued operations			36	
Cash and cash equivalents at year-end reported in the accounts	67,490		119,333	

In accordance with IFRS 5, the H1 2022 figures were reclassified

(*) The investments in intangible assets are net of the utilisation of the restoration provision, which in H1 2023 amounted to Euro 13,767 thousand (Euro 5,720 thousand in H1 2022).

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(Euro thousands)	Share capital	Legal reserve	Retained losses L.178 December 30, 2020	Other reserves and retained earnings	Actuarial gains/(losses) reserve	Derivative contracts hedge accounting reserve	Net result	Consolidated shareholders' equity	Minority interest capital & reserves	Group & Minority int. share. equity
Balance at December 31, 2021	**27,500**	**5,500**	**(120,367)**	**322,908**	**(4,516)**	**0**	**(75,119)**	**155,906**	**31**	**155,937**
Transactions with shareholders										
Allocation of 2021 net result				(75,119)			75,119	0	(3)	(3)
Other movements										
Other comprehensive income statement items result					4,470	0		4,470		4,470
Net result							182,460	182,460	3	182,463
Balance at December 31, 2022	**27,500**	**5,500**	**(120,367)**	**247,789**	**(46)**	**0**	**182,460**	**342,836**	**31**	**342,867**
Transactions with shareholders										
Allocation of 2022 net result			120,367	62,093			(182,460)	0	(4)	(4)
Other movements										
Other comprehensive income statement items result					500	0		500		500
Net result							62,122	62,122	2	62,124
Balance at June 30, 2023	**27,500**	**5,500**	**0**	**309,882**	**454**	**0**	**62,122**	**405,458**	**29**	**405,487**

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Società per Azioni Esercizi Aeroportuali SEA is a limited liability company, incorporated and domiciled in Italy according to Italian Law (the "Company" or "SEA").

The Company's headquarters are located at Milan Linate Airport in Segrate (Milan).

The Company and its subsidiaries (jointly the "Group" or the "SEA Group") manages Milan Malpensa Airport and Milan Linate Airport under the 2001 Agreement signed between SEA and ENAC with a forty year duration (renewing the previous agreement of May 7, 1962).

With the conversion into law of Legislative Decree No. 34 of May 19, 2020 ("Relaunch Decree"), the extension of the existing airport concessions for a further two years was approved, so the duration of the concession has been extended to 2043.

SEA and the Group companies, in the running of the airports, are involved in the management, development and maintenance of the infrastructure and plant at the airports and offer customers all flight related services and activities, such as the landing and departure of aircraft and the airport security services (Aviation business); these companies in addition provide a wide and specialised range of commercial services for passengers, operators and visitors, both managed directly and outsourced (Non-Aviation business).

SEA decided in 2021 to divest of the energy business line. On September 29, 2022, SEA S.p.A. completed the sale of the entire stake in SEA Energia SpA to the company A2A Calore & Servizi S.r.l.. In H1 2022, the "Discontinued operations profit/(loss)" includes the income statement of SEA Energia SpA, with the appropriate IAS/IFRS adjustments.

In the first six months of 2023, SEA S.p.A. and BCUBE Air Cargo S.p.A. signed an agreement for the sale of the minority holding of 25% in the company Malpensa Logistica Europa S.p.A., held by SEA S.p.A. The sale was completed in July 2023. Therefore, IFRS 5 was applied at June 30, 2023.

The SEA Group, through the company SEA Prime, manages the general aviation activities, offering high added-value services and facilities.

The SEA Group, through the company Airport ICT Services, manages the provision and design of information systems and provides support for their use.

The Group holds at June 30, 2023 the following investments in associates, which are measured under the equity method: (i) Dufrital (held 40%) which undertakes commercial activities at other Italian airports, including Milan, Bergamo, Florence, Genoa and Verona; (ii) Areas Food Services (held 40%) which operates in the catering sector for the Milan airports; (iii) Disma (held 18.75%) which manages a plant for the storage and distribution of aviation fuel at Milan Malpensa Airport; (iv) SACBO (held 30.98%) which manages the airport of Bergamo, Orio al Serio, and (v) Airport Handling SpA (held 30%), which provides passenger, cargo and aircraft and crew support services to all airlines.

The activities carried out by the SEA Group, as outlined above, are therefore structured into the business units Commercial Aviation and General Aviation, with the Group sourcing revenues as illustrated in paragraph 7 "Operating segments".

At the preparation date of the present document, the shareholder structure was as follows:

Public Shareholders

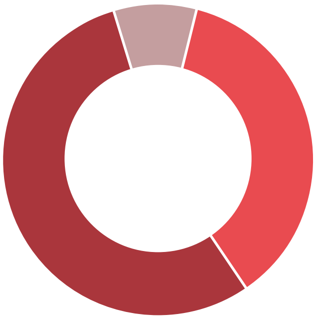
8 entities/companies	
Municipality of Milan(*)	54.81%
Municipality of Busto Arsizio	0.06%
Other public shareholders	0.08%
Total	**54.95%**

Private Shareholders

2i Aeroporti SpA	36.39%
F2i Sgr SpA (**)	8.62%
Other private shareholders	0.04%
Total	**45.05%**

(*) Holder of Class A shares

(**) On behalf of F2i - second Italian Fund for infrastructure



2. COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

The present condensed Consolidated half-year financial statements were prepared in accordance with the IFRS in force, issued by the International Accounting Standards Board and approved by the European Union. Account was also taken of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"). In particular, the present condensed consolidated half-year financial statements were prepared in accordance with IAS 34 Interim Financial Reporting; in accordance with paragraphs 15 and 16 of the standard, these condensed consolidated half-year financial statements therefore do not include all the information published in the annual report and must be read together with the consolidated financial statements at December 31, 2022, with particular reference to the analysis of the individual accounts, with the disclosure in the present Half-Year Report, as per IAS 34, and the explanations for the changes to the comparative accounts. In the preparation of the condensed consolidated financial statements at June 30, 2023, the same accounting principles were adopted as in the preparation of the Consolidated Financial Statements at December 31, 2022, updated as indicated below to take account of those issued recently.

The preparation of the condensed consolidated half-year financial statements and the relative notes in application of IFRS require that the Directors make estimates and assumptions on the values of revenues, costs, assets and liabilities in the half-year report and on the disclosures relating to the assets and contingent liabilities at June 30, 2023. If in the future, these estimates and assumptions, which are based on the best valuations made by the Directors, should be different from the actual results recorded, they will be modified appropriately in the period in which the circumstances occur. The estimates and assumptions are periodically reviewed and the effects of any variation are reflected in the Income Statement.

Law No. 197/2022, Decree Law No. 34/2023

Law No. 197/2022 and Decree No. 34/2023 established an extraordinary contribution, in the form of a tax credit, to partially offset the higher charges effectively incurred for the purchase of the energy component. The contribution is 35% of the expenditure incurred on the purchase of the energy component in Q1 and of 10% of the expenditure incurred in Q2.

The above contributions are reserved for companies who have electricity metres with a minimum capacity of 4.5 kWh, who have incurred a cost increase per kWh of over 30% in the first and second quarters compared to the average price recorded in those quarters in 2019, supported by relevant invoices.

With SEA having verified that it meets the requirements of the Decrees to qualify for the benefit and having made the calculations based on the invoices received, proving the increase in the cost of the energy component as required by the Decrees, the benefit from the contribution was recognised in H1 2023. As the latter seeks to support enterprises in the purchase of electricity effectively used in Q1 and Q2 2023, the accounting adopted is to directly reduce the electricity purchase costs of FY 2023.

Impairments

At each balance sheet date, the property, plant and machinery, intangible assets and investments in associated companies are analysed in order to identify any indications of a reduction in value. Where these indicators exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write-down compared to the relative book value. The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use, where this latter is the fair value of the estimated future cash flows for this asset. For an asset that does not generate sufficient independent cash flows, the realisable value is determined in relation to the cash generating unit to which the asset belongs. In determining the fair value consideration is taken of the purchase cost of a specific asset which takes into account a depreciation coefficient (this coefficient takes into account the effective conditions of the asset). In defining the value in use, the expected future cash flows are discounted utilising a discount rate that reflects the current market assessment of the time value of money, and the specific risks of the activity. A reduction in value is recognised to the income statement when the carrying value of the asset is higher than the recoverable amount. When the reasons for the write-down no longer exist, the book value of the asset (or of the cash-generating unit) is restated through the income statement, up to the value at which the asset would be recorded if no write-down had taken place and amortisation and depreciation had been recorded.

2.1 Recently issued accounting standards

IFRS accounting standards, amendments and interpretations applied by the Group from January 1, 2023

The accounting standards adopted for the preparation of the condensed consolidated half-year financial statements are those utilised for the 2022 consolidated financial statements of the Group, with the exception of the adoption of the new standards and amendments in force from January 1, 2023. The Group has not adopted in advance any accounting standard, interpretation or amendment issued but not yet in effect.

Various amendments are applied for the first time in 2023, such as:

- IFRS 17 Insurance contracts
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

but did not impact the condensed consolidated half-year financial statements of the Group.

2.2 Financial Statements

These Condensed Consolidated Half-Year Financial Statements, as part of the Half-Year Report, include the consolidated statement of financial position at June 30, 2023 and at December 31, 2022, the comprehensive consolidated income statement, the consolidated cash flow statement at June 30, 2023 and June 30, 2022, the change in consolidated shareholders' equity at June 30, 2023 and December 31, 2022 and the relative explanatory notes.

In relation to the presentation method of the financial statements "the current/non-current" criterion was adopted for the statement of financial position while the classification by nature was utilised for the income statement and comprehensive income statement and the indirect method for the cash flow statement.

The condensed consolidated half-year financial statements were prepared in accordance with the historical cost convention, except for the measurement of financial assets and liabilities, including derivative instruments, where the obligatory application of IFRS 9 is required.

As indicated in the Directors' Report, in the outlined case of the sale of the holding in Malpensa Logistica Europa, the accounting standard IFRS 5 stipulates that the income statement effect of the adjustment of the holding at June 30 is presented in a separate line of the income statement "Discontinued operations profit/

(loss)"; this treatment is applied to the value of the investment, which is not included in the assets and liabilities of continuing operations, but stated separately under "assets held-for-sale". IFRS 5 also requires that the comparative income statement is restated in order to render comparable continuing operations and discontinued operations in the two years stated in the financial communication.

With regards to the comparative figures, the "Discontinued operations profit/(loss)" for H1 2022 includes also the income statement of SEA Energia S.p.A., with appropriate IAS/IFRS adjustments.

A specific paragraph of the present Explanatory Notes, to which reference should be made *("Assets and liabilities held-for-sale and Discontinued Operations profit/(loss))*, illustrates the Discontinued Operations' accounts presented in the consolidated income statement, the consolidated balance sheet and the consolidated cash flow statement.

Comparative figures

In accordance with IFRS 5, in this report:

- all income, expenses and cash flows for H1 2022 have been adjusted for the purpose of comparison with H1 2023;
- the statement of financial position at December 31, 2022 is as published for the 2022 consolidated financial statements.

The condensed consolidated half-year financial statements were prepared in accordance with the going concern concept, as the Company verified the non-existence of financial, operational or other indicators which could indicate difficulties in the capacity of the Group to meet its obligations in the foreseeable future and in particular in the next 12 months.

The Half-Year Report at June 30, 2023 was prepared in thousands of Euro, as were the tables reported in the Explanatory Notes.

The Half-Year Report at June 30, 2023 was subject to limited audit by the Independent Audit Firm EY S.p.A., the Auditor of the Company and of the Group and was approved by the Board of Directors of the Parent company SEA S.p.A. on July 27, 2023.

2.3 Consolidation scope and changes in the year

The registered office and the share capital of the companies included in the consolidation scope at June 30, 2023 are reported below:

Company	Registered office	Share capital at June 30, 2023 (Euro)	Share capital at December 31, 2022 (Euro)
SEA Prime S.p.A.	Viale dell'Aviazione, 65 - Milan	2,976,000	2,976,000
Airport ICT Services S.r.l.	Milan Linate Airport - Segrate (MI)	600,000	600,000
Dufrital S.p.A.	Via Lancetti, 43 - Milan	466,250	466,250
SACBO S.p.A.	Via Orio Al Serio, 49/51 - Grassobbio (BG)	17,010,000	17,010,000
Areas Food Services S.r.l.	Via Caldera, 21 - Milan	1,500,000	746,700
Malpensa Logistica Europa S.p.A.	Milan Linate Airport - Segrate (MI)	6,000,000	6,000,000
Disma S.p.A.	Milan Linate Airport - Segrate (MI)	2,600,000	2,600,000
Airport Handling S.p.A.	Malpensa Airport - Terminal 2 - Somma Lombardo (VA)	5,000,000	5,000,000

The companies included in the consolidation scope at June 30, 2023 and the respective consolidation methods are reported below:

Company	Consolidation Method at June 30, 2023	Group % holding at June 30, 2023	Group % holding at December 31, 2022
SEA Prime S.p.A.	Line-by-line	99.91%	99.91%
Airport ICT Services S.r.l.	Line-by-line	100%	100%
Dufrital S.p.A.	Net Equity	40%	40%
SACBO S.p.A.	Net Equity	30.979%	30.979%
Areas Food Services S.r.l.	Net Equity	40%	40%
Malpensa Logistica Europa S.p.A.	IFRS 5	25%	25%
Disma S.p.A.	Net Equity	18.75%	18.75%
Airport Handling S.p.A.	Net Equity	30%	30%

Reference should be made to paragraphs 1 and 6.1 above for the impacts deriving from the application of IFRS 5 on the income statement and statement of financial position at June 30, 2023 and on the comparative income statement for H1 2022.

3. ACCOUNTING POLICIES AND CONSOLIDATION METHODS

The recognition and measurement policies applied in preparing the Half-Year Financial Report at June 30, 2023 were unchanged with respect to those applied in the 2022 Annual Financial Report, to which reference should be made.

4. RISK MANAGEMENT

The risk management strategy of the Group is based on minimising potential negative effects related to the financial and operating performance. The management of the above-mentioned risks is undertaken by the parent company which identifies, evaluates and undertakes hedging of financial risks, in close collaboration with other organisational units of the Group.

4.1 Credit risk

The credit risk represents the exposure of the Group to potential losses deriving from the non-compliance of obligations by commercial and financial counterparties.

This risk is primarily of an economic/financial nature, or rather the possibility of the default of a counterparty, and also factors of a technical/commercial or administrative/legal nature.

For the Group, credit risk exposure is largely related to the deterioration of a financial nature of the principle airline companies which incur on the one hand the effects of the seasonality related to aviation operations, and on the other consequences of geopolitical events which impact upon the air transport sector.

The Group has implemented procedures and actions to monitor the expected cash flows and recovery actions.

In application of internal credit policies, clients are requested to procure the release of guarantees: this typically relates to first-demand bank guarantees issued by primary credit institutions or guarantee deposits.

In H1 2023, total receivables increased compared to 2022 following the increase in revenues.

In relation to the payment terms applied for the majority of the clients, credit terms are largely concentrated within 30 days from the relative invoicing.

Trade receivables are reported in the financial statements net of doubtful debt provisions, which are made based on the rating grade and disputes at the reporting date.

A summary of the trade receivables and the relative doubtful debt provisions is reported below:

Trade receivables

(Euro thousands)	June 30, 2023	December 31, 2022
Trade receivables - customers	227,612	212,816
- of which overdue	119,296	135,839
Doubtful debt provision - customers	(104,220)	(103,215)
Trade receivables - associates	18,343	13,226
Doubtful debt provision - associates	(199)	(199)
Total net trade receivables	**141,536**	**122,628**

The aging of the overdue receivables is as follows:

Trade receivables

(Euro thousands)	June 30, 2023	December 31, 2022
less than 180 days	16,738	32,763
more than 180 days	102,558	103,076
Total trade receivables overdue	**119,296**	**135,839**

Overdue receivables decreased compared to December 31, 2022, reflecting normal business dynamics.

The doubtful debt provision is in accordance with IFRS 9. A key element of the standard is the transition from the previous concept of 'incurred' loss to that of 'expected' loss. The doubtful debt provision is determined by taking into account the risks of non-collection related not only to past-due receivables but also on those falling due. There is, therefore, a need to determine a risk ratio, representative of the riskiness of commercial counterparties, which varies according to the credit position (performing or expired, with different bands for those that expired based on overdue days). A provision matrix was therefore constructed for the write-down of trade receivables. This matrix provides rating classes in rows and the different bands of past-due or receivables falling due in columns. The calculated risk ratio represents the probability that the client does not honour its debt and the percentage of credit, obtained from a historical analysis, with the possibility of the client being in default. Forward looking elements were also utilised, such as the possibility of management undertaking further provisions, notwithstanding the indications taken from the matrix. The estimates concerning applicable risk and general economic developments are included in the definition of the rating model and therefore are constantly updated to reflect the effective risk, in order to ensure a complete coverage of the credit risk encountered by the SEA Group.

4.2 Market risks

The market risk to which the Group is exposed comprises all types of risks directly and indirectly related to market prices. In H1 2023, the market risks to which the SEA Group were subject were:

a. interest rate risk;

b. currency risk;

c. commodity risk, related to the volatility of the energy commodity prices.

a) Interest rate risk

The Group is exposed to the risk of changes in interest rates in relation to the necessity to finance its operating activities and the use of available liquidity. The changes in interest rates may impact positively or negatively on the results of the Group, modifying the costs and returns on financial and investment operations.

The Group manages this risk through an appropriate mixture between fixed and variable rate loans, with the objective to mitigate the economic effect of the volatility of the interest rates.

Variable interest loans exposes the SEA Group to a risk originating from the volatility of the interest rates (cash flow risk). We indicate that at June 30, 2023 (i) the gross financial debt of the SEA Group exposed to this risk is 33%, and that (ii) no derivative contracts are in place which convert the variable rate into a fixed rate or limit the fluctuations of the variable rate within a range of rates.

At June 30, 2023, the gross financial debt of the SEA Group exclusively comprised medium/long-term loans, partly maturing beyond 12 months (medium/long-term portion of the loans) and partly maturing withing 12 months (short-term portion of the medium/long-term loans). At this date, the SEA Group did not make recourse to short-term debt.

The medium/long term debt at June 30, 2023 is reported in the following table, which shows each loan at the nominal value (which includes a spread of between 0.30% and 1.62%, not considering any accessory guarantees).

Medium/long term loans

	June 30, 2023			December 31, 2022		
(Euro thousands)	**Maturity**	**Amount**	**Average rate**	**Maturity**	**Amount**	**Average rate**
Bonds	**2025**	**300,000**	**3.500%**	**2025**	**300,000**	**3.500%**
Bank loans - EIB funding	**from 2023 to 2037**	**194,944**	**3.69%**	**from 2023 to 2037**	**207,683**	**2.19%**
o/w at Fixed Rate		*32,023*	*2.05%*		*35,963*	*2.25%*
o/w at Variable Rate (*)		*162,921*	*4.01%*		*171,720*	*2.18%*
Other bank loans				**2024**	**25,000**	**2.87%**
o/w at Fixed Rate						
o/w at Variable Rate					25,000	*2.87%*
Medium/long-term gross financial debt		**494,944**	**3.57%**		**532,683**	**2.96%**

(*) *Euro 62,5 million of EIB loans with specific bank guarantee*

The total value of medium/long-term loans at June 30, 2023 is Euro 494,944 thousand, a reduction of Euro 37,739 thousand compared to December 31, 2022. This movement followed (i) the repayment of the residual amount of the variable rate term loans agreed in 2021 to deal with the COVID-19 pandemic, in advance of the June 2024 maturity so as to optimise the Group's financial structure within a market featuring rising rates, (ii) the continued repayment of the EIB funding in place.

The average cost of medium/long-term debt at June 30, 2023 was 3.57%, increasing 61 bps on the end of December 2022, having been impacted by the rising rates linked to the ECB's restrictive monetary policies, partially contained by the process to optimise the SEA Group's financial structure. Considering the cost of bank guarantees on EIB loans, the average cost of debt amounts to 3.72%, increasing 62 bps compared to the end of 2022.

At June 30, 2023, the Group has the following bond issue for a total nominal value of Euro 300 million.

Description	Issuer	Listing market	ISIN Code	Terms (years)	Maturity	Par value (in million of Euro)	Coupon	Annual rate
SEASPA 3 1/2 10/09/25	SEA S.p.A.	Irish Stock Exchange	XS2238279181	5	10/09/25	300	Fixed annual	3.50%

At June 30, 2023, the fair value of the overall Group medium/long-term payables was Euro 483,651 thousand (reduction of Euro 516,529 thousand on December 31, 2022). This value was calculated as follows:

- for the loans at fixed interest rates, the capital portion and interest were discounted utilising the spot rates for each contractual maturity, extrapolated from the market rates;
- for the bond listed on a regulated market, reference was made to the market value at June 30, 2023;
- for the loans at variable interest rates, the interest portion was calculated utilising the estimate of the expected rates at the end of each contractual maturity, increased by the spread defined contractually. The interest portion defined as outlined above and the capital on maturity was discounted utilising the spot rate for each contractual maturity, extrapolated from the market rate.

It should be noted that, for some loans, non-compliance of the covenant terms results in, for the following half-year period, the application of a correlated predetermined spread (in accordance with a contractually defined pricing grid).

b) Currency risk

The SEA Group, with the exception of the currency risk related to the commodity risk, is subject to a low currency fluctuation risk as, although operating in an international environment, the transactions are principally in Euro. Therefore, the SEA Group does not consider it necessary to implement specific hedging against this risk as the amounts in currencies other than the Euro are insignificant and the relative receipts and payments generally offset one another.

c) Commodity risk

SEA is exposed to changes in prices and of the relative exchange rates for energy commodities, i.e.:

i. gas, electricity and thermal energy, and environmental certificates related to the operational management of the power plant that supply SEA with its energy needs, whose pricing variability impacts SEA indirectly through the formulas and indexing used in the pricing structures adopted in the purchase agreements (this impact was direct prior to the SEA Energia sale transaction of September 2022);

ii. CO_2 cancellation and offsetting tools, purchased by SEA directly as part of its decarbonisation strategy.

Despite the uncertain global economic environment and the geopolitical situation arising from the Russia-Ukraine war, which broke out in February 2022, the significant volatility in energy commodity prices during 2022 partially abated during the first half of 2023, but continued to expose the Company to high procurement costs and an erosion of its margins in the short term.

In H1 2023, SEA did not undertake any hedging of this risk, also in view of the general decline of commodity prices in the period, although it does have the possibility to do so in the future. Some of its commercial supply contracts provide the opportunity to pre-fix prices for heat and electricity purchases, even if this only represents a partial solution.

4.3 Liquidity risk

The liquidity risk for the SEA Group may arise where the financial resources available are not sufficient to meet the financial and commercial commitments within the agreed terms and conditions.

The liquidity, cash flows and financial needs of the SEA Group are managed through policies and processes with the objective to minimise the risk.

More specifically, the SEA Group monitors and manages its available financial resources centrally, under the control of the Group Treasury, to ensure the efficient management of these resources, also in forward budgeting terms; it maintains liquidity and has obtained committed credit lines (revolving and non), which cover the financial commitments of the Group deriving from its investment plans, operating requirements, and contractual debt repayments, and lastly, it monitors its liquidity position, in relation to business planning, to guarantee sufficient coverage of the SEA Group's requirements.

At June 30, 2023, the SEA Group may rely on Euro 67 million of liquidity, in addition to (i) irrevocable unutilised credit lines for Euro 320 million, of which Euro 250 million concerning the revolving lines underwritten in August 2022 and fully available and maturing in August 2027, and Euro 70 million concerning a line on EIB funds, whose usability by February 2023 has been extended to February 2025, and (ii) Euro 123 million of uncommitted lines utilisable for immediate cash needs.

This liquidity allows the Group to guarantee current operational needs and future financial needs.

Trade payables are guaranteed by the SEA Group through careful working capital management which largely concerns trade receivables and the relative contractual conditions established, in addition to the possibility of indirect factoring transactions which do not change the payment conditions contractually agreed between the parties, although better balancing outflows and requirements. The tables below illustrate for the SEA Group the breakdown and maturity of the financial debt (capital, medium/long-term interest and leasing) and trade payables at June 30, 2023, and December 31, 2022:

Liabilities at June 30, 2023

(in Euro millions)	< 1 year	>1 year < 3 years	>3 years < 5 years	> 5 years	Total
Gross financial debt	39.3	379.4	44.5	103.9	567.1
Lease liabilities (Financial Payables)	2.0	3.8	3.8	3.8	13.4
Trade payables	173.4				173.4
Total payables	**214.7**	**383.2**	**48.3**	**107.7**	**753.9**

Liabilities at December 31, 2022

(in Euro millions)	< 1 year	>1 year < 3 years	>3 years < 5 years	> 5 years	Total
Gross financial debt	41.0	404.2	51.7	119.4	616.3
Lease liabilities (Financial Payables)	2.0	3.5	3.6	4.7	13.8
Trade payables	190.6				190.6
Total payables	**233.6**	**407.7**	**55.3**	**124.1**	**820.7**

At June 30, 2023, loans due within one year relate to the capital portion falling due in this period on the EIB loans, and interest due on the total debt. The financial resources available ensure coverage of the SEA Group's financial debt maturities, also ensuring coverage of the medium/long-term requirements.

4.4 Sensitivity

In consideration of the fact that for the SEA Group the currency risk is almost non-existent, the sensitivity analysis refers to balance sheet accounts which could incur changes in value due to changes in interest rates.

In particular, the analysis considered:

- bank deposits;
- loans.

It is underlined that the sensitivity analysis currently does not consider the interest rate hedging instruments concluding on maturity in H2 2021.

The assumptions and calculation methods utilised in the sensitivity analysis undertaken by the SEA Group were as follows:

a) The effect was analysed on the SEA Group Income Statement for H1 2023 and H1 2022 of a change in market rates of +50 or -50 basis points

b) Calculation method:

   - estimate the increase/decrease of interest income to changes in market conditions, the change was assumed as per point a) on the average annual balance of bank deposits of the SEA Group;
   - the loans measured were those at variable interest rates, which incur interest payable linked to the Euribor at 6/3 months. The increase/decrease of the interest payable to changes in market conditions was estimated applying the changes assumed as per point a) on the capital portion of the loans held during the year.

The results of the sensitivity analysis are reported below:

	June 30, 2023		June 30, 2022	
(Euro thousands)	**-50 bp**	**+50 bp**	**-50 bp**	**+50 bp**
Current accounts (interest income) [1]	-369.44	386.66	-0.87	265.69
Loans (interest charges) [2]	241.30	-241.30	485.38	-403.10

[1] + = higher interest income; - = lower interest income

[2] + = lower interest charges; - = higher interest charges

The results of the sensitivity analysis undertaken on some accounts of the previous tables are impacted by the low level of the market interest rates, in particular in 2022. By applying a variation of -50 basis points to the current market interest rate curve, some of the cash flows corresponding to current accounts and loans would be opposite to those provided for by the related types of contracts; in these cases, these cash flows are set at zero.

5. CLASSIFICATION OF THE FINANCIAL INSTRUMENTS

The following tables provide a breakdown of the financial assets and liabilities by category at June 30, 2023 and at December 31, 2022 of the Group.

The values resulting from the utilisation of the amortised cost method approximates the fair value of the category. The data have been classified according to the categories provided for by IFRS 9 - Financial Instruments.

	June 30, 2023				
(Euro thousands)	**Financial assets measured at Fair Value to the Income Statement**	**Financial assets measured at amortised cost**	**Financial assets and liabilities at fair value to the other comprehensive income items**	**Financial liabilities measured at amortised cost**	**Total**
Other investments	1				1
Other non-current receivables		96			96
Trade receivables		141,536			141,536
Tax receivables		1,739			1,739
Other current receivables		11,730			11,730
Cash and cash equivalents		67,490			67,490
Total	**1**	**222,591**			**222,592**
Non-current financial liabilities exc. leasing				472,778	472,778
- of which payables to bondholders				*299,188*	*299,188*
Non-current financial payables for leasing				11,443	11,443
Other non-current payables				3,898	3,898
Trade payables				173,415	173,415
Tax payables				13,061	13,061
Other current payables				223,812	223,812
Current financial liabilities excl. leasing				30,393	30,393
Current financial liabilities for leasing				*1,962*	*1,962*
Total				**930,762**	**930,762**

	December 31, 2022				
(Euro thousands)	**Financial assets measured at Fair Value to the Income Statement**	**Financial assets measured at amortised cost**	**Financial assets and liabilities at fair value to the other comprehensive income items**	**Financial liabilities measured at amortised cost**	**Total**
Other investments	1				1
Other non-current receivables		96			96
Trade receivables		122,628			122,628
Tax receivables		4,769			4,769
Other current receivables		6,853			6,853
Cash and cash equivalents		160,341			160,341
Total	**1**	**294,687**			**294,688**
Non-current financial liabilities exc. leasing				507,721	507,721
- of which payables to bondholders				*299,026*	*299,026*
Non-current financial payables for leasing				11,795	11,795
Other non-current payables				6,590	6,590
Trade payables				190,558	190,558
Tax payables				11,467	11,467
Other current payables				290,727	290,727
Current financial liabilities excl. leasing				26,951	26,951
Current financial liabilities for leasing				2,044	2,044
Total				**1,047,853**	**1,047,853**

6. DISCLOSURE ON FAIR VALUE

In relation to financial instruments measured at fair value, the table below reports information on the method chosen by the Group to measure the fair value. The methods applied are broken down into the following levels, based on the information available, as follows:

- level 1: prices practiced on active markets;
- level 2: valuation techniques based on observable market information, both directly and indirectly;
- level 3: other information.

"Other equity investments" are measured at "level 3" fair value.

6.1 Assets and liabilities held-for-sale and Discontinued Operations profit/(loss)

The present section reports a breakdown of the Discontinued Operations' accounts presented in the Income Statement, the Statement of Financial Position and the Consolidated Cash Flow Statement.

In terms of methodology utilised, *Discontinued Operations* under IFRS 5 are included in the consolidation scope of the SEA Group at June 30, 2023 and December 31, 2022 and therefore the aggregate balances for the entire Group are calculated with the elimination of transactions between *Continuing* and *Discontinued Operations*. Specifically, this occurred as follows:

- the individual income statement items included among *Discontinued operations* in H1 2023 concern the income statement effect of the adjustment to fair value of the value of the holding in Malpensa Logistica Europa.
- the individual income statement items included among *Discontinued operations* in H1 2022 concern (i) the income statement of SEA Energia S.p.A. with the appropriate IAS/IFRS adjustments; (ii) the income statement effect of the adjustment of the value of the holding in Malpensa Logistica Europa.
- At statement of financial position level, the value of the investment in Malpensa Logistica Europa at June 30, 2023 does not contribute to the balances of continuing operations, but is stated separately under "Assets held-for-sale".
- In relation to the cash flow statement, all cash flows concerning *Discontinued Operations* are presented under the operating activities, investing activities and financing activities of the cash flow statement. In the consolidated cash flow statement, the effects of the cash flows related to Discontinued Operations are shown separately in each section of the cash flow statement.

The breakdown of the *Discontinued Operations* results is presented below:

Assets held-for-sale and discontinued operations Income Statement

(Euro thousands)	H1 2023	H1 2022 restated
Operating revenues		81,668
Total revenues	**0**	**81,668**
Operating costs		
Personnel costs		(1,074)
Consumable materials		(71,389)
Other operating costs		(2,250)
Total operating costs	**0**	**(74,713)**
EBITDA	**0**	**6,955**
Provisions & write-downs		6
Amortisation & Depreciation		(1,993)
Operating result	**0**	**4,968**
Financial charges		(305)
Pre-tax result	**0**	**4,663**
Income taxes		(3,743)
Net result for energy business (A)		**920**
Investment income from Malpensa Logistica Europa (B)	**775**	**1,071**
Net result from assets held for sale (A) + (B)	**775**	**1,991**

The operating revenues of SEA Energia in H1 2022 totalled Euro 81,668 thousand.

Operating costs in H1 2022 of Euro 74,713 thousand relate to the subsidiary SEA Energia.

"Income from the valuation of Malpensa Logistica Europa" reflects the income statement effects deriving from the adjustment to fair value of the holding in the above company.

The statement of financial position at December 31, 2022 does not include the Assets held-for-sale and Liabilities related to assets held-for-sale accounts as the disposal transactions of the subsidiary SEA Energia which were concluded in September 2022.

Assets held-for-sale at June 30, 2023 amounted to Euro 7,400 thousand, equating to the fair value measurement of the holding available-for-sale (Malpensa Logistica Europa).

7. DISCLOSURE BY OPERATING SEGMENT

Due to the type of activities undertaken by the Group, the "traffic" factor significantly impacts the results of all activities.

The SEA Group in 2022 disposed of the Energy business line and has identified two operating segments, as further described in the Directors' Report and specifically: (i) Commercial Aviation, (ii) General Aviation. This representation may differ at individual legal entity level.

Commercial Aviation: this includes Aviation and Non Aviation. The former concerns the management, development and maintenance of infrastructure and plant and the offer to SEA Group customers of services and activities related to the arrival and departure of aircraft, in addition to airport safety services. The revenues generated by these activities are established by a regulated tariff system and comprise airport fees, fees for the use of centralised infrastructure, in addition to security fees and tariffs for the use of check-in desks and spaces by airlines and handlers. The Non-Aviation business however provides a wide and segregated offer, mainly under license to third parties, of commercial services for passengers, operators and visitors to the Airports, in addition to the real estate segment. The revenues from this area consist of the market fees for activities directly carried out by the Group and from activities carried out by third parties under license and of royalties based on a percentage of revenues generated by the licensee, usually with the provision of a guaranteed minimum.

General Aviation: the business includes the full range of services relating to business traffic at the western apron of Linate and at Malpensa airport.

The segment information illustrated below refers only to continuing operations.

The following tables present the segment income statements and balance sheets, reconciled with the figures presented in the Directors' Report.

Segment disclosure: Income statement & balance sheet at June 30, 2023

(Euro thousands)	Commercial Aviation	General Aviation	IC Eliminations	Consolidated Financial Statements
Revenues	339,894	11,356	(16,837)	334,413
of which Intercompany	(13,616)	(3,221)	16,837	
Total operating revenues (third parties)	**326,278**	**8,135**	**0**	**334,413**
EBITDA	**124,129**	**5,547**		**129,676**
EBIT	**82,359**	**4,260**		**86,619**
Investment income/(charges)				5,322
Financial charges				(10,498)
Financial income				1,290
Pre-tax result				**82,733**
Fixed asset investments	**47,572**	**4,231**		**51,803**
Tangible assets	27,216	4,231		31,447
Intangible assets	20,356			20,356

Segment disclosure: Income statement at June 30, 2022 (restated) & balance sheet at December 31, 2022

(Euro thousands)	Commercial Aviation	General Aviation	IC Eliminations	Consolidated Financial Statements
Revenues	394,585	11,585	(8,744)	397,426
of which Intercompany	(5,800)	(2,944)	8,744	
Total operating revenues (third parties)	**388,785**	**8,641**	**0**	**397,426**
EBITDA	**197,849**	**6,555**		**204,404**
EBIT	**162,397**	**5,501**		**167,898**
Investment income/(charges)				8,765
Financial charges				(8,180)
Financial income				304
Pre-tax result				**168,787**
Fixed asset investments	**47,896**	**6,655**		**54,551**
Tangible assets	5,829	6,510		12,339
Intangible assets	42,067	145		42,212

8. NOTES TO THE STATEMENT OF FINANCIAL POSITION

8.1 Intangible assets

The following table summarises the movements in intangible assets between December 31, 2022 and June 30, 2023.

(Euro thousands)	December 31, 2022	Increases in the period	Reclassifications/ transfer	Destruct./ sales	Amortisation/ write-downs	June 30, 2023
Gross value						
Rights on assets under concession	1,647,927	2,903	21,388	(21)		1,672,197
Rights on assets under concess, in prog, & advances	35,450	15,585	(11,868)			39,167
Patents and right to use intellectual property & others	99,852		44		(42)	99,854
Assets in progress and advances	4,566	1,799	(44)			6,321
Other	18,464	69			(119)	18,415
Total Gross Value	**1,806,259**	**20,356**	**9,520**	**(21)**	**(161)**	**1,835,953**
Accumulated amortisation						
Rights on assets under concession	(754,366)		212	17	(22,465)	(776,602)
Rights on assets under concess, in prog, & advances						
Patents and right to use intellectual property & others	(96,772)				(755)	(97,527)
Assets in progress and advances						
Other	(15,328)					(15,328)
Total accumulated amortisation	**(866,466)**	**0**	**212**	**17**	**(23,220)**	**(889,457)**
Net value						
Rights on assets under concession	893,561	2,903	21,600	(4)	(22,465)	895,595
Rights on assets under concess, in prog, & advances	35,450	15,585	(11,868)			39,167
Patents and right to use intellectual property & others	3,080		44		(797)	2,327
Assets in progress and advances	4,566	1,799	(44)			6,321
Other	3,136	69			(119)	3,087
Total net value	**939,793**	**20,356**	**9,732**	**(4)**	**(23,381)**	**946,496**

As per IFRIC 12, rights on assets under concession amount to Euro 895,595 thousand at June 30, 2023 and Euro 893,561 thousand at December 31, 2022. These rights are amortised on a straight-line basis over the duration of the concession from the State, as they will be returned to the grantor at the end of the concession. Amortisation in the first six months of 2023 amounted to Euro 22,465 thousand.

On these assets, as per IFRIC 12, the SEA Group has the obligation to record a restoration and replacement provision, in relation to which reference should be made to Note 8.15.

In H1 2023, the SEA Group continued its commitment to the infrastructural development of the Malpensa and Linate airports.

The works at Malpensa airport were mainly those for the reopening of Terminal 2 on May 31, 2023. The most significant concerned: Automatic Bag Drop island G to board checked baggage independently, complete upgrading of HBS facility to standard 3, full preparation of the security filter area, upgrading of arrival corridor, upgrading of a number of passenger toilets to the new standards.

As for Linate airport, work continued on the redevelopment of a number of passenger restrooms in compliance with the new concept and the relocation and/or opening of new commercial activities.

In May 2023, work was completed on the construction of the new hangar - Hangar X - of approx. 4,700 square meters, used for the shelter and maintenance of general aviation aircraft; on the west apron of Linate Prime, eleven hangars are currently available.

The intellectual property rights, with a net residual value of Euro 2,327 thousand at June 30, 2023, principally relate to company software licenses concerning both airport and operational management and to the purchase of software components. Amortisation amounted to Euro 797 thousand.

8.2 Property, plant and equipment

The following table summarises the movements in property, plant and equipment between December 31, 2022 and June 30, 2023.

(Euro thousands)	December 31, 2022	Increases in the period	Reclassifications/ transfers	Destruct./ sales	Depreciation /write-downs	June 30, 2023
Gross value						
Property	228,740	16,995	3,003	(118)		248,620
Plant and machinery	7,139	101	164	(169)		7,235
Industrial and commercial equipment	46,756	350		(30)		47,076
Other assets	94,699	2,775	263	(614)		97,123
Assets in progress and advances	20,060	11,226	(12,950)			18,336
Total Gross Value	**397,394**	**31,447**	**(9,520)**	**(931)**	**0**	**418,390**
Accumulated depreciation & write-downs						
Property	(121,439)		(50)	100	(3,169)	(124,558)
Plant and machinery	(5,477)		(162)	167	(179)	(5,650)
Industrial and commercial equipment	(46,285)			30	(180)	(46,436)
Other assets	(81,201)			614	(2,988)	(83,576)
Assets in progress and advances						
Total accumulated depreciation & write-downs	**(254,402)**	**0**	**(212)**	**911**	**(6,517)**	**(260,220)**
Net value						
Property	107,302	16,995	2,953	(18)	(3,169)	124,062
Plant and machinery	1,663	101	2	(2)	(179)	1,585
Industrial and commercial equipment	471	350			(180)	641
Other assets	13,498	2,775	263		(2,988)	13,547
Assets in progress and advances	20,060	11,226	(12,950)			18,336
Total net value	**142,994**	**31,447**	**(9,732)**	**(20)**	**(6,517)**	**158,172**

The main investment in H1 2023 was completed on June 19 and concerns the area owned by Gezzo S.r.l.. This area is located close to Linate airport, on which the parking and adjoining land is located. The total investment, classified under property, amounts to approx. Euro 17 million.

Other investments mainly concern the works for the reopening of Malpensa Terminal 2.

8.3 Leased assets right-of-use

"Leased asset right-of-use" concern rights-of-use recognised as per IFRS 16.

As a lessee, the SEA Group identified the relevant issues, principally industrial equipment and the long-term hire of vehicles, with the consequent recognition of a usage right to non-current assets equal to the present value of the outstanding instalments and with the counter-entry of a finance lease payable. The net value of leased asset rights-of-use at June 30, 2023 is Euro 13,340 thousand, with depreciation in the period of Euro 1,295 thousand.

For the calculation of these amounts, the Group availed of an exemption permitted under IFRS 16 and which resulted in a single discount rate for each leasing portfolio with similar characteristics.

The following table summarises the movements between December 31, 2022 and June 30, 2023.

(Euro thousands)	December 31, 2022	Increases in the period	Destruct./ sales	Depreciation /write-downs	June 30, 2023
Gross value					
Miscellaneous & minor equipment	4,249	363	(207)		4,405
Transport vehicles	11,939	264	(184)		12,019
Land	4,443				4,443
Total Gross Value	**20,631**	**627**	**(391)**	**0**	**20,867**
Accumulated depreciation & write-downs					
Miscellaneous & minor equipment	(2,734)		207	(357)	(2,884)
Transport vehicles	(2,652)		184	(739)	(3,207)
Land	(1,238)			(199)	(1,437)
Total accumulated depreciation & write-downs	**(6,624)**	**0**	**391**	**(1,295)**	**(7,528)**
Net value					
Miscellaneous & minor equipment	1,515	363		(357)	1,521
Transport vehicles	9,287	264		(739)	8,812
Land	3,205			(199)	3,006
Total net value	**14,008**	**627**	**0**	**(1,295)**	**13,340**

8.4 Investment property

The account includes buildings not utilised in the operated activities of the Group.

Investment property

(Euro thousands)	June 30, 2023	December 31, 2022
Gross value	4,134	4,134
Accumulated depreciation	(735)	(735)
Net total investment property	**3,399**	**3,399**

Movement Accumulated Depreciation

(Euro thousands)	June 30, 2023	December 31, 2022
Opening balance	(735)	(733)
Depreciation		(2)
Closing balance	**(735)**	**(735)**

8.5 Investments in associates

The change in the account "investments in associates" from December 31, 2022 to June 30, 2023 is shown below:

Investments in associates

		Movements				
(Euro thousands)	December 31, 2022	IFRS 5 reclassification	Increases / (decreases)	Dividends distributed	Capital increase	June 30, 2023
SACBO SpA	45,420		2,863	(966)		47,317
Dufrital SpA	13,486		1,844	(2,001)		13,329
Disma SpA	2,922		13			2,935
Malpensa Logistica Europa SpA *	6,626	(6,626)				0
Areas Food Services Srl	3,194		640		1,485	5,319
Airport Handling SpA	10,530		(68)	(1,500)		8,962
Total	**82,178**	**(6,626)**	**5,292**	**(4,467)**	**1,485**	**77,862**

(*) *Investment held for sale reclassified as of June 30, 2023 among "Assets held-for-sale and discontinued operations" according to IFRS 5.*

The companies held are all resident in Italy.

The net equity of the associated companies was adjusted to take account of the Group accounting principles and the measurement of investments as per IAS 28.

The SEA Group share of adjusted net equity at June 30, 2023 amounts to Euro 77,862 thousand (Euro 82,178 thousand at December 31, 2022).

The share capital of Areas Food Services S.r.l. was increased from Euro 746,700 to Euro 1,500,000 (SEA's holding remained unchanged at 40%). The transaction forms part of SEA's broader strategy of improving the food and beverage sector while also directly overseeing the quality of services provided in the hope of improving passenger experience.

Under IFRS 5, as described above, the investment in Malpensa Logistics Europe at June 30, 2023 is classified to "Assets held-for-sale."

8.6 Other investments

The list of "Other investments" is presented below:

	% Holding	
Company	**June 30, 2023**	**December 31, 2022**
Consorzio Milano Sistema in liquidation	10%	10%
Romairport Srl	0.227%	0.227%

The tables below report the changes in other investments:

Other investments

		Movements		
(Euro thousands)	**December 31, 2022**	**Increases/ revaluations**	**Decreases/ write-downs**	**June 30, 2023**
Consorzio Milano Sistema in liquidation	0			0
Romairport Srl	1			1
Total	**1**	**-**	**-**	**1**

8.7 Deferred tax assets

The breakdown of the net deferred tax assets is reported below:

(Euro thousands)	June 30, 2023	December 31, 2022
Deferred tax assets	104,298	118,092
Deferred tax liabilities	(6,031)	(6,323)
Total deferred tax assets, net of liabilities	**98,267**	**111,768**

The movement in net deferred tax assets in the first six months of 2023 was as follows:

(Euro thousands)	December 31, 2022	(Released) / allocated to P&L	(Released) / allocated to Equity	June 30, 2023
Deferred tax assets	118,092	(13,636)	(158)	104,298
Deferred tax liabilities	(6,323)	292		(6,031)
Total deferred tax assets, net of liabilities	**111,768**	**(13,344)**	**(158)**	**98,267**

Deferred tax assets reduced Euro 13,502 thousand, from Euro 111,768 thousand to Euro 98,266 thousand. This was mainly due to the reabsorption of Euro 14,531 thousand of deferred taxes recognised on prior year tax losses.

8.8 Other non-current receivables

Other non-current receivables totalling Euro 60,496 thousand at June 30, 2023 (Euro 60,496 thousand at December 31, 2022) refer mainly to the assets relating to the indemnification right, associated with the takeover value and arising from Article 703 (paragraph 5), of the Navigation Code.

8.9 Inventories

The following table reports the breakdown of the account "Inventories":

Inventories

(Euro thousands)	June 30, 2023	December 31, 2022
Raw material, ancillary and consumables	2,527	2,874
Inventory obsolescence provision	(972)	(1,316)
Total Inventories	**1,555**	**1,558**

The account principally comprises consumable goods held for airport activities.

At June 30, 2023, no goods held in inventories comprised guarantees on loans or concerning other commitments.

The comparison of inventories with the realisable value or replacement necessitated an inventory obsolescence provision amounting to Euro 972 thousand at June 30, 2023 (Euro 1,316 thousand at December 31, 2022).

8.10 Trade receivables

The breakdown of the trade receivables is reported in the table below:

Trade receivables

(Euro thousands)	June 30, 2023	December 31, 2022
Trade receivables - customers	123,193	109,402
Trade receivables - associates	18,343	13,226
Total net trade receivables	**141,536**	**122,628**

Trade receivables, shown net of the doubtful debt provision, mainly include receivables from clients and provisions for invoices and credit notes to be issued.

The movement in "Trade Receivables" is due to the increased volumes of traffic managed.

The criteria for the adjustment of receivables to their realisable value takes account of valuations and are subject to estimates which are described in the previous Notes, to which reference should be made.

The changes in the doubtful debt provision were as follows:

Doubtful debt provision

(Euro thousands)	June 30, 2023	December 31, 2022
Opening provision	(103,414)	(124,331)
(Increases)/releases	(1,290)	5,688
Utilisations	285	15,229
Total doubtful debt provision	**(104,419)**	**(103,414)**

The net provisions of Euro 1,290 thousand relate to the Company's risk assessment reflecting the expected loss on each receivable as required by IFRS 9.

8.11 Tax receivables and other current receivables

The following table provides the breakdown of other current receivables:

Tax receivables and other current receivables

(Euro thousands)	June 30, 2023	December 31, 2022
Tax receivables	1.739	4.769
Other current receivables	11.730	6.853
Total tax receivables and other current receivables	**13.469**	**11.622**

The Group in H1 2023 benefited from the contribution of Euro 2,280 thousand, recognised by the Government in the form of a tax credit for non-energy intensive enterprises, to partially offset the increased charges effectively incurred to purchase electricity during Q1 and Q2 2023. The residual receivable of Euro 414 thousand shall be utilised in the second half of 2023.

The account "other current receivables" is broken down as follows:

Other current receivables

(Euro thousands)	June 30, 2023	December 31, 2022
Other receivables	6,019	3,683
Employee & soc. sec. receivables	1,336	897
Receivables from insurance companies	994	865
Miscellaneous receivables	1,380	966
Receivables for dividends	2,001	442
Total other current receivables	**11,730**	**6,853**

"Other current receivables" amount to Euro 11,730 thousand at June 30, 2023 (Euro 6,853 thousand at December 31, 2022) and comprise the accounts outlined below.

"Other receivables" of Euro 6,019 thousand principally concerns accrued income related to revenues accrued in the year and costs relating to future years. The account also includes supplier advances, operating grants and other minor positions. The change during the year was mainly due to the increased receivables recognised due to prepayments during the year of costs set to accrue in the following year.

Miscellaneous receivables amounting to Euro 1,380 thousand at June 30, 2023 mainly refer to receivables from payments by Telepass, credit card and POS which have not yet been credited in the bank account.

The receivables for dividends to be received of Euro 2,001 thousand at June 30, 2023 concern the dividends approved by the Shareholders' Meeting of Dufrital S.p.A.. The receivables for dividends to be received of Euro 442 thousand at December 31, 2022, relating to Airport Handling, were received in February 2023.

8.12 Cash and cash equivalents

The breakdown of the account "cash and cash equivalents" is shown in the table below:

Cash and cash equivalents

(Euro thousands)	June 30, 2023	December 31, 2022
Bank and postal deposits	67,427	160,269
Cash in hand and similar	63	72
Total	**67,490**	**160,341**

Cash and cash equivalents at June 30, 2023 decreased Euro 92,851 thousand compared to December 31, 2022.

Despite the favourable operating cash flow movements, which funded investments and serviced the debt, liquidity levels were impacted by (i) the settlement in June 2023 of the payable for the second tranche of the extraordinary dividend approved by the Shareholders' Meeting of September 30, 2019 and amounting to Euro 84.7 million, whose cash out was suspended during the pandemic, and (ii) the early settlement of Euro 25 million regarding the residual portion of the variable rate term loans agreed in 2021 to deal with the COVID-19 pandemic, so as to optimise the SEA Group's financial structure within a market featuring rising interest rates.

The account at June 30, 2023 comprises bank and postal deposits on demand for Euro 67,325 thousand (Euro 160,166 thousand at December 31, 2022), restricted bank deposits of Euro 102 thousand (in line with December 31, 2022) and cash amounts for Euro 63 thousand (Euro 72 thousand at December 31, 2022).

For further information on the movements, reference should be made to the Consolidated Cash Flow Statement.

8.13 Shareholders' Equity

At June 30, 2023, the share capital of SEA S.p.A. totalled Euro 27,500 thousand, comprising 250,000,000 shares of Euro 0.11 each.

The changes in shareholders' equity in the year are shown in the statement of financial position.

The reconciliation between the net equity of the Parent Company SEA S.p.A. and the consolidated net equity is shown below.

(Euro thousands)	Net Equity at December 31, 2022	Equity movements	OCI Reserve	Net profit /(loss)	Net Equity at June 30, 2023
Parent Company Financial Statements	**276,971**		**500**	**62,430**	**339,901**
Share of net equity and net profit of the consolidated subsidiaries attributable to the Group, net of the carrying amount of the relative investments	7,818	(4)		(2,020)	5,794
Adjustments for measurement at equity of associates	63,042			1,600	64,642
Other consolidation adjustments	(4,963)			114	(4,849)
Consolidated Financial Statements	**342,867**	**(4)**	**500**	**62,124**	**405,487**

On April 28, 2023, the Shareholders' Meeting of the parent company approved the separate financial statements at December 31, 2022 of SEA S.p.A., drawn up as per IFRS, allocating the 2022 net profit of Euro 194,918,804.50 as follows:

- euro 120,366,865.50 to fully cover the loss for 2020;
- euro 74,551,939.00 to the extraordinary reserve.

8.14 Provisions for risks and charges

The account "Provisions for risks and charges" is broken down as follows:

Provision for risks and charges

(Euro thousands)	December 31, 2022	Provisions	(Utilisation)	(Releases)	June 30, 2023
Restoration and replacement provision	200,676	10,454	(13,767)		197,363
Provision for future charges	28,448	192	(720)	(72)	27,848
Total provision for risks and charges	**229,124**	**10,646**	**(14,487)**	**(72)**	**225,211**

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 197,363 thousand at June 30, 2023 (Euro 200,676 thousand at December 31, 2022), refers to the estimate of the amount matured relating to the maintenance on assets under concession from the State which will be undertaken in future years. The provision for the year takes into account the updated long-term scheduled maintenance and replacement plans on these assets, while the utilisations in the year refer to the restoration works carried out covered by the provisions made in previous years. The utilisation for the period is mainly due to the restoration works carried out on the flight infrastructure at Malpensa Airport and the restoration and replacement works preparatory to the reopening of Malpensa Terminal 2. The movements of the future charges provision were as follows:

Provision for future charges

(Euro thousands)	December 31, 2022	Provisions	(Utilisation)	(Releases)	June 30, 2023
Labour provisions	7,654		(3)	(1)	7,650
Insurance excesses	518	190	(50)	(69)	589
Tax risks	1,735				1,735
Other provisions	18,541	2	(667)	(2)	17,874
Total provision for future charges	**28,448**	**192**	**(720)**	**(72)**	**27,848**

"Insurance excesses" equal to Euro 589 thousand refers to the charges payable by the SEA Group for damages deriving from civil responsibility.

The "Tax risks" account refers to:

- Euro 1,500 thousand for the amount allocated by SEA Prime S.p.A., to cover liabilities related to the non-payment of Group VAT by the former Parent Company for the years 2011 and 2012;
- Euro 235 thousand for the amount provisioned by the parent SEA in relation to the VAT assessment (for further information, reference should be made to the Directors' Report).

The account "other provisions" for Euro 17,874 thousand at June 30, 2023 is composed of the following items:

- Euro 8,574 thousand for legal disputes related to the operational management of the airports; For further information, reference should be made to the Directors' Report;
- Euro 9,000 thousand relating to charges from the acoustic zoning of the peripheral areas to the Milan Airports (Law No. 447/95 and subsequent Ministerial Decrees). It should be noted that the drawing up of the Noise containment action plan in accordance with Ministerial Decree 29/11/00 was completed in December 2022 for the Linate area, and the same analysis is currently underway for the Malpensa area. For further information, reference should be made to the Directors' Report;
- Euro 300 thousand (Euro 300 thousand at December 31, 2022) for various legal disputes.

The utilisations mainly concern the payment of amounts for the resolution of disputes by a judgment unfavourable to Group companies.

Based on the updated state of advancement of disputes at the preparation date of the present interim report, and also based on the opinion of the consultants representing the Group in the disputes, the provisions are considered sufficient to cover current liabilities.

8.15 Employee provisions

The changes in the employee provisions are shown below:

Employee provisions

(Euro thousands)	June 30, 2023	December 31, 2022
Opening provision	30,942	44,036
Financial (income)/charges	489	631
Utilisations	(2,749)	(7,844)
Actuarial losses/(profits)	(659)	(5,881)
Total employee provisions	**28,023**	**30,942**

The actuarial calculation of the employee leaving indemnity takes into account the effects of the reform of Law No. 296 of December 27, 2006 and subsequent decrees and regulations.

The main actuarial assumptions, utilised for the determination of the pension obligations, which has a significant impact on actuarial losses, are as follows:

Economic-financial technical parameters

	June 30, 2023	December 31, 2022
Annual discount rate	3.67%	3.51%
Annual inflation rate	2.30%	2.30%
Annual increase in employee leaving indemnity	3.23%	3.23%

The annual discount rate, utilised for the present value of the bond, was based on the Iboxx Eurozone Corporate AA index.

8.16 Current and non-current financial liabilities

The table below provides a breakdown of current and non-current financial liabilities at June 30, 2023 and December 31, 2022.

	June 30, 2023		December 31, 2022	
(Euro thousands)	Current portion	Non-current portion	Current portion	Non-current portion
Long-term loans	20,410	173,589	22,929	208,695
Loan charges payable	2,388		1,634	
Bank payables	**22,798**	**173,589**	**24,563**	**208,695**
Payables to bondholders		299,189		299,026
Payables for charges on bonds	7,595		2,388	
Lease liabilities (Financial Payables)	1,962	11,443	2,044	11,795
Payables to other lenders	**9,557**	**310,632**	**4,432**	**310,821**
Total current and non-current liabilities	**32,355**	**484,221**	**28,995**	**519,516**

The financial debt of the Group at June 30, 2023, as illustrated in the table below, is exclusively comprised of medium/long-term debt - mainly concerning the SEA Bond 10/2025 bond issue (expressed at amortised cost) and the loans agreed and the EIB loans (of which 48% with maturity beyond 5 years and only 10% maturing within 12 months).

The breakdown of the Group net financial debt at June 30, 2023 and December 31, 2022 is reported below:

Net financial debt

	(Euro thousands)	June 30, 2023	December 31, 2022
A.	Cash	(67,490)	(160,341)
B.	Cash equivalents		
C.	Other current financial assets		
D.	**Liquidity (A)+(B)+(C)**	**(67,490)**	**(160,341)**
E.	Current financial debt	11,944	6,066
F.	Current portion of non-current financial debt	20,411	22,928
G.	**Current financial indebtness (E + F)**	**32,355**	**28,994**
H.	**Net current financial indebtedness (G - D)**	**(35,135)**	**(131,347)**
I.	Non-current financial debt	185,032	220,491
J.	Debt instruments	299,188	299,026
K.	Non-current trade and other payables		
L.	**Non-current financial indebtedness (I+J+K)**	**484,220**	**519,517**
M.	**Total financial indebtedness from continuing operation (H+L)**	**449,085**	**388,170**
N.	Net financial debt from assets held-for-sale and discontinued operation		
O.	**Total financial indebtedness (M+N)**	**449,085**	**388,170**

At the end of June 2023, the net debt of Euro 449,085 thousand had increased Euro 60,915 thousand on the end of 2022 (Euro 388,170 thousand).

The net debt was affected by a number of factors, including:

a. the reduction of liquidity (for further details, reference should be made to the "Cash and cash equivalents" paragraph);

b. the continuation of the repayment of part of the EIB loans (principal repaid in the year totalling Euro 12,739 thousand);

c. the early repayment of Euro 25,000 thousand, relating to the residual portion of the variable rate term loans agreed in 2021 to deal with the COVID-19 pandemic, so as to optimise the SEA Group's financial structure amid rising interest rates;

d. higher accrued expenses on loans for Euro 5,960 thousand, impacted by the settlement of the annual coupon of the Bond 10/2025 due in October, and the lower amortised cost for Euro 276 thousand;

e. lower leasing payables for Euro 433 thousand, following the settlement of outstanding contracts.

"Current financial payables" and "Non-current financial payables" include the lease liabilities, as per IFRS 16 and representing the obligation to make contractually established payments. As per the table presented below, the current financial liabilities (maturity within 12 months) and non-current liabilities (maturity beyond 12 months) for leasing amount at June 30, 2023 and December 31, 2022 respectively to Euro 1,962 thousand and Euro 11,443 thousand.

Lease liabilities (Financial Payables)

	June 30, 2023		December 31, 2022	
(Euro thousands)	Current	Non-current	Current	Non-current
Miscellaneous & minor equipment	498	1,321	630	1,310
Transport vehicles	1,429	7,897	1,379	8,264
Land	35	2,225	35	2,221
Total	**1,962**	**11,443**	**2,044**	**11,795**

For further details, reference should be made to the Note *"Leased assets rights-of-use"*.

Indirect and conditional debt

In line with Recommendations ESMA/32-382-1138, a breakdown of the Group's indirect and conditional debt at June 30, 2023 is presented below in order to provide an overview of any material debt that is not reflected in the debt statement and which represents an obligation that the Group may have to meet:

i. the main provisions recognised in the financial statements relate to:

- the restoration and replacement provision, which represents a contractual obligation to maintain the infrastructure at a specified level of functionality or to restore it to a specified condition before handing it back to the grantor upon expiration of the service agreement. At June 30, 2023, the provision totals Euro 197,363 thousand. Further details are provided in paragraph 8.14;
- charges arising from acoustic zoning to meet the Plan of noise containment actions in accordance with Ministerial Decree 29/11/00. At June 30, 2023, the provision totals Euro 9 million. Further details are provided in paragraph 8.14;
- the employee leaving indemnity fund, which amounted to Euro 28,023 thousand at June 30, 2023. For further details, see paragraph 8.15;

ii. there are no long-term trade payables nor are there any overdue amounts that are not attributable to normal business operations. Any Withholding Taxes are in any case provided for contractually.

iii. trade payables include sums ceded under factoring contracts for Euro 444 thousand (Euro 342 thousand at December 31, 2022). Invoice payment terms are non-interest bearing as they do not involve further extensions agreed upon between the supplier and the Group. For further details, see paragraph 8.18;

iv. the guarantees and commitments entered into by the Group at June 30, 2023 are described in paragraph 14.

8.17 Other non-current payables

The balance at June 30, 2023 therefore entirely concerns the non-current portion of payables to employees and the associated social security contributions, recorded as a result of the mobility procedure's commencement on September 28, 2022. Through the mobility procedure, early retirement incentive payments were established for a pre-determined number of workers who will qualify for (early or ordinary retirement age) pension benefits by 2025. The agreement with Trade Unions covering this procedure has been signed.

8.18 Trade payables

The breakdown of trade payables is follows:

Trade payables

(Euro thousands)	June 30, 2023	December 31, 2022
Supplier payables	162,370	179,760
Advances	2,037	2,157
Payables to associates	9,008	8,641
Total trade payables	**173,415**	**190,558**

Trade payables refer to the purchase of goods and services relating to operations and Group investments.

The payables for advances at June 30, 2023 amounted to Euro 2,037 thousand (Euro 2,157 thousand at December 31, 2022).

In order to optimise operations with suppliers, trade payables at June 30, 2023 include sums ceded under indirect factoring contracts for Euro 444 thousand (Euro 342 thousand at December 31, 2022).

For payables from associated companies reference should be made to Note 10, relating to transactions with related parties.

8.19 Income tax payables

The payables for taxes at June 30, 2023 of Euro 13,061 thousand (Euro 11,467 thousand at December 31, 2022) consisted of:

Income tax payables

(Euro thousands)	June 30, 2023	December 31, 2022
IRPEF payables on employees and sub-contractors	3,387	3,755
Direct income taxes	4,698	6,434
VAT payables	4,830	1,274
Other tax payables	146	4
Total income tax payables	**13,061**	**11,467**

8.20 Other payables

The table below reports the breakdown of the account "Other payables":

Other payables

(Euro thousands)	June 30, 2023	December 31, 2022
Payables to shareholders for dividends	146	84,832
Airport fire service	94,700	91,591
Payables for additional landing rights	46,361	41,703
Other items	26,095	18,851
Employee payables for amounts matured	12,607	17,474
Payables to the state for concession fee	26,787	18,684
Payables to social security institutions	11,298	12,394
Employee payables for vacations not taken	2,934	2,701
Third party guarantee deposits	2,561	2,176
Payables to others post-employee benefits	148	164
Payables to BoD & Boards of Statutory Auditors	62	73
Payables to the state for concession fee security service	113	84
Total	**223,812**	**290,727**

"Other payables" decreased by Euro 66,915 thousand, from Euro 290,727 thousand at December 31, 2022 to Euro 223,812 thousand at June 30, 2023, mainly due to the payment to shareholders for dividends.

Relating to the payables to the State for airport fire services, on July 20, 2018 the constitutional court notice of July 3, 2018 was published in the Official Gazette which declared the unconstitutionality of Article 1, paragraph 478 of Law No. 208 of December 28, 2015 implementing "Provisions for the drawing up of annual and multi-year budgets of the State (2016 Stability Law)". The established taxation status of the Fire-fighting fund and the condition of exclusive tax jurisdiction were subsequently confirmed by the Court of Cassation on January 15, 2019. In the Company's appeal to the Rome Regional Administrative Court, the Administrative Judge also ruled in favour of the jurisdiction of the Tax Judge in the judgement issued in December 2019. The Company served the notice of resumption of the proceedings before the Tax Judge in order to assert the validity of the aforementioned rulings against it. On May 24, 2022, judgement No. 6230/2022, issued by the Rome Provincial Tax Commission, was filed, by which SEA's defences were upheld in their entirety and the ENAC measure was annulled. With a claim filed on August 30, 2022, the Public Bodies appealed this judgement.

The item "Payables for additional landing rights" represent the additional charges created by Laws No. 350/2003, No. 43/2005, No. 296/2006, No. 166/2008, No. 92/2012 and No. 357/2015.

The account "Other items", amounting to Euro 26,095 thousand at June 30, 2023 (Euro 18,851 thousand at December 31, 2022), mainly relates to deferred income for future periods and other minor payables.

The reduction in “Employee payables for amounts accrued” is due to the settlements in H1 2023 of amounts recognised at December 31, 2022, including the payables recorded as a result of the mobility procedure’s commencement on September 28, 2022. Through the mobility procedure, early retirement incentive payments were established for a pre-determined number of workers who will qualify for pension benefits by 2025 (early or ordinary retirement age).

9. NOTES TO THE INCOME STATEMENT

9.1 Operating revenues

The table below shows the breakdown of operating revenues for H1 2023 and H1 2022. These data reflect the operational and managerial view of the businesses in which the Group operates. Therefore, these data may differ with respect to those presented at the level of the individual legal entity.

H1 2022 Operating revenues include the public grants received from the State and the Lombardy Region totalling Euro 144,101 thousand, in partial compensation for the losses incurred due to the pandemic, of which Euro 142,608 thousand concerning the Commercial Aviation segment and Euro 1,493 thousand the General Aviation segment. This allocation was constructed based on the data in the grant application document prepared by the Group SEA and sworn by an independent third party.

Operating revenues

(Euro thousands)	H1 2023	H1 2022 excl. Contribution by State and Lombardy Region	H1 2022
Commercial Aviation Operating Revenues	326,278	246,177	388,785
General Aviation Operating Revenues	8,135	7,148	8,641
Total operating revenues	**334,413**	**253,325**	**397,426**

The revenues commented on below are presented net of the public grants received from the State and the Lombardy Region.

Commercial Aviation Operating Revenues

In the first half of 2023, Commercial Aviation revenues increased Euro 80,101 thousand compared to the same period of the previous year restated, net of the public grants previously outlined. This movement is due for Euro 41,530 thousand to the Aviation business and for Euro 38,571 thousand to the Non-Aviation business.

Commercial Aviation Operating Revenues

(Euro thousands)	H1 2023	H1 2022
Aviation	190,338	148,808
Non aviation	135,940	97,369
Total Commercial Aviation Operating Revenues	**326,278**	**246,177**

The breakdown of Non Aviation operating revenues is reported below.

Non Aviation operating revenues

(Euro thousands)	H1 2023	H1 2022
Retail	56,627	36,192
Parking	39,277	28,055
Cargo	9,951	8,974
Advertising	4,310	2,868
Premium services	12,076	8,057
Real estate	2,409	2,118
Services and other revenues	11,290	11,105
Total Non Aviation operating revenues	**135,940**	**97,369**

Non-Aviation revenues rose 39.6% on H1 2022.

The breakdown of retail revenues is reported below.

Retail Revenues

(Euro thousands)	H1 2023	H1 2022
Shops	29,452	17,118
Food & Beverage	12,907	8,709
Car Rental	9,965	7,854
Bank services	4,303	2,511
Total Retail	**56,627**	**36,192**

General Aviation Operating Revenues

As mentioned above, the General Aviation segment includes the full range of services relating to business traffic at the western apron of Linate airport and, with effect from August 2019, at Malpensa airport also. General aviation segment revenues totalled Euro 8,135 thousand, up 13.8% on the preceding period, net of the grants received from the State and the Lombardy region. For further details, reference should be made to the Directors' Report.

9.2 Revenue for works on assets under concession

Revenues for works on assets under concession increased from Euro 10,844 thousand in the first half of 2022 to Euro 15,583 thousand in H1 2023 (+43.7%). These revenues refer to construction work on assets under concession increased by a mark-up of 6% representing the remuneration of the internal cost for the management of the works and design activities undertaken by the Company, which corresponds to a mark-up which a general constructor would request to undertake such activities, and are included in the business unit aviation. This account is strictly related to investment and infrastructure upgrading activities.

9.3 Personnel costs

The breakdown of personnel costs is as follows:

Personnel costs

(Euro thousands)	H1 2023	H1 2022
Wages, salaries & social security charges	80,543	73,726
Post-employment benefits	4,092	4,061
Other personnel costs	2,329	1,806
Total	**86,964**	**79,593**

Group personnel costs in H1 2023 increased Euro 7,371 thousand (+9.3%) on H1 2022, from Euro 79,593 thousand to Euro 86,964 thousand.

The increase is mainly due to the concluded utilisation of the Extraordinary Temporary Lay-Off Scheme (+8.1%), and residually the accrual made ahead of the renewal of the national collective bargaining agreement.

The average Full Time Equivalent workforce decreased from 2,611 in H1 2022 to 2,524 in H1 2023.

The following table outlines the average FTE by category in the period: January-June 2022 and January-June 2023:

Average Full Time Equivalent

	H1 2023	%	H1 2022	%
Executives	45	1.8%	44	1.7%
Managers	257	10.2%	273	10.5%
White-collar	1,517	60.1%	1,621	62.1%
Blue-collar	528	20.9%	608	23.3%
Total full-time employees	**2,347**	**93.0%**	**2,546**	**97.5%**
Temporary workers	177	7.0%	65	2.5%
Total employees	**2,524**	**100%**	**2,611**	**100%**

9.4 Consumable materials

The breakdown of the account “consumable materials” is as follows:

Consumable materials

(Euro thousands)	H1 2023	H1 2022
Raw materials, ancillaries, consumables and goods	5,918	5,253
Change in inventories	3	(66)
Total	**5,921**	**5,187**

In the first six months of 2023, consumable material costs increased by Euro 734 thousand (+14.2%) on the same period of 2022, from Euro 5,187 thousand to Euro 5,921 thousand - principally due to the higher cost of spare parts for equipment and loading and unloading vehicles.

9.5 Other operating costs

The breakdown of “Other operating costs” is as follows:

Other operating costs

(Euro thousands)	H1 2023	H1 2022
Utilities	22,933	37,027
Ordinary maintenance costs	16,709	12,599
Public fees	19,440	15,603
Terminal services provided by handling company	9,156	8,773
Cleaning	7,538	7,137
Miscellaneous and local taxes	4,149	4,051
Parking management	9,377	6,764
Hardware and software fees & rental	4,776	4,082
Other costs	7,661	4,988
Security expenses	3,084	1,460
Professional services	2,333	2,075
Commercial costs	2,314	1,484
Insurance	775	785
Hire of equipment & vehicles	595	549
Disabled assistance	1,371	993
Emoluments & costs of Board of Statutory Auditors & BoD	495	458
Losses on disposal of assets	25	26
Total other operating costs	**112,731**	**108,854**

In the first half of 2023, other operating costs increased Euro 3,877 thousand compared to H1 2022, from Euro 108,854 thousand to Euro 112,731 thousand. As indicated in the table, this on the one hand relates to higher traffic volumes and increased passenger services, and on the other to the decrease in commodity prices.

“Utilities” of Euro 22,933 thousand in H1 2023 decreased by Euro 14,094 thousand on H1 2022. This account in benefits from the contribution of Euro 2,280 thousand from the Government for non-energy intensive enterprises to partially offset the increased charges effectively incurred to purchase electricity, in the form of a tax credit on energy expenses incurred. The Group recognised this contribution as a direct reduction of the cost to which the contribution is linked.

The “Public fees” include: i) concession fees to the State for Euro 15,700 thousand (Euro 11,602 thousand in H1 2022); ii) costs for fire-fighting services at the airports for Euro 3,109 thousand (Euro 3,536 thousand in H1 2022); iii) concession fees to the tax authorities for security services of Euro 546 thousand (Euro 416 thousand in H1 2022); and iv) concession fees and charges to other entities of Euro 85 thousand (Euro 49 thousand in H1 2022).

9.6 Costs for works on assets under concession

Costs for works on assets under concession increased from Euro 10,232 thousand in the first half of 2022 to Euro 14,704 thousand in the first half of 2023.

These refer to, in accordance with IFRIC 12, the costs for the works undertaken on assets under concession. This movement is strictly related to investment activities.

9.7 Provisions and write-downs

The breakdown of provisions and write-downs is as follows:

Provisions and write-downs

(Euro thousands)	H1 2023	H1 2022
Write-downs / (releases) of current receivables & cash and cash equivalents	1,290	(6,888)
Provisions/(releases) to provisions for future charges	120	60
Total provisions and write-downs/(releases)	**1,410**	**(6,828)**

In H1 2023, provisions and write-downs amount to a charge to the income statement of Euro 1,410 thousand (income of Euro 6,828 thousand in H1 2022).

In the first six months of 2023, as was the case in the first six months of 2022, the "provisions for future charges" did not have a significant impact on the Group's income statement.

For further details, reference should be made to the account "Provisions and write-downs" in the Directors' Report.

9.8 Restoration and replacement provision

Restoration and replacement provision

(Euro thousands)	H1 2023	H1 2022
Restoration and replacement provision	10,454	10,812

The restoration and replacement provision amounting to Euro 10,812 thousand in H1 2022 and Euro 10,454 thousand in H1 2023 include provisions for maintenance and replacements in order to ensure the functioning of the infrastructure held under concession. In H1 2023, the provision amounted to Euro 10,454 thousand and the utilisation amounted to Euro 13,767 thousand.

9.9 Amortisation and depreciation

The account "amortisation and depreciation" comprises:

Amortisation & Depreciation

(Euro thousands)	H1 2023	H1 2022
Amortisation of intangible assets	23,381	24,334
Depreciation of tangible assets & investment property	6,517	6,939
Depreciation Leased assets right-of-use	1,295	1,249
Total amortisation & depreciation	**31,193**	**32,522**

Amortisation and depreciation decreased by Euro 1,329 thousand on the same period of 2022, from Euro 32,522 thousand to Euro 31,193 thousand.

9.10 Investment income (charges)

The breakdown of investment income and charges is as follows:

Investment income (charges)

(Euro thousands)	H1 2023	H1 2022 restated	H1 2022 approved
SACBO SpA	2,863	5,919	5,919
Dufrital SpA	1,844	738	738
Disma SpA	13	177	177
Malpensa Logistica Europa SpA *			1,071
Areas Food Services Srl	640	261	261
Airport Handling SpA	(68)	1,670	1,670
Equity valuation	**5,292**	**8,765**	**9,836**
Other income (charges)	**30**		
Total income (charges) from investments	**5,322**	**8,765**	**9,836**

(*) *Investment held for sale reclassified as of June 30, 2023 among "Assets held-for-sale and discontinued operations" according to IFRS 5.*

In H1 2023, investment income totalled Euro 5,322 thousand (net income from investments of Euro 8,765 thousand in H1 2022 restated).

The account mainly includes the economic effects deriving from the measurement at Equity of the associated company. The results of the associated companies were adjusted to take account of the Group accounting principles and the measurement of investments as per IAS 28.

The deterioration of the results of SACBO and Airport Handling in H1 2023 compared to the same period of 2022 is due to the fact that in 2022 subsidies were recognised both under the "2021 Budget Law" and from the Lombardy Region.

9.11 Financial income/(charges)

The breakdown of the account "financial income and charges" is as follows:

Financial income (charges)

(Euro thousands)	H1 2023	H1 2022
Exchange gains	7	3
Bank account financial income	1,283	1
Other financial income		300
Total financial income	**1,290**	**304**
Interest on medium/long term loans	(8,567)	(6,317)
Commissions on loans	(1,324)	(1,652)
Exchange losses	(6)	(12)
Financial charges on post-employee benefits	(489)	(108)
Financial charges on leasing	(135)	(128)
Other	23	37
Total financial charges	**(10,498)**	**(8,180)**
Total financial income (charges)	**(9,208)**	**(7,876)**

Net financial charges in H1 2023 amounted to Euro 9,208 thousand, an increase of Euro 1,332 thousand on the first half of the previous year.

This trend was the result of the following main factors:

- higher interest charges on medium to long-term loans of Euro 2,250 thousand, which was impacted by (i) the increase in the average cost of debt caused by the rising interest rates, partially offset by (ii) the lower amount of average gross debt for the period, which is affected by the total repayments, including early repayments, of the bank term loans entered into between 2020 and 2021 to deal with the COVID-19 pandemic;
- lower Commissions on loans of Euro 328 thousand, which is affected by the lower outstanding debt and the redefinition of the RCF lines in 2022;
- higher financial income of Euro 1,282 thousand affected by the negotiation of favourable bank account remuneration conditions, in line with the rising interest rates, both on demand and through money market products featuring significant financial flexibility.

9.12 Income taxes

The breakdown of the account is as follows:

Income taxes

(Euro thousands)	H1 2023	H1 2022
Current income taxes	8,040	2,986
Deferred income taxes	13,344	3,763
Total	**21,384**	**6,749**

In the first six months of 2023, income taxes reduced the Group profit by Euro 21,384 thousand (compared to a negative effect of Euro 6,749 thousand in H1 2022).

The reconciliation between the theoretical and effective IRES tax rate is shown below:

(Euro thousands)	H1 2023	%	H1 2022 restated	%	H1 2022 approved	%
Profit/(Loss) before taxes	**82,733**		**168,787**		**169,858**	
Theoretical income taxes	19,856	24.0%	40,509	24.0%	40,766	24.0%
Permanent tax differences effect	(2,315)	-2.8%	(31,897)	-18.8%	(31,897)	-18.8%
IRAP	3,260	3.9%	1,114	0.7%	1,114	0.7%
Other	583	0.7%	(2,978)	-1.9%	(3,235)	-1.9%
Total	**21,384**	**25.8%**	**6,749**	**4.0%**	**6,749**	**4.0%**

The Tax Rate of the Consolidated Half-Year Report at June 30, 2023 indicates a normalisation close to nominal value, due to the absence of the "non-recurring" items evident in the first half of 2022, in particular the "COVID-19 Contribution" that, while contributing to the profit for the period, was completely tax-free.

The IRES income tax rate of the Parent Company is 24%. The IRAP tax rate for the Parent Company SEA S.p.A. is equivalent to 4.2%, while for the other companies fully consolidated by the Group this is 3.9%.

9.13 Discontinued operations net profit/(loss)

The net profit from discontinued operations came to Euro 775 thousand. For further information, reference should be made to paragraph 6.1.

9.14 Earnings/(loss) per share

The basic earnings/(loss) per share is calculated by dividing the Group net result by the weighted average number of ordinary shares outstanding in the period. For the diluted earnings/(loss) per share, as no equity instruments were issued by the parent company, the weighted average of the shares in circulation is the same as that utilised for the establishment of the basic earnings per share.

Therefore, the earnings per share in the first half of 2023 was Euro 0.25 (net profit for the period of Euro 62,122 thousand/ number of shares in circulation 250,000,000).

In H1 2022 the earnings per share was Euro 0.66 (net profit for the period of Euro 164,028 thousand/number of shares in circulation 250,000,000).

10. TRANSACTIONS WITH RELATED PARTIES

The transactions with Related Parties are not atypical or unusual and form part of the ordinary business activities of the companies of the Group.

They are regulated at market conditions and take account of the characteristics of the goods and services provided.

The following table reports the income statement and statement of financial position values with related parties at June 30, 2023 and for the first half of the year, with indication of the percentage of the relative account:

Group transactions with related parties

	June 30. 2023					
(Euro thousands)	**Trade receivables**	**Other current receivables**	**Trade payables**	**Other current payables**	**Net operating costs (excl. costs for works on assets under concession)**	**Financial income**
Asset helf for sale						
Malpensa Logistica Europa	1,268		1,304		3,242	(10)
Investments in associates						
SACBO (*)	603		1,613		795	7,661
Dufrital	10,873	2,001	264		18,253	(2)
Areas Food Services	2,158		970	110	6,083	2,506
Disma	75		99		123	(5)
Airport Handling	3,167		4,758		5,662	9,216
Total related parties	**18,144**	**2,001**	**9,008**	**110**	**34,158**	**19,366**
Total book value	141,536	11,730	173,415	223,812	334,413	205,616
% on total book value	**12.82%**	**17.06%**	**5.19%**	**0.05%**	**10.21%**	**9.42%**

(*) *The account "Operating costs" relating to transactions with SACBO, equivalent to Euro 7,661 thousand, does not include that invoiced by SEA to the final clients and transferred to the associate.*

For further details on Income/(charges) from investments, reference should be made to Note 9.10.

The table below shows the cash flows from the transactions of the Group with related parties for the period ended June 30, 2023, with indication of the percentage of the relative account:

Group cash flows with related parties

(Euro thousands)	at June 30, 2023				
	Investments in associates	Shareholders for dividends	Total transactions with related entities	Consolidated balance	%
A) Cash flow from operating activities	(6,310)		(6,310)	83,169	-7.6%
B) Cash flow from investing activities	1,563		1,563	(49,334)	-3.2%
C) Cash flow from financing activities		(84,690)	(84,690)	(126,686)	66.9%

Transactions with Related Parties in the period to June 30, 2023 principally concern:

- parking management transactions at Orio al Serio-Bergamo (SACBO) airport;
- commercial transactions with reference to the recognition to SEA of royalties on sales (Dufrital and Areas Food Services);
- rental of premises (Malpensa Logistica Europa);
- supply to SEA of catering services (Areas Food Services);
- commercial transactions deriving from the concession for the distribution of fuel (Disma);
- revenue for administration services and handling activity costs (Airport Handling).

The above-mentioned transactions were within the ordinary activities of the Group and undertaken at market values.

The comparative data is reported below:

Group transactions with related parties

(Euro thousands)	June 30, 2022					
	Trade receivables	Current financial receivables	Trade payables	Operating revenues	Net operating costs (excl. costs for works on assets under concession)	Financial income
Subsidiary						
SEA Energia	1,050	34,028	22,811	1,168	35,591	300
Investments in associates						
SACBO (*)	234		2,461	363	5,340	
Dufrital	7,468		174	11,057		
Malpensa Logistica Europa	1,219		1,141	2,403	(10)	
SEA Services	841		1,404	1,687	1,529	
Disma	69		90	111	(2)	
Airport Handling	4,957		6,074	5,682	8,757	
Total related parties	**15,838**	**34,028**	**34,155**	**22,471**	**51,205**	**300**
Total book value	141,429	34,028	181,874	397,426	193,634	304
% on total book value	**11.20%**	**100.00%**	**18.78%**	**5.65%**	**26.44%**	**98.68%**

(*) *The account "Operating costs" relating to transactions with SACBO, equivalent to Euro 5,340 thousand, does not include that invoiced by SEA to the final clients and transferred to the associate.*

The table below shows the cash flows from the transactions of the Group with related parties for the period ended June 30, 2022, with indication of the percentage of the relative account:

Group cash flows with related parties

	at June 30, 2022				
(Euro thousands)	**Investments in associates**	**Investments in other companies**	**Total transactions with related entities**	**Consolidated balance**	**%**
A) Cash flow from operating activities	(4,674)	13,302	8,628	199,876	4.3%
B) Cash flow from investing activities		1,757	1,757	(16,614)	-10.6%
C) Cash flow from financing activities		(13,486)	(13,486)	(198,101)	6.8%

11. DIRECTORS' FEES

Fees paid by the Company and/or by other Group companies, of any type and in any form, for the first six months of 2023 to the Board of Directors totalled Euro 361 thousand (Euro 333 thousand at June 30, 2022).

12. STATUTORY AUDITORS' FEES

In the first six months of 2023 the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 133 thousand (Euro 125 thousand at June 30, 2022 restated).

13. COMMITMENTS AND GUARANTEES

13.1 Investment commitments

The Group has investment contract commitments of Euro 29,204 thousand at June 30, 2023 (Euro 44,766 thousand at December 31, 2022), which are reported net of the works already realised and invoiced to the Group, as follows.

Breakdown project commitments

(Euro thousands)	**June 30, 2023**	**December 31, 2022**
Design and extraordinary maintenance civil works and plant at Linate & Malpensa	19,755	31,338
Works relating to the construction of a new hangar at the Linate Prime airport	317	4,243
Design and extraordinary maintenance of Linate & Malpensa AVL plant	4,045	4,755
Design and extraordinary maintenance flight infrastructure and roadways at Linate and Malpensa	1,735	1,966
Works on electrical automation and control systems at Linate and Malpensa	2,364	1,169
Extraordinary maintenance for civil works and general aviation plant	989	1,295
Total project commitments	**29,204**	**44,766**

13.2 Guarantees

At June 30, 2023, the sureties in favour of third parties were as follows:

- two bank sureties, each equal to Euro 33,797 thousand, as guarantee on funds drawn down in June 2015 and June 2017 on the EIB line subscribed in December 2014;
- surety of Euro 31,000 thousand in favour of ENAC, as guarantee of the concession fee;
- two sureties for a total of 2,268 thousand, in favour of the European Climate Infrastructure and Environment Executive Agency (CINEA) for projects co-funded by the European Union;
- surety of Euro 2,000 thousand in favour of SACBO as guarantee for the parking management at Bergamo airport;
- surety of Euro 2,000 thousand in favour of the Ministry of Defence as guarantee of the obligations pursuant to the technical agreement of June 4, 2009 following the advance delivery of the "Cascina Malpensa" area;
- surety of Euro 2,200 thousand in favour of the Ministry of Defence as guarantee of the obligations pursuant to the technical agreement of June 4, 2009 following the advance delivery of the "E.I. training area" at Lonate Pozzolo;
- Euro 536 thousand for other minor sureties.

14. SEASONALITY

The Group business is characterised by revenue seasonality, which are normally higher in the summer period and December due to increased flights by the airlines at its airports.

15. CONTINGENT LIABILITIES AND DISPUTES

Reference should be made to the Directors' Report under *"Risk management framework"* and *"Main disputes outstanding at June 30, 2023"*.

16. CONTINGENT ASSETS

With reference to Judgment No. 7241/2015 of the Court of Milan, confirmed by the Court of Appeals of Milan in Judgment No. 331/2017 regarding airport fees, on April 5, 2023, Court of Cassation Order No. 9406/2023 was published in which the Court declared the appeal of the Ministry for Infrastructure and Transport inadmissible and ordered the Ministry to pay the court costs. Following the request, discussions began with the Ministry to agree on how and when to pay the amounts requested under the Supreme Court's ruling, in addition to the additional amounts related to the non-adjustment of ISTAT for the years after 2005.

For further details, reference should be made to the Directors' Report to the chapter "Main disputes outstanding at June 30, 2023".

17. TRANSACTIONS RELATING TO ATYPICAL OR UNUSUAL OPERATIONS

In accordance with Consob Communication of July 28, 2006, the Company did not undertake for the period ended June 30, 2023 any transactions relating to atypical or unusual operations, as set out in the communication.

18. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Reference should be made to the *"H1 2023: significant events"* paragraph of the Directors' Report.

19. OTHER INFORMATION

On April 28, 2023, the Shareholders' Meeting of the parent company SEA approved the 2022 financial statements, allocating the 2022 net profit of Euro 194,918,804.50 as follows:

- Euro 120,366,865.50 to fully cover the loss for 2020,
- Euro 74,551,939.00 to the extraordinary reserve.

20. SUBSEQUENT EVENTS TO THE END OF THE PERIOD

Sale of the investment in Malpensa Logistica Europa (MLE)

On July 4, 2023, SEA S.p.A. and BCUBE Air Cargo S.p.A. finalised the agreement for the sale of the minority shareholding in Malpensa Logistica Europa S.p.A., held, until that date, by SEA S.p.A..

Chairperson of the Board of Directors
Michaela Castelli

Società per Azioni Esercizi Aeroportuali S.E.A.

Review report on the interim condensed consolidated financial statements at June 30, 2023
(Translation from the original Italian text)

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Società per Azioni Esercizi Aeroportuali S.E.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated comprehensive income statement, the consolidated cash flow statement, the statement of changes in consolidated shareholders' equity and the related explanatory notes of Società per Azioni Esercizi Aeroportuali S.E.A. and its subsidiaries (the "SEA Group") as of 30 June 2023. The Directors of Società per Azioni Esercizi Aeroportuali S.E.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of SEA Group as of June 30, 2023 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

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Other matters

The consolidated financial statements for the year ended 31 December 2022 and the interim condensed consolidated financial statements for the half-year period ended 30 June 2022 have been respectively audited and reviewed by another auditor who expressed an unqualified opinion on the consolidated financial statements on April 12, 2023 and expressed an unqualified conclusion on the interim condensed consolidated financial statements on July 28, 2022.

Milan, July 28, 2023

EY S.p.A.
Signed by: Paolo Zocchi, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers

The SEA Group's focus on environmental protection, through the adoption of targeted initiatives, has significantly reduced CO_2 emissions.

Milan Malpensa and Milan Linate again confirmed in 2022 their Europe-leading performances by upgrading from the "Neutrality" level to the "Transition" level (new recently-introduced top level) of the Airport Carbon Accreditation initiative.

SEA - Società per Azioni Esercizi Aeroportuali

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Tax Code and Milan Companies Registration Office No: 00826040156
Milan REA No.: 472807 - Share Capital: Euro 27,500,000 fully paid-in

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