ANNUAL REPORT 2021

2021

ANNUAL REPORT AT DECEMBER 31, 2021

SEA MilanAirports

CONTENTS

KEY FIGURES AND GENERAL INFORMATION

THE SEA GROUP

The SEA Group manages the Malpensa and Linate airports under an agreement signed by SEA and the Italian Civil Aviation Authority in 2001 and valid until 2043. The Milan airport system consists of the following airports:

MILAN MALPENSA

Milan's intercontinental airport, consisting of two terminals. Terminal 1, which was fully renovated following the completion of the restyling of the Schengen area, serves a wide range of domestic, international and intercontinental destinations and offers a diverse assortment of services to meet the needs of all of the airport's passengers.

Terminal 2 is currently closed due to the downsizing of air traffic as a result of the pandemic. Both terminals can be reached by train.

MILAN MALPENSA CARGO

Is the nerve centre of inbound and outbound cargo distribution in Italy. It played a fundamental role in 2020 due to the increase in cargo flights tied to the significant influx of anti-Covid medical devices and the development of e-commerce. In 2021, it was confirmed as the primary hub for cargo.

MILAN LINATE

Primarily serves frequent-flyers travelling to destinations in Italy and Europe. Just 8 KM from Milan city centre, Linate is truly a city airport, with structures and areas dedicated to business and shopping. In 2021, the new state-of-the-art terminal was officially opened after being completely renovated.

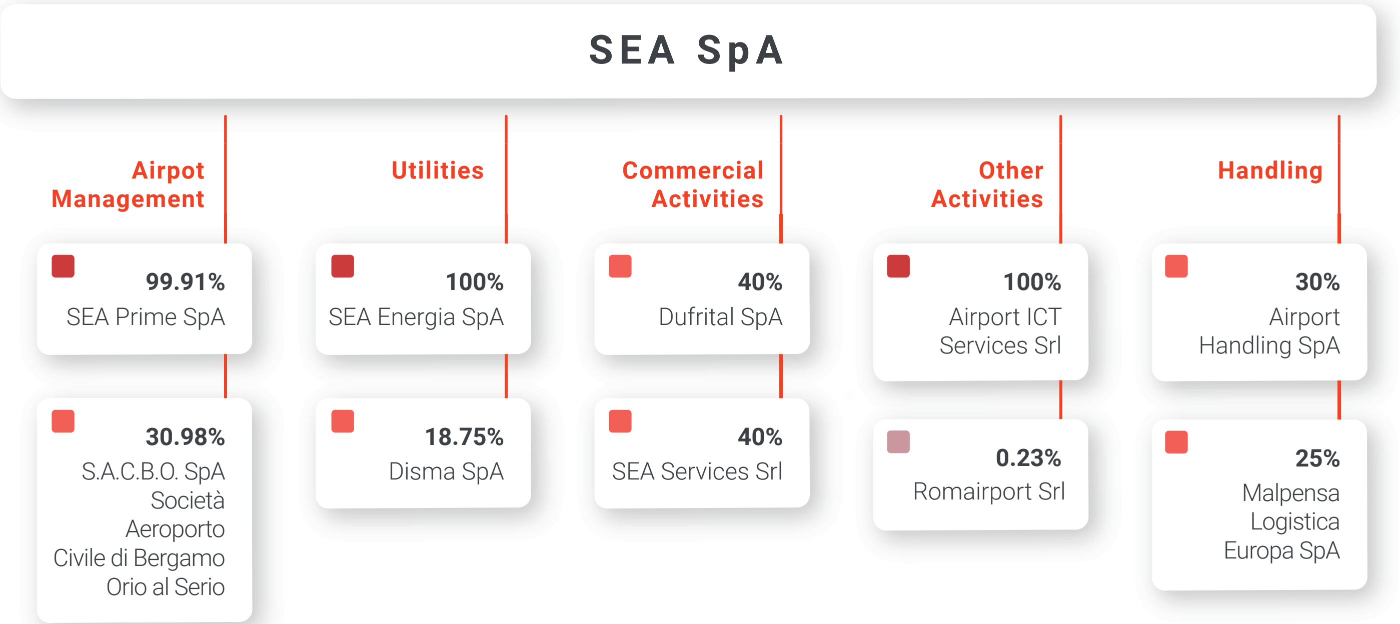
MILANO LINATE PRIME AND MILANO MALPENSA PRIME

Airports managed by SEA Prime S.p.A., a subsidiary of SEA S.p.A. Dedicated to general aviation, their services and facilities provide significant added value.

Finally, through **SEA Energia S.p.A.** (a wholly-owned subsidiary of SEA S.p.A.), the Group owns two co-generation plant at Linate and Malpensa, mainly meeting the energy needs of the airports by providing electricity, heat and district cooling.

SEA GROUP STRUCTURE AND INVESTMENTS IN OTHER COMPANIES

INVESTMENTS OF SEA S.P.A. AT DECEMBER 31, 2021



Controlling shareholding

Associate

Investment in other companies

**The company Airport ICT Services S.r.l. was incorporated on December 20, 2021.*

SHARE CAPITAL STRUCTURE

The share capital of SEA S.p.A. amounts to Euro 27,500,000, comprising 250 million shares of a par value of Euro 0.11, of which 137,023,805 Class A shares, 74,375,102 Class B shares and 38,601,093 other shares.

The Class A shareholders upon divestment resulting in the loss of control must guarantee Class B shareholders a right to co-sale. Class A shareholders have a pre-emption right on the sale of Class B shares.

At December 31, 2021, SEA does not hold treasury shares. The ownership structure is as follows:

Public Shareholders

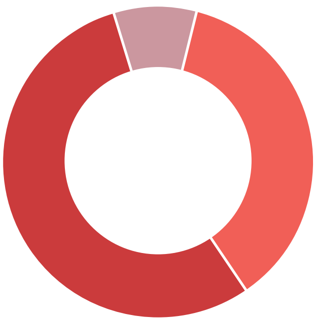
8 entities/companies	
Municipality of Milan(*)	54.81%
Municipality of Busto Arsizio	0.06%
Other public shareholders	0.08%
Total	**54.95%**

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



54.81% **Municipality of Milan**

8.62% **F2i Sgr SpA**

36.39% **2i Aeroporti SpA**

0.18% **Others**

Following the issuance of the bond designated "SEA 3 1/8 2014-2021" on April 17, 2014 and the admission to listing of the notes on the regulated market organised and managed by the Irish Stock Exchange, the Company qualified as a Public Interest Entity (PIE) as defined in Article 16, paragraph 1, letter a) of Legislative Decree No. 39/2010. This status was maintained through a new Euro 300 million bond issue completed in October 2020 and listed on the regulated market of the Irish Stock Exchange (Euronext Dublin).

CORPORATE BOARDS

BOARD OF DIRECTORS

(three-year period 2019/2021, appointed by the Shareholders' Meeting on April 19, 2019)

Chairperson	Michaela Castelli [4]
Chief Executive Officer and General Manager	Armando Brunini
Directors	Davide Amedeo Corritore [1] [3] [4] Pierfrancesco Barletta [2] Patrizia Michela Giangualano [2] Luciana Sara Rovelli [3] [5] Rosario Mazza [2] [3]

BOARD OF STATUTORY AUDITORS

(three-year period 2019/2021, appointed by the Shareholders' Meeting on April 19, 2019 with effect from May 17, 2019)

Chairperson	Rosalba Cotroneo
Statutory Auditors	Daniele G. Discepolo* Stefano Giuseppe Giussani* Stefano Pozzoli Valeria Maria Scuteri
Alternate members	Antonia Coppola Daniele Angelo Contessi

INDEPENDENT AUDIT FIRM

Deloitte & Touche 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*

** Mr. Daniele Discepolo and Mr. Stefano Giuseppe Giussani were appointed Statutory Auditors at the Shareholders' Meeting of July 29, 2021 following the resignations of the Statutory Auditor Mr. Andrea Manzoni and of the Statutory Auditor Ms. Rosalba Casiraghi.*

Daniele Angelo Contessi is appointed as Alternate Auditor.

2021 KEY FINANCIAL HIGHLIGHTS & OTHER INDICATORS

The key consolidated highlights from the financial statements are illustrated below.

Operating results

Following the application of IFRS 5, the 2020 restated income statement does not include the figures of SEA Energia SpA, which are recorded in the line "Net result from assets held for sale".

(Euro thousands)	2021	2020 restated	Change	2020 approved
Revenues	348,981	275,539	73,442	286,034
EBITDA (1)	31,741	(31,051)	62,792	(26,561)
EBIT	(80,794)	(134,814)	54,020	(133,077)
Pre-tax result	(100,971)	(164,074)	63,103	(163,111)
Group Net Result	(75,119)	(128,576)	53,457	(128,576)

(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

The balance sheet figures for the comparative year at December 31, 2020, as required by the application methods of IFRS 5, do not show any distortions, due to the discontinuity in the consolidation of SEA Energia Spa, compared to those approved by the Shareholders' Meeting of July 29, 2021.

(Euro thousands)	December 31, 2021	December 31, 2020	Change
Fixed assets (A)	1,344,898	1,403,936	(59,038)
Net Working Capital (B)	(192,242)	(210,201)	17,959
Provisions for risks and charges (C)	(213,112)	(202,343)	(10,769)
Employee provisions (D)	(44,036)	(45,622)	1,586
Other non-current payables (E)	(84,736)	(87,808)	3,072
Net capital employed (A+B+C+D+E)	**810,772**	**857,962**	**(47,190)**
Group Shareholders' equity	155,906	231,208	(75,302)
Minority interest Shareholders' equity	31	28	3
Net financial debt(2)	654,835	626,726	28,109
Total sources of financing	**810,772**	**857,962**	**(47,190)**

(A) Fixed assets, including those falling under IFRIC 12, are expressed net of State and European Union contributions. At December 31, 2021, they amounted to Euro 511,873 thousand and Euro 7,019 thousand respectively (Euro 511,873 thousand and Euro 7,019 thousand respectively at December 31, 2020).

(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) and the fair value of financial debt hedging derivatives.

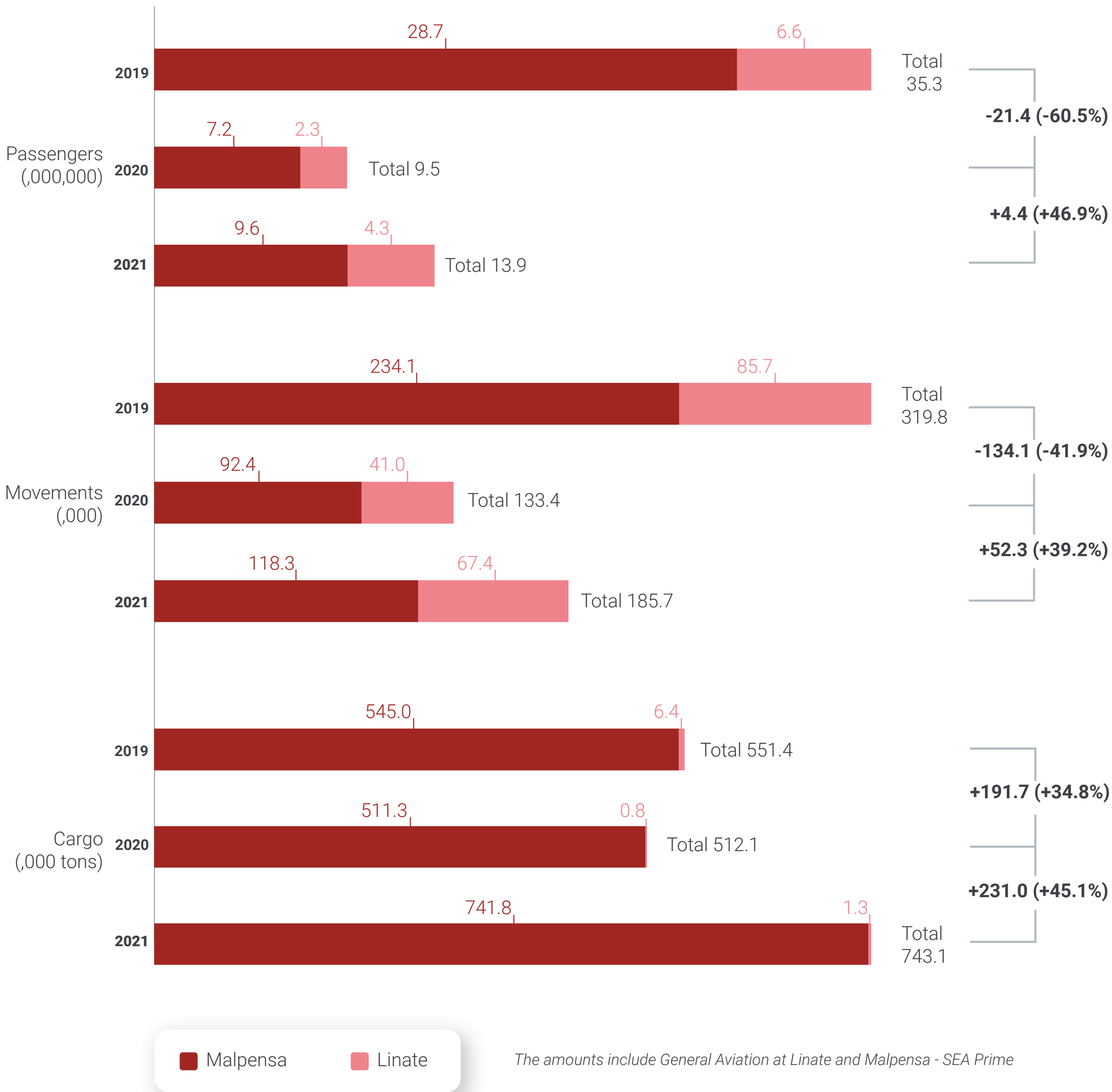
Investments

(Euro thousands)	December 31, 2021	December 31, 2020 restated	Change	December 31, 2020 approved
Tangible and intangible asset investments	49,909	55,169	(5,260)	61,830

Other Indicators

	December 31, 2021	December 31, 2020 restated	December 31, 2020 approved
HDC Employees (at year end)	2,682	2,760	2,788

Traffic 2021 (Commercial and General Aviation)



The amounts include General Aviation at Linate and Malpensa - SEA Prime

Directors’ Report 2021

DIRECTORS’ REPORT 2021

SIGNIFICANT EVENTS IN 2021

COVID-19 pandemic

The initial months of 2021 featured a resurgence of the COVID-19 pandemic driven by new, more dangerous variants. The countries most affected at this stage were Great Britain, France, the United States and Brazil. Italy, which had managed to contain the virus until February, experienced a considerable upsurge of cases in March 2021. The various regulatory measures implemented to contain this new wave, again limiting travel, had a negative impact on the entire aviation sector. As was the case in 2020, the number of infections began to fall in May, only to rise again in November 2021 as the new Omicron variant spread. The end of 2021 saw record numbers of infections across Europe, peaking in early 2022.

The fourth wave differed from previous waves. The use of vaccines resulted in far fewer hospitalisations and deaths, offering protection against severe forms of the disease, which allowed restrictions to be eased.

The Prime Ministerial Decree of March 2, 2021 introduced the option to expand the "COVID-tested" flight program, which had only been trialled on Milan-Rome flights up until that point. The pilot program involved flights between Milan Malpensa Airport and New York, Atlanta, and the United Arab Emirates. Routes vary according to Ministry of Health ordinances. "COVID-tested" flights were an important step towards restarting intercontinental traffic as they prevent passengers, who are tested before departure and on arrival, from having to self-isolate.

In addition, the Ministry of Health Ordinance of September 28, 2021 entitled "Urgent Measures on the Trial of "COVID-Free Travel Corridors"" established COVID-Free Travel Corridors for certain intercontinental destinations (e.g., Aruba, the Maldives, Mauritius, the Seychelles, the Dominican Republic, and Egypt). To this end, SEA has made a dedicated COVID-19 testing area available to tour operators for use by passengers arriving from the tourist destinations provided for by the regulations.

In the year under review, the SEA Group maintained the same airport infrastructure as the previous year. Linate Airport, Malpensa Terminal 1, Cargo City, and the two General Aviation terminals at Linate and Malpensa were operational.

In compliance with the provisions set out by Italian national and local health institutions and authorities, the SEA Group continued to update protocols put in place at the start of the pandemic in line with new regulations and issues relating to airport operations and traffic development, thus guaranteeing the health and safety of passengers, customers, suppliers and employees, and ensuring the continuity of its operating activities.

Only passengers with a temperature below 37.5°C who are in possession of a valid vaccine certificate (Green Pass and/or Super Green Pass, as provided by government authorities) are allowed to access the security restricted area, and thus to board aircraft.

It is mandatory for all persons inside the terminal to wear a protective mask at all times.

Specific procedures continue to be followed at the terminal in order to ensure social distancing, unless concerning members of the same household.

Specifically, the following initiatives were undertaken:

- stickers were placed on the ground in all waiting and queuing areas inside the terminal (check-in, ticket counters, security, passport control, gates, passenger boarding bridges, arrivals, baggage claim, etc.) and in immediate external areas, at appropriate intervals stating "keep your distance";
- in areas where larger groups may gather, "facilitators" have been put in place to request people to respect the correct inter-personal distances;
- reduction in the number of seats available to prevent possible use of the two central seats in all blocks of four seats present in the terminal;
- polycarbonate protective barriers have been installed at operating positions that involve interaction with passengers.

Environments and equipment are continuously cleaned and sanitised and hand gel dispensers are provided. Several copper products with antibacterial and antiviral properties have been installed at Linate airport. These include stairway and runway bus handrails and baggage trolley handles.

Several tools have been introduced and made available through digital apps given their increasing prevalence among consumers, whose habits have been influenced by the pandemic. One such example is the digital luxury marketplace, operational since July 2021, created for luxury brands at Malpensa Terminal 1, thanks to which passengers can reserve products in store using their phones. SEA has also started investigating new service methods with its catering partners, such as the option to reserve items using an app and to collect them from points of sale using dedicated checkouts.

The spread of the pandemic profoundly affected the company's operating methods, which were reviewed in order to guarantee that work could continue in compliance with regulations, including in the company's relationships with customers and suppliers.

Given the persistent travel restrictions, in 2021, SEA extended some of the relief measures granted to operators in 2020 to guarantee contractual continuity and their ongoing presence at airports. In particular, the decision was made to waive minimum guaranteed fees for commercial partners in 2021 and to only apply royalty fees, i.e., contractual percentages on turnover. Contractual fees were reduced in line with the drop in activities for all aviation customers (handlers, catering, refuelling, and airlines).

In continuity with 2020, SEA signed an agreement with trade unions in February 2021. The agreement is based on guidelines inspired by the principles of safeguarding employment and mitigating social impacts, and established the use of temporary lay-off schemes (the Extraordinary Temporary Lay-Off Scheme was used until December 18, 2021), an early retirement plan for employees meeting pension requirements by December 31, 2028, and a voluntary incentive plan.

Grand opening of the new Linate terminal

On June 8, 2021, the new state-of-the-art Linate terminal was officially opened after being completely renovated. The principles of neuroscience were applied to the architectural plans to reduce anxiety and stress for passengers and employees. The plans also entailed the use of next-gen technologies (e.g., smart security and biometrics), a wider choice of shops, cafés, and restaurants, and a construction process that met the highest standards of sustainability. Various decorative and infrastructural elements (light, spaces, colours, seating, green areas) are located along the passenger route from check-in to the boarding gates in order to create a relaxing environment and turn the airport into an "experience".

The check-in area has been redesigned with a double-height ceiling and plants have been added to an area overlooking the first floor, giving the environment a "green" feel. The security area has also been improved. A partnership was entered into with the Museum of Italian Design and the Triennale Milano to display works by famous Italian designers along the passenger route as part of the initiative.

At Perspective – an event organised by The Plan, Italy's leading publishing house in the architecture sector – the Linate renovation project was named "overall winner" in three competition categories (Investment and Asset Management, Innovation, and Design and Environmental Social Governance) for the clarity and quality of the presentation and its contents.

Sale of SEA Energia and awarding of energy supply contracts

A call for tenders was published on July 12, 2021 in order to initiate a competitive dialogue for the sale of 100% of SEA Energia S.p.A. and for the assignment of thermal energy and electricity supply contracts. The purpose of the initiative is to identify a bidder offering the best contractual and economic conditions for the purchase of the company and for the supply of electrical and thermal energy to the airports of Milan Linate and Milan Malpensa in compliance with the concessionary obligations incumbent on SEA. At the same time, as part of its sustainability strategy, SEA is looking for a partner to provide added value to the management of energy at its Milan airports, with the aim of achieving zero CO2 emissions by 2030. Bids have been received from participants in the tender and are currently being reviewed by the Evaluation Committee.

World Routes 2021 Event

Despite being a particularly difficult time for the air transport industry, the 26th edition of World Routes took place in Milan from October 10 to 12, 2021. The event was very well attended. More than 1,500 delegates representing 125 airlines from all over the world participated in 5,500 one-to-one meetings to lay the foundations for future air transport strategies.

Incorporation of the new company Airport ICT Services Srl

On December 20, 2021, the new company, 100% owned by SEA S.p.A., was incorporated with a share capital payment of Euro 25,000. The company designs, supplies, and assists with use of ICT systems.

"Make It Sustainable" certification

In July, SEA received "Make It Sustainable" certification from ICMQ for its airport infrastructure maintenance management processes. Despite the air transport crisis due to COVID-19, SEA's commitment to sustainability is unwavering. The Group has implemented a series of energy and process efficiency initiatives, including plans to reduce its thermal energy consumption by over 10% from the end of 2020 onwards, and adjustments have been made to plant structure at both airports accordingly.

The Sustainability-Linked Credit Line

To further strengthen its financial structure – and with a view to extending the maturity date of outstanding debts and minimising funding costs – the SEA Group completed in 2021 the process of covering the financial needs deriving from the maturity of its 2020 Term Loans in 2022. SEA sought to do so by taking out a new three-year loan in the amount of Euro 50 million with Mediobanca in June 2021, in addition to a Euro 60 million loan relating to the EIB line agreed in 2019.

It is worth noting that the Mediobanca Term Loan is the Group's first sustainability-linked funding operation and has a margin level linked to the achievement of specific strategic environmental sustainability targets for SEA, i.e., the improvement of its Airport Carbon Accreditation certification. The achievement of this target represents a further step forward for SEA's sustainability strategy and confirms the Group's commitment to the urgent need for rapid decarbonisation.

ECONOMIC OVERVIEW

Following the economic slowdown in many areas in Q3 2021, at the end of the year signs of a return to a more sustained recovery in the United States and in the other advanced countries emerged, against the prolonged weakness of the emerging economies. The resurgence of the pandemic and persistent supply bottlenecks pose a risk to growth. Inflation rose almost everywhere, primarily as a result of higher energy prices, increases in intermediate inputs, and the recovery of domestic demand. Since the beginning of November, COVID-19 infections have started to rise again around the world, but particularly in Europe and the United States, where the number of hospitalisations and deaths has also increased. The rise in the latter was less marked than in previous waves thanks to vaccination campaigns. Global mobility – which had reached levels well above 2020 by the second half of 2021 –decreased in the final weeks of 2021 as a result of the new Omicron variant.

In the Eurozone, after strong expansion for two quarters, economic output slowed decisively towards the end of the year, due to the rise in the number of infections and the consequent introduction of increasingly stringent containment measures, in addition to continued supply difficulties which are hampering manufacturing. Inflation hit its highest level since the start of the monetary union, impacted particularly by the exceptional energy component price rises.

The inflation rate was at 2.6% in 2021. According to the Eurosystem staff projections released in December, inflation is expected to rise to 3.2% in 2022, before falling back to 1.8% in 2023 and 2024, which is not far off the medium-term price stability target of 2%. The increase in inflation has not resulted in wage growth to date.

The Governing Council of the ECB believes that economic recovery and the progress made towards achieving the medium-term inflation target will result in a gradual reduction in the pace of asset purchases. The Governing Council also noted that, in view of current uncertainty, the conduct of monetary policy will be flexible and open to different options depending on the future economic climate.

The emergence of the new Omicron variant affected the performance of financial markets, influencing share prices and widening euro area sovereign bond yield spreads, with the euro continuing to depreciate against the dollar.

Growth in Italy was strong in Q3 2021, thanks primarily to household consumption, primarily in the commerce, transport and accommodation sectors, which was facilitated by the easing of restrictive measures. GDP significantly slowed in Q4, impacted by the resurgence of the pandemic, in addition to persisting business procurement difficulties for companies linked to the unavailability of certain raw materials and semi-finished products at global level.

The expansion of industrial production since early 2021 at a pace of about 1 percent per quarter, weakened in the last three months of the year.

Household consumption also slowed towards the end of year, following strong growth in the second and third quarters. Household spending continued to grow quickly in Q3 (up 3% on the previous period), driven by the purchase of goods and, above all, services. The purchase of services nevertheless remained below pre-pandemic levels, while recovery was almost complete for goods. As a result, the propensity to save has fallen to 11%, still about 3 percentage points above pre-pandemic levels. On the other hand, household spending slowed substantially in Q4.

AIR TRANSPORT AND AIRPORTS

Like 2020, 2021 was negatively impacted by the pandemic, particularly in the first six months of the year.

To better understand the recovery of passenger traffic levels during 2021, a comparison will be made with the values recorded in 2019, prior to the pandemic. Comparing figures with 2020 would be insignificant as the year was characterised by:

- "ordinary" traffic conditions in the first two months;
- a drop to zero traffic for the following three months (March-May) due to the full lockdowns imposed in various countries;
- tentative signs of recovery in June, especially in the domestic and continental segments;
- an uptick in traffic from July to October, especially leisure traffic;
- a return to national lockdowns in the last two months of the year, resulting in minimal passenger traffic.

As such, in the following paragraphs, traffic levels will be compared with 2019, prior to the pandemic.

Global air transport performance (updated to December 2021)[1]

3.6 billion global air passengers were served in 2021 (based on a sample of 1,161 airports), a +33% increase compared to 2020.

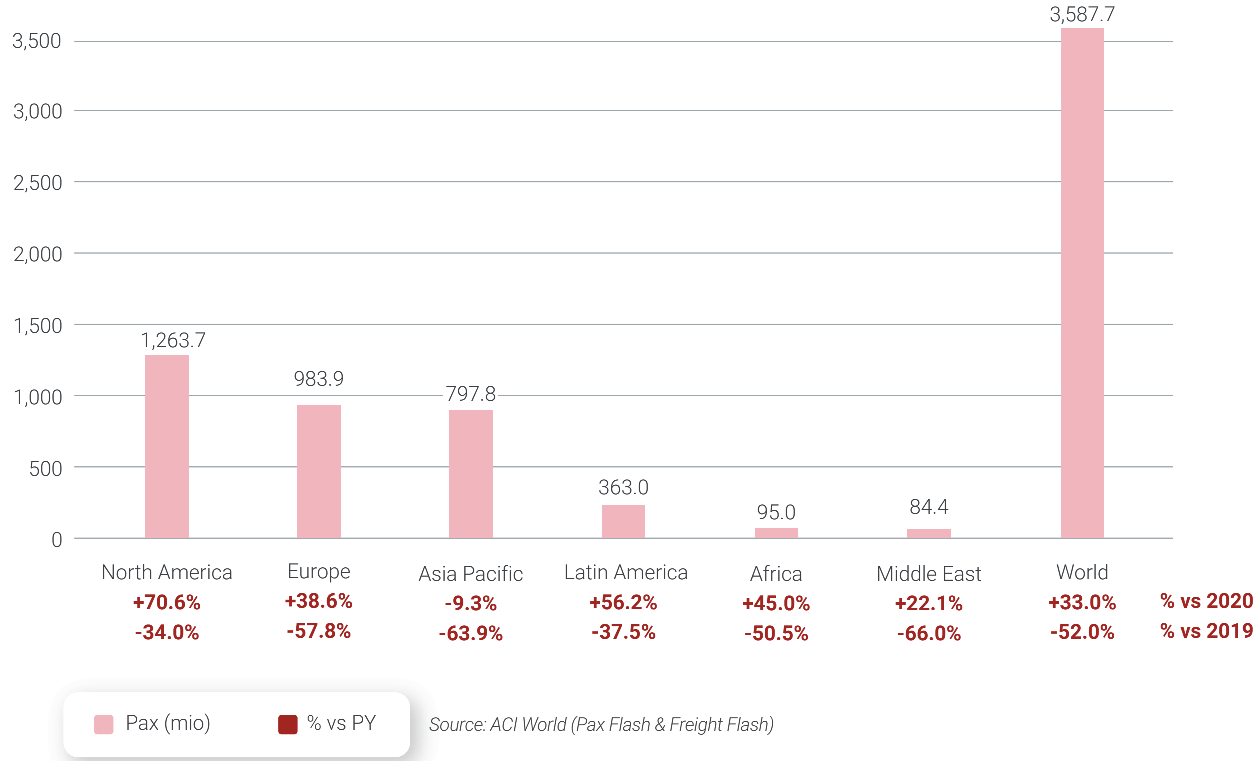
Passenger traffic levels were still 52% below 2019 levels, due to the ongoing travel restrictions imposed to counter "waves" of the COVID-19 pandemic, the impact of which was partly offset by the introduction of travel certificates (green passes/vaccine certificates).

Compared to 2019 (the pre-pandemic baseline year), passenger traffic reduced in all geographic areas: North America -34%, Europe -57.8%, Asia -63.9%, Central/South America -37.5%, Africa -50.5% and the Middle East -66%. Compared to 2020, there were mixed signs of recovery in various areas, with the exception of Asia, where levels were still down (-9.3%).

The world's leading airports are: Atlanta, with 75.6 million passengers, Dallas, with 62.5 million, and Denver, with 58.8 million.

[1] *Source: ACI World (Pax Flash & Freight Flash)*

Global air traffic (January - December 2021)

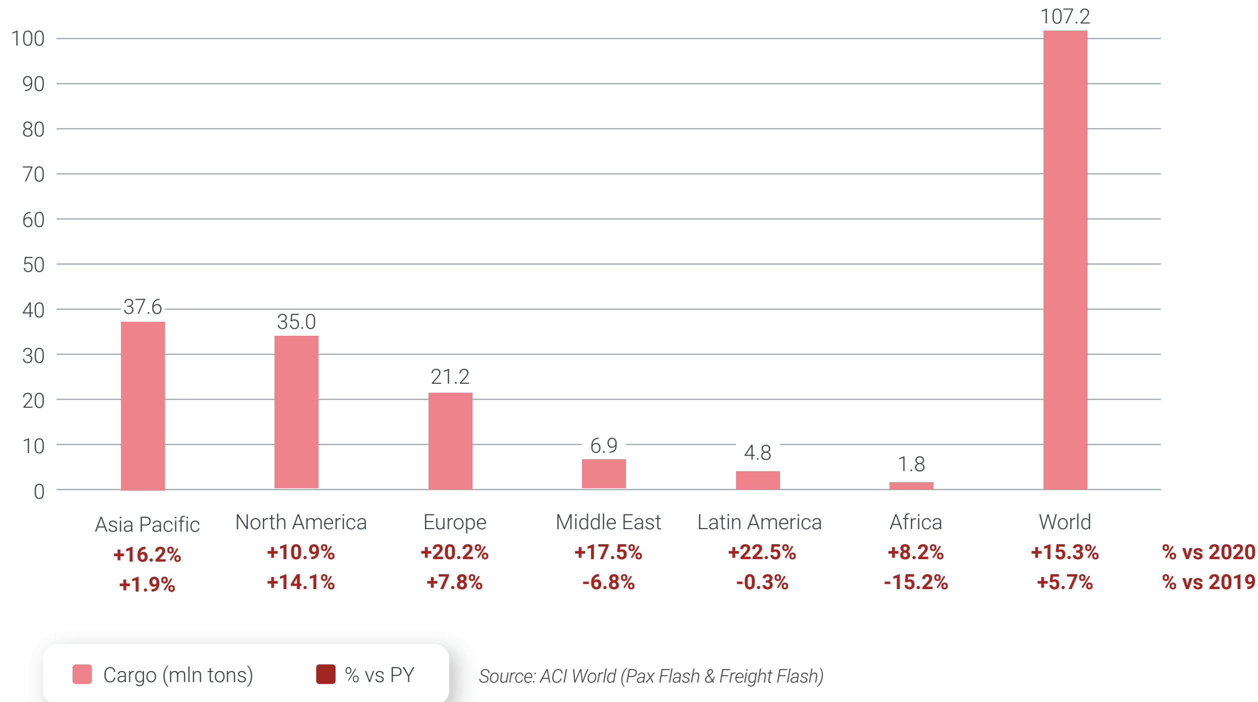


Source: ACI World (Pax Flash & Freight Flash)

Based on a sample of 817 airports in 2021, total cargo transported worldwide amounted to 107.2 million tonnes, an increase of +15.3% compared to 2020 and +5.7% compared to 2019.

Hong Kong was the top airport in the world for total cargo processed, with 5.0 million tonnes, followed by Memphis with 4.5 million tonnes, and Shanghai with 3.9 million tonnes. Malpensa ranked 39th in the ranking of sample airports, handling 741.8 thousand tonnes of cargo.

Global cargo (January - December 2021)



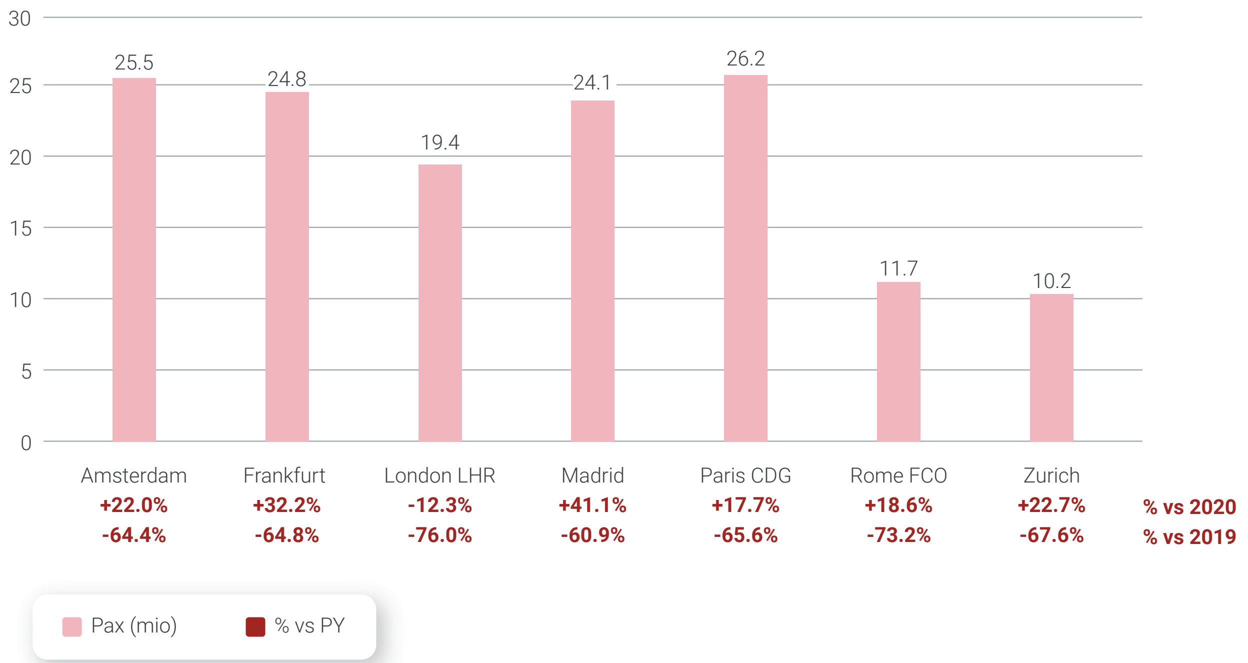
Source: ACI World (Pax Flash & Freight Flash)

European airport traffic performance (updated to December 2021)[2]

519.2 million passengers travelled through ACI Europe member airports, up 29.6% compared to 2020 and down 63.8% compared to 2019.

The following graph shows the figures for the main European airport hubs, which together account for 27% of European traffic.

European air traffic - main hubs (January - December 2021)



Cargo traffic in Europe stood at 13.3 million tonnes, up +29.6% on 2020 and +4.6% on the same period in 2019.

Malpensa ranks in seventh place among European airports in terms of volume of cargo handled, with 742 tonnes. In first position is Frankfurt (2.2 million tonnes), followed by Paris Charles de Gaulle (2.0 million), Amsterdam (1.7 million), London Heathrow (1.4 million), Istanbul Ataturk (814 thousand tonnes), and Istanbul New Airport (759 thousand tonnes).

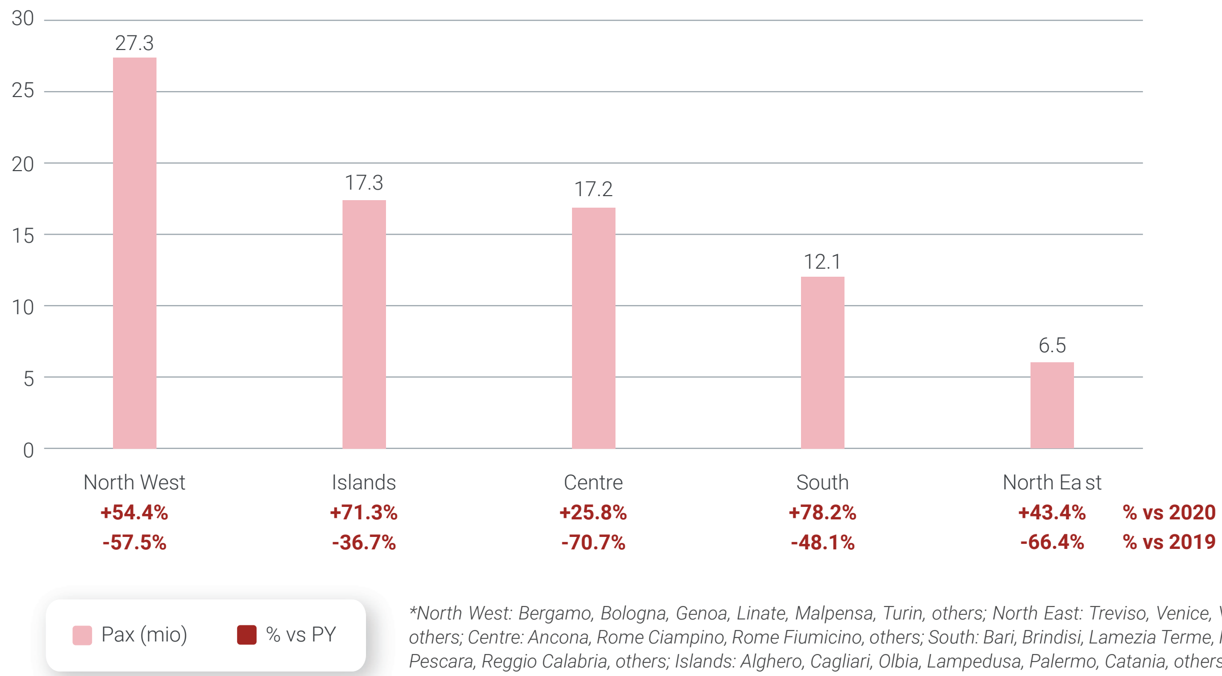
Finally, Business and General Aviation in Europe recorded a +36.4% rise in managed movements compared to 2020, showing a rapid recovery from the effects of the pandemic, facilitated by the easing of travel restrictions and the growth in demand for intra- and extra-European business jet mobility. The increase in demand is due to the fact this type of traffic is more flexible and is perceived to boast greater security and control, including with regard to health.

[2] *Source: ACI Europe: Rapid Exchange*

Italian airport traffic performance (updated to December 2021)[3]

Traffic at Italian airports amounted to 80.4 million passengers as at December 2021, up 52.4% on 2020 and down 58.3% on 2019; Aircraft movements are up 33.3% on 2020 and down 48.7% on 2019, at 747,000.

Air traffic at Italian airports (January-December 2021) by geographical area*



North West: Bergamo, Bologna, Genoa, Linate, Malpensa, Turin, others; North East: Treviso, Venice, Verona, others; Centre: Ancona, Rome Ciampino, Rome Fiumicino, others; South: Bari, Brindisi, Lamezia Terme, Naples, Pescara, Reggio Calabria, others; Islands: Alghero, Cagliari, Olbia, Lampedusa, Palermo, Catania, others.

A comparison of the data on geographic regions shows that the Lombardy airport system – which represents 25% of total Italian traffic – served 20.4 million passengers in 2021 (-58.6% on 2019), distributed as follows: Milan Malpensa 9.6 million, Linate 4.3 million and Bergamo Orio al Serio 6.5 million.

Rome's airport system, which accounts for 17% of all national traffic, handled 14.0 million passengers (down 71.7%) distributed between Rome Fiumicino (11.7 million) and Rome Ciampino (2.3 million).

In southern Italy, Catania airport recorded 6.1 million passengers, while Naples and Palermo both recorded 4.6 million.

Italy recorded a +58.3% growth in general aviation movements compared to 2020, which is above the European market average. Italy qualifies as the fourth largest market in Europe (after France, Germany, and the United Kingdom), with a 9 % share of movements.

1,018.2 thousand tonnes of cargo were transported, which is up +32.5% on 2020 and substantially in line with 2019 (pre-pandemic year).

[3] *Source: Assaeroporti and Aeroporti di Roma website; data include commercial aviation, inclusive of direct transit*

[4] *Source EBAA*

[5] *Source WingX*

REGULATORY FRAMEWORK

Deferral of the entry into force of the new Airport Fee Regulation Models

With Resolution No. 68/2021 of May 20, 2021 ("Airport regulation models - Extraordinary provisions on the entry into force of Resolution No. 136/2020 and additions to the regulations applicable to the sector due to the COVID-19 pandemic") the Transport Regulation Authority (ART) deferred the entry into force of the models as per Resolution No. 136/2020 until January 1, 2023.

At the same time, with this resolution, the Authority provided airport operators who begin consultations to revise fees for the 2021-2022 period with the option of suggesting that current fees be extended, or that the procedure is initiated pursuant to the provisions for the 2017 models approved by Resolution No. 92/2017.

With regard to the second option, Resolution No. 68/2021 also provided for two specific provisions: the option to adopt a shared, transparent tariff system to be applied to the airport network or system, and the obligation for airport managers operating under the "exception" regulatory agreements (i.e., stipulated pursuant to Article 17, Paragraph 34-bis, of Legislative Decree No. 78/2009, such as the one applying to SEA) to sign an "additional agreement" with ENAC (the Italian Civil Aviation Authority), enabling ART to exercise its full regulatory powers over these entities as well.

In light of this resolution, SEA decided to initiate consultations on the new regulatory period, using the methodology envisaged in the 2017 models as soon as the additional agreement mentioned above had been signed, arranging for the commencement of preparatory activities. A draft of the annexes to the new Regulatory Agreement was therefore prepared (Multi-Year Action Plan, Quality and Environmental Protection Plan, and traffic forecasts) and submitted to the Italian Civil Aviation Authority (ENAC) to be reviewed. In addition, a roundtable was set up with the Grantor, which is still underway, to define the contents of the above-mentioned "additional agreement" and the consequent contractual framework for relations with the Grantor.

Pending finalisation of the aforementioned additional agreement, the ART approved the extension of the 2021 tariff level to 2022, but only until new tariffs are defined based on the applicable requirements.

New fees for assisting passengers with reduced mobility (PRM)

The fee for assisting passengers with reduced mobility (PRM) is subject to regulation and supervision by the Italian Civil Aviation Authority (ENAC), which is responsible for enforcing EU Regulations as well as defining and routinely monitoring the PRM fees applied at domestic airports. The annual definition of these fees can be found in the ENAC Guidelines ("Methods for the annual definition of PRM fees and the consultation procedure between the airport manager and users") published in 2018.

In November 2021, and in application of the aforementioned guidelines, SEA submitted its 2022 PRM fee proposal so that it could undergo the user consultation process.

At a hearing on November 16, SEA and Malpensa airport users reached an agreement on the proposed PRM fee submitted for consultation. The fee for 2022 has been set at Euro 1.39 per departing passenger, up 56% on the 2021 fee (Euro 0.89). This new tariff will come into effect on February 2, 2022.

No agreement was reached between SEA and Linate airport users during the above-mentioned hearing. In compliance with the provisions of the above-mentioned guidelines, SEA submitted an application to the Italian Civil Aviation Authority to start preliminary investigations into updating the PRM fee. On December 28, 2021 the Authority announced that the new fee would be set at Euro 1.91 per departing passenger, an increase of 47% compared to 2021 (Euro 1.30). The new tariff will come into effect on February 26, 2022.

New significant domestic and EU regulations

New provisions to contain the spread of COVID-19

Article 1, Paragraph 2 of Decree-Law No. 229 of December 30, 2021, established that: "*Until the end of the state of emergency occasioned by COVID-19, only individuals in possession of a COVID-19 vaccine certificate, as per Article 9, Paragraph 2, Letters A, B, and C-bis of Decree-Law No. 52 of 2021 [the "super green pass"], as well as the individuals listed in Article 9-bis, Paragraph 3, first sentence, of Decree-Law No. 52 of 2021, can access and use the following means of transport: a) commercial passenger aircraft* [...]".

In addition, as of December 31, 2021, which is when Decree-Law No. 229 of December 30, 2021 came into effect, new quarantine regulations apply to individuals who have been in close contact with someone who has tested positive for COVID-19.

Specifically, individuals who have been in close contact with someone who has tested positive for COVID-19 do not need to self-isolate if:

- they have received the booster vaccine (third dose of the vaccine);
- they received the first and second dose of the vaccine in the last 4 months;
- they have recovered from COVID-19 in the last 4 months.

Self-monitoring applies to all of the above categories of people, who are nevertheless required to wear FFP2 masks until ten days after their last contact with someone who tested positive for COVID-19.

A rapid antigen or PCR test for SARS-COV-2 should be performed by individuals when symptoms first appear and, if still symptomatic, on the fifth day after their last contact with someone who tested positive for COVID-19;

In addition, with reference to the legislation in force on the obligations of airline carriers and their representatives, which will remain in place until the end of the COVID-19 state of emergency, which has been extended to March 31, 2022, we highlight:

- Article 4 of Legislative Decree No. 221 of December 24, 2021, which states that people must wear FFP2 masks when accessing and using means of transport, pursuant to Article 9-*quater* of Legislative Decree No. 52 of April 22, 2021, converted, with amendments, by Law No. 87 of June 17, 2021;
- Article 2 of Legislative Decree No. 111 of August 6, 2021, converted into Law No. 133 of September 24, 2021, in conjunction with the provisions of Attachment 14 of the Prime Ministerial Decree of March 3, 2021 - transport safety and logistics agreement (as amended), which stipulates that vaccine certificates must be checked, preferably before boarding means of transport (aircraft and buses used for passenger transport);
- Article 9, Paragraph 10, of Legislative Decree No. 52 of April 22, 2021, converted, with amendments, by Law No. 87 of June 17, 2021, containing "*Urgent measures on the gradual recovery of economic and social activities in compliance with the requirements to contain the spread of COVID 19* ", which provides that the aforementioned vaccine certificates must be checked using the government application described in Annex B (Verifica C19 app, the only tool able to verify the authenticity, validity and integrity of certificates while also respecting privacy), pursuant to Article 13, Paragraph 1 of the Prime Ministerial Decree of June 17, 2021;
- Article 4 of Legislative Decree No. 19 of March 25, 2020, converted, with amendments, by Law No. 35 of May 22, 2020, regarding "Urgent measures to tackle the health emergency caused by COVID 19", which identifies, unless the act constitutes a crime, a system of penalties for violations of the health regulations in question, pursuant to Law No. 689 of November 24, 1981.

Other relevant measures include:

- parental leave – this measure introduced COVID-19 parental leave for employees or self-employed parents with children under the age of 14 who are absent from work due to the suspension of in-person teaching activities for their child for all or part of the duration of their infection with the virus, or for the duration of the quarantine imposed by the competent authorities. There is no age limited imposed on the above measure for the parents of severely disabled children. Leave can be taken on a daily or hourly basis and is compensated for by an allowance equal to 50% of the absent parents' salary. Leave is retrospectively applicable from the beginning of the school year and any parental leave already taken by parents prior to the decree's effective date may be converted into COVID-19 parental leave.
- Quarantine – which is equated with illness for the purposes of the financial allowance provided for by legislation – does not count towards the period of compensation.

- Vulnerable employees granted the right to work from home will be able to do so until December 31, 2021.
- Thanks to additional funding, employers who have to suspend or reduce business activities due to COVID-19 can sign up to the Extended Lay-Off Scheme for an additional 13 weeks between October 1 and December 31, 2021.

Adoption of the Closed Distribution System model for power grids at Milan Linate and Milan Malpensa airports pursuant to ARERA Resolution No. 539/2015/R/EEL and subsequent amendments

The SEA Group has been researching ways to more effectively and efficiently manage its heat and electricity needs for some time.

Research highlighted the potential advantages of adopting a different relationship model between energy users, producers, and the distribution network operator – moving from an SEESEU (Existing Systems Equivalent to Efficient Systems for Users) model to a CDS (Closed Distribution Systems) model, which would result in significant economic benefits. This system makes it possible for SEA to operate as a distributor under a simplified regulation, qualifying as a sole referent entity for any future airport development in terms of power grids. Within this configuration, SEA takes on the central role of managing the electricity distribution network while also being a user that will purchase energy from the market.

Adoption of the CDS model has entailed the completion of a number of preliminary steps and the implementation of several technical, organisational, and managerial solutions required for the proper management of full-scale activities. With this objective in mind, SEA devised several project streams to ensure the CDS model was in place by December 31, 2021, the date by which the new model must be operational according to the ARERA regulation.

Accreditation activities with Terna, ARERA, Acquirente Unico and Cassa Servizi Energia e Ambiente started during the year.

With Resolution 385/2021/R/EEL of September 21, 2021, ARERA accepted SEA's request to classify the power grids at Milan Linate and Milan Malpensa Airport as ASDCs and asked that they be included in the ASDC Register.

At the same time, SEA began the technical, operational, and administrative activities required to implement the CDS model, including: the drafting of Operating Regulations, the Transport Contract that SEA – as CDS manager – signed with the free market vendors indicated by sub-concessionaires, and the list of active PODs.

SEA's duties as manager of the Closed Distribution Systems at Malpensa and Linate airports began on January 1, 2022.

CLIMATE CHANGE

The activities carried out at the airports managed by the Group are inherently influenced by weather conditions and seasonal changes, both of which can hinder aviation operations and make the planning of activities, the allocation of resources, and the design of infrastructure somewhat difficult.

In recent years there has been an increase in extreme weather events such as cloudbursts, heat waves, and very severe storms, which cause disruptions due to the temporary suspension of activities, the additional emergency management costs incurred, and the damage caused to airport infrastructure and assets. To mitigate the effects of these extreme weather events, investments amounting to approximately Euro 9 million have been made in the past five years to restore and upgrade terminal roofs and to upgrade rainwater drainage systems. Thanks to said infrastructure investments, flooding at Malpensa Terminal in September 2021 was fairly contained, although it did become apparent that interventions will need to be performed on aprons, viaducts, and building roofs. New studies are thus underway to design a new hydraulic model for Malpensa Airport based on more accurate rainfall data, which will make it possible to identify further measures to mitigate the impact of weather events on the road system near Terminal 1.

SEA has undertaken various actions to combat climate change, which are acknowledged by international certifications attesting to their effectiveness. During 2021, both Malpensa and Linate airports obtained an Airport Carbon Accreditation (ACA) 4+ certification for their efforts to reduce direct and indirect CO2 emissions.

In July, SEA received "Make It Sustainable" certification from ICMQ for its airport infrastructure maintenance management processes.

SEA is committed to achieving net-zero emissions by 2030 at Milan Airport and intends to contribute to the decarbonisation of the entire air transport system by 2050. To this end, SEA asks that its suppliers and commercial partners abide by certain environmentally friendly and sustainable standards so that it can create a supply chain that has a positive impact as a whole.

The achievement of net-zero emissions is undoubtedly the most important sustainability objective for SEA. To achieve this objective, SEA has drafted a plan that is largely inspired the best practices of leading European players in the sector.

In particular, SEA's focus on achieving its objectives is based on the following pillars:

1. Identification of sustainable energy supply solutions;
2. Investments and initiatives to reduce emissions from typical airport activities;
3. Investments and initiatives to reduce emissions from "upstream" activities (aircraft);
4. Investments and initiatives to reduce emissions from downstream activities (automobiles).

Initiatives linked to the reduction of emissions from typical airport activities include the use of electric Cobus intercity buses, the conversion of the company car fleet to hybrid or electric vehicles and the installation of facilities to support them, such as recharging stations.

Initiatives related to reducing emissions from upstream activities are based on the assumption that true discontinuity will occur with the gradual roll-out of sustainable aviation fuels (SAFs) in place of fossil fuels, with new electric and hydrogen-powered aircraft scheduled to come to market starting in 2035. In this regard, the initiatives launched to date could place Malpensa at the epicentre of a Hydrogen Valley.

The OLGA Project, approved by the European Commission with the aim of mitigating the environmental impact of the aviation sector, brings together, in a diversified consortium of 42 partners including SEA, large and small airports, airlines, industry, researchers and small and medium-sized enterprises. This project includes a pilot for the construction of the first hydrogen plant in cooperation with SNAM.

In addition, Sea has signed an agreement with ENI to supply biofuels to private and commercial flights and the supply of pure HVO (Hydrotreated Vegetable Oil) biofuel for the movement of vehicles on the ground.

Meanwhile, initiatives to reduce the emissions generated by downstream activities can be traced back to accessibility: at least 40% of airport emissions derive directly from road traffic. SEA wants to encourage people to start using more sustainable means of transport, such as trains and electric cars, and to gradually introduce the use of Urban Air Mobility (small electric aircraft with vertical take-off and landing), which represents a cutting-edge, zero-emissions way of reducing road traffic congestion and speeding up urban and suburban travel. On July 13, 2021, SEA signed a letter of intent with ENAC and ENAV to define the best regulatory, operational, and infrastructural ways to develop alternative mobility services that are efficient, safe, sustainable, and interoperable with airport and public transport infrastructures.

It is against this backdrop that SEA has signed a partnership agreement with Skyports, a world leader in the design and management of vertiports. The agreement seeks to assess the potential of developing and managing a network of vertiports in Italy, starting in Milan. In addition to improving regional transport links, the development of AAM (Advanced Air Mobility) will give SEA the opportunity to contribute significantly to the sector's decarbonisation.

Yet further proof of the Company's efforts to rapidly decarbonise the sector is the disbursement of a three-year loan of Euro 50 million by Mediobanca in June 2021, which is the Group's first-ever Sustainability-Linked funding operation. The loan's margin level is linked to the achievement of specific strategic environmental sustainability targets. For SEA, this involves achieving ACA Level 4+, the highest level Airport Carbon Accreditation certification.

OPERATING AND FINANCIAL OVERVIEW

Traffic data

Milan Malpensa and Milan Linate airport traffic

	Movements			Passengers [1]			Cargo [2]		
	2021	% vs 2020	% vs 2019	2021	% vs 2020	% vs 2019	2021	% vs 2020	% vs 2019
Malpensa	113,099	+26.7%	-49.8%	9,572.2	+32.9%	-66.7%	741,774	+45.1%	+36.1%
Linate	45,362	+59.1%	-35.0%	4,307.1	+91.3%	-34.1%	1,320	+72.6%	-79.3%
Total commercial traffic	**158,461**	**+34.5%**	**-46.3%**	**13,879.3**	**+46.8%**	**-60.6%**	**743,094**	**+45.1%**	**+34.8%**
General Aviation [3]	27,253	+74.1%	+11.2%	48.3	+83.6%	-4.1%	-	-	-
SEA Group Airport System	**185,714**	**+39.2%**	**-41.9%**	**13,927.6**	**+46.9%**	**-60.5%**	**743,094**	**+45.1%**	**+34.8%**

[1] *Arriving+departing passengers ('000)*

[2] *Arriving+departing cargo in tonnes*

[3] *Source: SEA Prime*

The Milan Airport System managed by the SEA Group served a total of 13.9 million commercial and general aviation passengers.

The new wave of the pandemic in early 2021 and the resulting travel restrictions contributed to delays in traffic recovery. A partial recovery in volumes only took place from May onwards, a trend that was consolidated in the summer months and continued until November. The spread of the new variant, Omicron, starting from December 2021 affected the recovery of the air transport sector, which already showed signs of slowdown in the second half of the month, also in the operations of the Milan airports.

Although aviation traffic in this context recovered: compared to 2020, annual growth for movements in 2021 of 34.5% (including also cargo activities), while passengers were up 46.8% (+4.4 million passengers). Load factor of 63%, increasing 5 percentage points on 2020.

These results have been aided by initiatives taken by states to counter the spread of the pandemic and to encourage the resumption of movement within and between countries.

When comparing 2021 performance with that of the previous year, it must be considered that 2020 was a year in which airport operations were smooth for the first two months, while since March the spread of the pandemic and travel restrictions have brought traffic to the lowest levels ever recorded.

Malpensa Airport managed 9.6 million passengers (33.3% of 2019), up +32.9% on 2020. Linate airport meanwhile served 4.3 million passengers (66% of traffic operated in 2019 - a year in which the terminal was inactive for 3 months), increasing 91.3% on 2020 (in 2020 Linate airport was closed between March 16 and July 15).

While passenger transport continued to be affected by the spread of the pandemic in 2021, although with a lower impact than in 2020, the cargo sector outperformed 2019 with around 743,000 tonnes of cargo transported (up 45.1%). These results confirm Malpensa Cargo City's role as a primary hub for import and export trade domestically and as a logistics base for DHL.

General aviation traffic in 2021 saw the Milan Linate Prime and Malpensa Prime terminals manage a total 27,253 movements, up 74.1% on the previous year, while rising also on 2019 (+11.2%).

Income Statement

In line with IFRS 5, following the decision of the parent company to sell 100% of the company SEA Energia, the Energy business was treated as a Discontinued Operation. Therefore, in the 2021 income statement and, for comparative purposes, in that of 2020, the revenues and income and expense items were reclassified under the item "Net Result from Discontinued Operations" (Euro 2,100 thousand in 2021, Euro 707 thousand in 2020).

IFRS 5 requires that the 2021 income statement of the discontinued business is not included in the results line-by-line for each cost and revenue item, but the total result of the Discontinued Operations business line is recorded on a separate line in the account "Net result from 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. Therefore, the comparative data presented below reflects this restatement.

The consolidation scope changed on the previous year with the entry of Airport ICT Service, incorporated in December 2021 and wholly-owned by Sea S.p.A. The company is involved in the provision and design of IT systems and user support.

(Euro thousands)	2021	2020 restated	Change	C.ge % 2021/2020	2020 approved
Operating revenues	325,232	246,515	78,717	31.9%	257,010
Revenue for works on assets under concession	23,749	29,024	(5,275)	(18.2%)	29,024
Total revenues	**348,981**	**275,539**	**73,442**	**26.7%**	**286,034**
Operating costs					
Personnel costs	138,642	134,262	4,380	3.3%	136,551
Other operating costs	157,077	145,648	11,429	7.8%	149,364
Total operating costs	**295,719**	**279,910**	**15,809**	**5.6%**	**285,915**
Costs for works on assets under concession	21,521	26,680	(5,159)	(19.3%)	26,680
Total costs	**317,240**	**306,590**	**10,650**	**3.5%**	**312,595**
Gross Operating Margin / EBITDA[1]	**31,741**	**(31,051)**	**62,792**	**(202.2%)**	**(26,561)**
Provisions & write-downs	24,480	13,139	11,341	86.3%	13,058
Restoration and replacement provision	20,499	17,195	3,304	19.2%	17,195
Amortisation & Depreciation	67,556	73,429	(5,873)	(8.0%)	76,263
EBIT	**(80,794)**	**(134,814)**	**54,020**	**(40.1%)**	**(133,077)**
Investment income/(charges)	(382)	(9,947)	9,565	(96.2%)	(9,947)
Net financial charges	19,795	19,313	482	2.5%	20,087
Pre-tax Result	**(100,971)**	**(164,074)**	**63,103**	**(38.5%)**	**(163,111)**
Income taxes	(23,755)	(34,792)	11,037	(31.7%)	(34,536)
Continuing Operations result	**(77,216)**	**(129,282)**	**52,066**	**(40.3%)**	**(128,575)**
Net result from assets held for sale	**2,100**	**707**	**1,393**	**197.0%**	**0**
Minority interest profit	3	1	2	200.0%	1
Group Net Result	**(75,119)**	**(128,576)**	**53,457**	**(41.6%)**	**(128,576)**

[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.

Operating revenues amounted to Euro 325,232 thousand in 2021, up Euro 78,717 thousand (31.9%) on 2020. The strong performance stems from the traffic recovery from June. H1 2021 revenues decreased (-23.14%) on the previous year, while rising significantly in H2 (+98.7%).

The increase in operating revenues was across all business segments. Aviation revenues grew Euro 50,898 thousand, with non-aviation revenues increasing Euro 24,804 thousand and general aviation revenues up Euro 3,015 thousand.

Operating costs totalled Euro 295,719 thousand, increasing Euro 15,809 thousand on the previous year, mainly due to the higher variable costs related to the higher traffic volumes and the increase in energy costs in the second half of the year.

The margin resulting from the difference between revenues and costs for works on assets under concession of Euro 2,228 thousand was substantially in line with the previous year (Euro 2,344 thousand in 2020).

As a result of the developments outlined above, EBITDA was Euro 31,741 thousand, compared to a loss of Euro 31,051 thousand in the previous year.

EBIT was a loss of Euro 80,794 thousand, compared to a loss of Euro 134,814 thousand in 2020 and reflects higher doubtful debt provisions, partially offset by reduced amortisation and depreciation as a result of the extension of the concession period.

The net loss was Euro 75,119 thousand, improving on the net loss of Euro 128,576 thousand in the previous year.

Revenues

Operating revenues in 2021 (net of work on assets under concession) amounted to Euro 325,232 thousand and include Aviation revenues of Euro 195,850 thousand (Euro 144,952 thousand in 2020), Non Aviation revenues of Euro 116,650 thousand (Euro 91,846 thousand in 2020) and General Aviation revenues of Euro 12,732 thousand (Euro 9,717 thousand in 2020).

Operating revenues increased Euro 78,717 thousand on 2020. Each business area contributed to this improvement as follows:

- Aviation revenues rose Euro 50,898 thousand, due to increased revenues from passenger activities, following the recovery of traffic from June. Cargo activities again in 2021 improved.
- Non-Aviation revenues rose Euro 24,804 thousand

  The growth of revenues, concentrated in the second half of the year, was due not only to the passenger traffic performance, but also the reduction in discounts granted to tenants and the partial reopening of some VIP lounges.
- General Aviation revenues were up Euro 3,015 thousand due to the greater traffic volumes managed and the absence in 2021 of temporary reviews of lease contracts.

Revenues for works on assets under concession decreased from Euro 29,024 thousand in 2020 to Euro 23,749 thousand in 2021 (-18.2%). 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.

Operating costs

Operating costs in 2021, net of costs for works on assets under concession, amount to Euro 295,719 thousand, rising Euro 15,809 thousand on the previous year (+5.6%).

Personnel costs of Euro 138,642 thousand in 2021 rose Euro 4,380 thousand (+3.3%) on 2020. The increase is due to the greater use of social security supports and the salary increases on the basis of the National Collective Bargaining Agreement, only in part offset by a reduced workforce. The workforce, comprising 2,657 Full Time Equivalent (FTE) staff, reduced by 72 (-2.6%) compared to 2020.

Other operating costs, amounting to Euro 157,077 thousand, increased by Euro 11,428 thousand (+7.9%) compared to 2020. The increase is due to the increase in variable costs related to traffic, the increase in energy costs and higher health emergency measure charges. We in addition indicate the contribution to the costs increase from the full-year operability of Linate airport (including the new areas opened in June) and of Malpensa Terminal 1.

Costs for works on assets under concession

Costs for works on assets under concession decreased from Euro 26,680 thousand in 2020 to Euro 21,521 thousand in 2021. These costs refer to the costs for the works undertaken on assets under concession. This movement is strictly related to investment activities.

Provisions & write-downs

In 2021, provisions and write-downs report a net provision of Euro 24,480 thousand, on the basis of Euro 8,877 thousand of net provisions to the future charges provision (Euro 2,474 thousand in 2020) and net provisions of Euro 15,603 thousand (Euro 10,245 thousand net provisions in 2020) for the doubtful debt provision.

The accruals to the future charges provision includes an accrual for labour of Euro 2,418 thousand and an accrual of Euro 6,459 thousand for new disputes and insurance deductibles.

Accruals to the doubtful debts provision are determined by the need to reflect the risk of the expected loss of each position as prescribed by IFSR 9. The higher provisions compared with the previous year reflect the continuing extreme crisis in the aviation sector. The accruals are only partially offset by the releases from the provisions accrued in previous years following the absence of the conditions for which they were originally established.

Further information is available in Note 9.7 of the Consolidated Financial Statements.

Restoration and replacement provision

In 2021, the net accrual to the restoration and replacement provision increased Euro 3,304 thousand. The accrual of Euro 20,499 thousand in 2021 (Euro 17,195 thousand in 2020), none of which was released, reflects the assessments of the planned maintenance of the assets under the concession rights defined in the updated investment plan in the final months of 2021.

Amortization & Depreciation

Amortisation and depreciation decreased by Euro 5,873 thousand compared to 2020, from Euro 73,429 thousand to Euro 67,556 thousand. This reduction is justified both by the effect of the two-year extension of the existing concession that took place in fiscal year 2020 (law converting Decree-Law No. 34 of May 19, 2020, the "Relaunch Decree", Law No. 77 of July 17, 2020), and by assets that have completed the depreciation process, only partially offset by the increase in fixed assets.

Investment income and charges

In 2021, net income from investments improved Euro 9,565 thousand, from net charges of Euro 9,947 thousand in 2020 to net charges of Euro 382 thousand in 2021 and include investments measured under the Equity method and other revenues and income. The improvement of Euro 9,565 thousand is substantially due to the better results of the associates compared to the previous year.

Financial income and charges

In 2021, net financial charges increased Euro 482 thousand, from Euro 19,313 thousand in 2020 to Euro 19,795 thousand in 2021.

This movement is mainly due to the increased gross debt, despite its average lower cost and reduced charges and derivatives and post-employment benefits. The increase in financial charges is only partially offset by increased financial income from the use of a portion of the liquidity available in the current treasury account which ensured adequate profitability

Income taxes

Deferred tax income of Euro 23,755 thousand was recognised in 2021, calculated on the IRES tax loss for the period on the presumption that a reasonable certainty therefore exists of generating in future periods sufficient assessable income to allow for its gradual reabsorption. Further information is available in Note 8.7 of the Consolidated Financial Statements.

Net result from assets held for sale

Net result from assets held for sale, relating to the Energy sector, reported a net profit of Euro 2,100 thousand. As already illustrated above, this item includes the result of SEA Energia adjusted by IAS/IFRS entries.

Group Net Profit

As a result of the dynamics outlined above, the Group's net result was a loss of Euro 75,119 thousand, improving Euro 52,064 thousand on 2020 (Group net loss of Euro 128,576 thousand). This result is comparable with the 2020 result approved by the Board, as not impacted by the application of IFRS 5.

Reclassified statement of financial position

The applicational methods for IFRS 5 did not result in differences between the comparative figure at December 31, 2020 and that originally approved. The discontinuity of the Energy business is expressed exclusively through the presentation of the assets and liabilities as at December 31, 2021, attributable to the legal entity SEA Energia, in the "Assets held-for-sale and discontinued opertations" and "Liabilities related to assets held-for-sale and discontinued opertations" lines of the consolidated statement of financial position.

(Euro thousands)	December 31, 2021	December 31, 2020	Change
Intangible assets	945,659	968,767	(23,108)
Property, plant & equipment	146,556	212,591	(66,035)
Leased assets right-of-use	12,996	10,662	2,334
Investment property	3,401	3,402	(1)
Investments in associates	65,745	66,127	(382)
Other investments	1	1	0
Deferred tax assets	118,132	93,735	24,397
Other non-current receivables	52,408	48,651	3,757
Fixed assets (A)	**1,344,898**	**1,403,936**	**(59,038)**
Inventories	1,738	2,027	(289)
Trade receivables	95,928	51,400	44,528
Tax receivables	794	1,936	(1,142)
Other receivables	4,961	7,654	(2,693)
Current assets	**103,421**	**63,017**	**40,404**
Assets held-for-sale and discontinued operations	**47,512**	**0**	**47,512**
Trade payables	145,040	110,465	34,575
Other payables	177,234	154,402	22,832
Income tax payables	8,609	8,351	258
Current liabilities	**330,883**	**273,218**	**57,665**
Liabilities related to assets held-for-sale and discontinued operations	**12,292**	**0**	**12,292**
Net Working Capital (B)	**(192,242)**	**(210,201)**	**17,959**
Provisions for risks and charges (C)	(213,112)	(202,343)	(10,769)
Employee provisions (D)	(44,036)	(45,622)	1,586
Other non-current payables (E)	(84,736)	(87,808)	3,072
Net capital employed (A+B+C+D+E)	**810,772**	**857,962**	**(47,190)**
Group Shareholders' equity	(155,906)	(231,208)	75,302
Minority interest Shareholders' equity	(31)	(28)	(3)
Net financial debt [1]	(654,835)	(626,726)	(28,109)
Total sources of financing	**(810,772)**	**(857,962)**	**47,190**

All fixed assets, including those falling under IFRIC 12, are expressed net of those funded by State and European Union contributions. At December 31, 2021, they amounted to Euro 511,873 thousand and Euro 7,019 thousand respectively (at December 31, 2020, Euro 511,873 thousand and Euro 7,019 thousand respectively).

[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) and the fair value of financial debt hedging derivatives. The net financial debt, similar to the other items of the Statement of financial position, do not include the financial debt of the discontinued operations.

Fixed assets of Euro 1,344,898 thousand decreased by Euro 59,038 thousand over December 31, 2020, mainly due to: *i)* the amount of investments and amortisation and depreciation in the period, respectively of Euro 33,718 thousand (net of restoration provision utilisations) and Euro 65,273 thousand (amortisation and depreciation stated net of the effect of IFRS 16); *ii)* the increase in the right-of-use of assets, amounting to Euro 2,334 thousand at December 31, 2020; *iii)* the decrease in the value of investment in associates (Euro -382 thousand), which reflects the measurement at equity of investments in associates; *iv)* the increase in net deferred tax assets of Euro 24,397 thousand; *v)* the increase in Other non-current receivables of Euro 3,757 thousand mainly due to the adjustment of the indemnification rights related to the sub-entry as per Article 703 (paragraph 5) of the Aviation Code.

Net working capital of -Euro 192,242 thousand decreased by Euro 17,959 thousand over December 31, 2020.

This movement is based on a range of factors. The increase in trade receivables due to a recovery in revenues was offset by higher trade payables, mainly from the increase in expenses incurred in 2021 compared to 2020. The increase in other payables is principally due to the increase in payables for surtaxes, related to the recovering traffic, and the increase in the payables for airport fire protection services. Other payables include also all payables to employees recorded as a result of the mobility procedure's commencement on December 27, 2017. Through the mobility procedure, early retirement incentive payments were established for a pre-determined number of workers who will qualify for pension benefits by August 2023 (early retirement or old age pension), as the above mobility procedure will conclude in July 2022 with the departure of the last employee covered by the incentive plan.

These include, in addition to Net working capital, Assets held-for-sale of Euro 47,512 thousand and Liabilities related to assets held-for-sale for Euro 12,292 thousand.

Net capital employed at December 31, 2021 amounted to Euro 810,772 thousand, with a decrease of Euro 47,190 thousand over December 31, 2020.

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

(Euro thousands)	December 31, 2021	December 31, 2020	Change
Inventories	1,738	2,027	(289)
Trade receivables	95,928	51,400	44,528
Trade payables	(145,040)	(110,465)	(34,575)
Other receivables/(payables)	(180,088)	(153,163)	(26,925)
Assets held-for-sale and discontinued operations	47,512	0	47,512
Liabilities related to assets held-for-sale and discontinued operations	(12,292)	0	(12,292)
Total net working capital	**(192,242)**	**(210,201)**	**17,959**

Other non-current payables exclusively concern the payable for dividends and decreased on the previous year due to the above-stated reclassification on the employee payable.

Net financial debt

The net financial debt, including discontinued operations, of Euro 675,399 thousand at the end of 2021, increased by Euro 48,673 thousand compared to December 31, 2020 (Euro 626,726 thousand). The ongoing crisis has had an impact on cash flow from current operations, which, although resulting in cash generation due to careful management of working capital, has not permitted the funding of investment and debt servicing.

The net financial debt, excluding discontinued operations as per IFRS 5, totalled Euro 654,835 thousand, increasing Euro 28,109 thousand on December 31, 2020, due to the recognition of the cash pooling receivable from the subsidiary SEA Energia.

Reconciliation between equity of the Parent and consolidated equity

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, 2020	Equity movements	OCI Reserve	Net profit / (loss)	Net Equity at December 31, 2021
Parent Company Financial Statements	**158,053**	**0**	**(183)**	**(80,288)**	**77,582**
Share of net equity and net profit of the consolidated subsidiaries attributable to the Group, net of the carrying amount of the relative investments	30,475			5,307	35,782
Adjustments for measurement at equity of associates	48,160			(382)	47,778
Other consolidation adjustments	(5,451)			247	(5,204)
Consolidated Financial Statements	**231,236**	**0**	**(183)**	**(75,116)**	**155,937**

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) and the fair value of financial debt hedging derivatives.
- "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 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.

SEA GROUP INVESTMENTS

The SEA Group in 2021 made investments of Euro 49,909 thousand. The contingent situation due to the COVID emergency resulted in the postponement of a number of project development initiatives in the commercial area, in addition to actions which are deemed not strictly necessary, while the investments to ensure airport safety, regulatory compliance, operational continuity and passenger services were confirmed.

The following table shows the investments made in 2021. It should be noted that no research and development activities were carried out in 2021.

(Euro thousands)	**2021**
Flight infrastructure	14,720
Airports (including BHS)	22,232
Cargo	1,390
Misc. buildings	3,664
Roadways and parking	435
Networks and plant	3,193
Ecology	33
ICT Systems/Projects	2,901
Various equipment	1,341
Total investments	**49,909**

The amounts are reported net of the 6% remuneration based on IFRIC 12 (Euro 2.2 million), the portion of financial charges (Euro 0.03 million) and other components of an exclusively monetary nature. Total investments do not include increases for the recognition of fixed assets IFRS 16.

The amounts do not include the investments of SEA Energia, classified to asset held for sale and discounted operations as per IFRS 5.

The most significant works at Malpensa Terminal 1 airport regarded the launch of a new self-service bag drop service, the continuation of upgrading and standardisation works on restrooms open to the public, seismic upgrading works, the continuation of works to upgrade the fire detection system and adaptation of the HBS system to ECAC standard 3 for hold baggage security checks.

Work carried out on airside infrastructure at Malpensa airport exclusively regarded the upgrading of existing areas and projects linked to the objectives of maintaining and increasing levels of security and operational functionality at the airport. Work was carried out on several sections of the runways; in this regard, special maintenance was carried out on runway 17L/35R, consisting of extensive upgrading of about two-thirds of the runway's surface, taxiways and aprons. Extraordinary maintenance work was carried out on the luminous visual aids which, in addition to improving the functionality and reliability of the system, also led to upgrading of the equipment with a view to energy efficiency, such as replacement of the optical guides at satellite B with new technology that enable correct positioning of aircraft during parking, upgrading of all the projectors in the airside lighting towers with LED technology, and implementation of a surveillance and control system for aircraft (ASMGCS) and vehicles in the manoeuvring and movement areas (airside). Some interventions have also been carried out to comply with fire prevention regulations.

Investment initiatives regarding Terminal 2 have been temporarily suspended following the transfer of all traffic to Terminal 1.

As regards Linate airport, the main investments involved completion of the construction of the new "F building" of the passenger terminal : in the area dedicated to carry-on baggage checks, new smart security lines were created to optimize flows and increase the quality of the service offered to passengers, new retail areas were opened on the second floor and a new food&beverage area on the second floor. At the same time, the bathrooms open to the public were built in accordance with the new concept.

In addition, work was completed to upgrade the terminal's check-in areas and build new vertical links for the arrival of the M4 metro line.

The investments in Information and Communication Technology mainly concerned the Airport Operating Systems, Data Center and Disaster Recovery and the consolidation of technologies to manage the Covid emergency. Despite the particular period, the SEA Group invested in innovative projects such as the completion of an airport Digital Marketplace and the adoption of Biometric technology for seamless passenger services.

SUBSEQUENT EVENTS

Invasion of Ukraine by Russia

At dawn of February 24, the Russian president ordered the invasion of Ukraine. The escalation came after Moscow's decision to recognise as independent the Ukrainian territories controlled by separatists from the "People's Republics" of Donetsk and Lugansk in the Donbass. The vote at the 11th emergency session of the United Nations General Assembly (UNGA) on the resolution on Russian aggression of Ukraine approved the strong international isolation of Moscow: only 4 countries (Syria, Eritrea, Belarus and North Korea) openly sided with Moscow by voting against the resolution, against the 141 countries that approved the resolution. Currently, the countries of the European Union and America are acting by imposing sanctions on Russia. The European Union has ordered the closure of airspace to flights from the Russian Federation from February 27, 2022. This involves flight cancellations and suspension of air traffic between the Russian Federation and EU countries, including Italy. The same measure has been adopted by the United States and Canada. In addition, on February 24, Eurocontrol and EASA have declared at risk the areas affected by the conflict and have banned their overflight.

In view of the limited importance of the network sectors affected by the restrictions, the impact of the restriction measures is currently marginal.

The Company is monitoring developments in the conflict, although it is not possible to estimate the impact on the business at this time.

When preparing the financial statements for the year ended December 31, 2021, the Russian-Ukrainian conflict was treated as a "non-adjusting event" in accordance with the provisions of IAS 10, as it occurred after the end of the financial year, which should be disclosed, but did not result in any adjustments to the year-end 2021.

Submission of application for funds provided by the "Budget Law 2021"

As set out by the Implementing Decree published in the Official Gazette on December 28, 2021, on January 27, 2022, SEA submitted an application to obtain the grant provided for by the 2021 Budget Law and intended for airport operators and ground handling service providers, thus initiating the procedural process aimed at the recognition of the contribution.

On March 8, 2022 an advance payment (Euro 67.8 million) of 50% of the amount requested was made. The process envisaged by the Decree of November 25, 2021, published in the Official Gazette on December 28, 2021, is expected to be completed by May 2022 in order to determine the amount of support and its collectability.

Lombardy regional resolution on measures to support Lombardy's airports

On March 7, 2022 the resolution of the Lombardy Regional Council was published, as a measure to tackle the crisis resulting from the COVID-19 emergency in support of Lombardy's airports of national interest belonging to the TEN-T networks, specifically the airports managed by Sea Spa and SACBO. The expected grant totals Euro 10 million. Disbursement of the resources, to be carried out within 60 days of approval of this deed, will be carried out by the General Directorate for Infrastructure, Transport and Sustainable Mobility, with subsequent administrative acts following the checks required by current legislation.

OUTLOOK

The operating and industrial environment in which SEA will operate in 2022 continues to feature a significant level of uncertainty. After signs of optimism emerging until October 2021, over recent months infection levels have risen sharply globally, mainly due to the arrival of the new "Omicron" Sars-Cov-2 variant: various studies indicate that this variant is significantly more contagious than the previous mutations of the virus (in particular compared to the so-called "Delta" variant).

Despite the increase in the vaccinated population, the effects of the new variant and the restrictive measures launched by governments have had and will continue to have clear effects on passenger traffic. While December 2021 "benefited" from bookings made in the previous months and tourists over the Christmas break, January and February 2022 in fact saw a reduction of 52% and 43% respectively compared to 2019, the last year before the pandemic, compared with the 40% reduction in the last quarter of 2021.

Regarding traffic to and from non-European countries, following the acceleration of vaccination campaigns, a gradual loosening of international restrictions is expected, enabling a recovery in passenger traffic in the second half of the year and, in particular, during the summer season. With regard to Asian traffic, a slower recovery is expected, especially from and to China, also due to the "zero-COVID policy" adopted by the country, with frequent lockdowns on rather large areas of the country.

A further element of uncertainty is represented by the conflict between Russia and Ukraine, which began on February 24, 2022, as a result of which the European Union has imposed heavy sanctions on Russia that have affected the country's economy. Among the sanctions introduced, those with the greatest impact on international traffic are the closure of air space (EU, USA and Canada) to Russian carriers, the suspension of airworthiness certificates for leased/hired aircraft operated by Russian carriers, and limitations on the issue of post-maintenance and repair certificates to the same carriers. In response to these sanctions, the Russian Federation banned European carriers from flying over its airspace, thereby making the operation of routes to Asia more onerous (due to the lengthening of the routes to be flown) and creating a possible obstacle to the recovery of traffic. In addition, in order to ensure the safety of civilian flights, since February 24, the European authorities Eurocontrol and EASA have declared at risk the areas affected by the conflict and have banned their overflight.

Preliminary analysis and initial findings regarding traffic performance indicate a limited impact of these measures on passenger and cargo traffic within the Milan system. The routes to and from the areas directly or indirectly affected by the conflict have in fact a limited weight on the traffic forecast for 2022: the Covid limitations have already affected this network segment, which has gone from 839 thousand to 473 thousand passengers handled overall. An indirect effect of the conflict was the exacerbation of the increase in the cost of raw materials and energy commodities, which was already in train prior to the outbreak of the conflict. In this context, SEA is particularly exposed to the increase of energy costs (methane and electricity in particular) as well as to the increase in the price of construction materials. The timeframe and manner for emerging from the current emergency situation is currently not clear, although it is considered to be a cyclical issue.

With reference to electricity and thermal energy production costs, in December 2021 the price of gas was more than 5 times higher than at the beginning of the same year, with a consequent increase (of more than 350%) in the price of electricity. Sector studies report a continuation of this growth also in 2022, but the high level of uncertainty, especially regarding the evolution of the conflict between Russia and Ukraine, makes the development of 12-month forecasts complex.

Management continues to closely monitor the evolution of the situation by constantly updating traffic projections, carrying out periodic surveys of the prices of commodities and construction materials and developing sensitivity analyses aimed at quantifying the economic and financial impact deriving from the above phenomena. A series of initiatives is already underway (e.g. use of social shock absorbers) and others will be undertaken to limit cash absorption and ensure the Group's economic and financial sustainability.

The 2022 financial year will be characterized by the reduction in expected cash flows, due to the increase in energy costs and a possible slowdown in the recovery of traffic, but will benefit from the grants allocated to airport operators for the partial compensation of the losses incurred (see Budget Law 2021 - Law 178 of 30/12/2020), already partly disbursed for an amount equal to 50% of the damage presented in the application that the company has submitted to the competent bodies, and from the collection of the sale of the equity investment in the company SEA Energia expected within 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.

Energy

The energy business includes the generation and sale of electricity and heat to third parties. Following the application of IFRS 5, the 2020 restated income statement does not include the figures of SEA Energia SpA, which are recorded in the line "Net result from assets held for sale". Therefore, the following segment analysis does not include the Energy business.

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

	Commercial Aviation		General Aviation		Consolidated	
(Euro thousands)	2021	2020 restated	2021	2020 restated	2021	2020 restated
OPERATING REVENUES	312,500	236,799	12,732	9,716	325,232	246,515
EBITDA	23,134	(37,217)	8,607	6,166	31,741	(31,051)
EBIT	(87,346)	(138,776)	6,552	3,962	(80,794)	(134,814)

The EBITDA shown above includes the IFRIC margin.

Commercial Aviation

Traffic data

Milan Malpensa and Milan Linate airport traffic

	Movements			Passengers [1]			Cargo [2]		
(Euro thousands)	2021	% vs 2020	% vs 2019	2021	% vs 2020	% vs 2019	2021	% vs 2020	% vs 2019
Malpensa	113,099	+26.7%	-49.8%	9,572.2	+32.9%	-66.7%	741,774	+45.1%	+36.1%
Linate	45,362	+59.1%	-35.0%	4,307.1	+91.3%	-34.1%	1,320	+72.6%	-79.3%
Total commercial traffic	**158,461**	**+34.5%**	**-46.3%**	**13,879.3**	**+46.8%**	**-60.6%**	**743,094**	**+45.1%**	**+34.8%**

[1] *Arriving+departing passengers ('000)*

[2] *Arriving+departing cargo in tonnes*

Milan Linate and Milan Malpensa airports - managed by the SEA Group - served 13.9 million commercial aviation passengers in 2021.

The new pandemic wave in early 2021 and the resulting travel restrictions have contributed to delays in traffic recovery. A partial recovery in volumes only took place from May, a trend that was consolidated in the summer months and continued until November. The spread of the new Omicron variant from December 2021 has impacted the recovery of the air transport sector, which already showed signs of slowing down in the second half of the month, including at the Milan airports.

Although aviation traffic in this context recovered: compared to 2020, annual growth for movements in 2021 of 34.5% (including also cargo activities), while passengers were up 46.8% (+4.4 million passengers). It is however indicated that 2020 was a year in which airport operations were smooth for the first two months, while since March the spread of the pandemic and travel restrictions have brought traffic to the lowest levels ever recorded.

August 2021 saw the best performance in terms of passengers carried: 2 million passengers, or 56 percent of pre-pandemic traffic (3.6 million passengers in August 2019). In the first four months of the year, traffic was 14% of its pre-pandemic (2019) level before gradually recovering to 61% in December 2021.

During the year, initiatives devised to limit the negative effects of the pandemic – including the vaccination campaign, COVID-tested flights, which led to the creation of COVID-free tourist corridors from June onwards, and vaccination certificates permitting travel to European and North American destinations – enabled airlines to increase the number of seats on offer.

The load factor stood at 63%, up 5 percentage points on 2020, comprising 70% on domestic routes and 58% on international routes, reflecting an uneven recovery in the various traffic segments.

In 2021, Malpensa Airport, with 9.6 million passengers (or 33.3% over FY 2019), reported growth of 32.9% over 2020, or 2.4 million additional passengers.

The main low-cost airlines operating at Malpensa Airport (easyJet, Ryanair and Wizzair) concentrated on domestic routes and, to a lesser extent, European destinations. Intercontinental traffic destinations were mainly in the Middle East, with flights operated by Turkish Airlines, Emirates and Qatar Airways, in North Africa, with flights operated by Egypt Air, Royal Air Maroc and Tunisair, and in North America, with flights operated by Delta Air Lines, United Airlines, American Airlines, and Emirates.

In 2021, Linate airport served 4.3 million passengers (65.9% of traffic operated in 2019 - a year in which the terminal was inactive for 3 months), increasing 91.3% on 2020 (in 2020 Linate airport was closed between March 16 and July 15).

During the month of October 2021, and more precisely from the 14th, the national airline Alitalia ceased operations and, at the same time (from October 15), ITA Airways began operating with a reduced fleet of aircraft (a better quality fleet with a higher average capacity) and with 15% less slots available at Linate airport than Alitalia.

The availability of slots freed up by Alitalia and the transitional regulations regarding "slot allocation" allowed some carriers to increase frequencies or start up operations at Linate.

During 2021 the overall market share of Alitalia and the incoming carrier ITA was 59% at Linate, with traffic predominantly domestic (89%). Other carriers operating at the airport include easyJet (7%), Iberia and Wizzair (both 5%), Lufthansa, Air France, Volotea (4% market share each). Volotea, which recently started operating at the airport, has been running flights to Sicily since June and has been operating public service obligations since the winter season. The remaining 12% market share is split between KLM, British Airways, Blue Air (which started running flights to Bucharest in May), Austrian Airlines (which has served the Austrian capital since June), Brussels Airlines, Scandinavian Airlines, Vueling Airlines, and Air Malta.

While passenger transport continued to be affected by the spread of the pandemic in 2021, although with a lower impact than in 2020, the cargo sector outperformed 2019 with around 743,000 tonnes of cargo transported (up 45.1%). These results confirm Malpensa Cargo City's role as a primary hub for import and export trade domestically and as a logistics base for DHL.

From the standpoint of load capacity, the reduction in the available belly capacity, as a consequence of the loss of passenger aircraft holds, was largely offset by the increase in all-cargo aircraft flights. Again in 2021 there was a significant degree of conversion of passenger aircraft to cargo transport, exploiting not only aircraft hold capacity, but also cabin space (so-called "preighters" flights).

Major destinations by number of passengers served by the Milan airport system

In the ranking of the airports most served by SEA's airport system in 2021, Catania, Palermo and Paris (Charles de Gaulle and Orly) occupied the first three positions; in addition to Paris, the main international destinations by number of passengers transported include Madrid, London (with 5 airports) and Amsterdam.

Passengers in thousands

		2021	c.ge % 2020	c.ge % 2019	Inc. % 2021 of total
1	Catania	1,273.9	+79.3%	-23.4%	9.2%
2	Palermo	980.8	+104.1%	-14.5%	7.1%
3	Paris	732.4	+48.6%	-64.1%	5.3%
4	Naples	719.0	+142.6%	-20.3%	5.2%
5	Bari	681.2	+133.3%	-3.2%	4.9%
6	Lamezia Terme	607.6	+92.4%	-27.1%	4.4%
7	Cagliari	583.9	+68.4%	-32.2%	4.2%
8	Brindisi	542.3	+130.4%	+10.3%	3.9%
9	Olbia	467.3	+86.6%	-26.2%	3.4%
10	Madrid	432.0	+58.4%	-61.2%	3.1%
11	London	425.0	-31.5%	-83.0%	3.1%
12	Amsterdam	402.4	+26.6%	-66.7%	2.9%
13	Rome	357.3	-8.2%	-70.0%	2.6%
14	Barcelona	308.8	+72.6%	-65.3%	2.2%
15	Bruxelles	259.2	+56.2%	-60.3%	1.9%
	Others	5,106.1	+24.9%	-72.3%	36.8%
	Total	**13,879.3**	**+46.8%**	**-60.6%**	**100.0%**

London: Heathrow, Gatwick, City, Luton and Stansted; Paris: Charles de Gaulle, Orly; Rome: Fiumicino, Ciampino

Main airlines by passengers served by the Milan airport system

easyJet, which has a market share of 22% (24% in 2020 and 2019) was once again the top airline in 2021, serving more than 3.1 million passengers; this is followed by Alitalia (now ITA*), with a total of 2.5 million passengers (18% share), Ryanair (14% share, +1 on 2020), and Wizz Air, which has expanded its network at Malpensa Airport, increasing its market share from 2% in 2019 to 11% in 2021. Among the top non-European carriers, Emirates and Turkish Airlines ranked ninth and twelfth, respectively, with flights to Dubai, New York and Istanbul.

Passengers in thousands

		2021	% vs 2020	% vs 2019	Inc. % 2021 of total
1	Easyjet	3,111.9	+38.7%	-62.5%	22.4%
2	Alitalia/ITA*	2,532.0	+21.0%	-56.5%	18.2%
3	Ryanair	1,998.5	+110.2%	-22.4%	14.4%
4	Wizz Air	1,503.7	+276.0%	+151.0%	10.8%
5	Lufthansa	438.0	+10.0%	-73.6%	3.2%
6	Air France	338.9	+82.1%	-44.1%	2.4%
7	Vueling Airlines	283.0	+46.8%	-72.3%	2.0%
8	Neos	247.7	+4.2%	-69.6%	1.8%
9	Emirates	247.6	+20.8%	-73.6%	1.8%
10	Klm	238.2	+70.9%	-44.2%	1.7%
11	Iberia	231.4	+83.9%	-53.3%	1.7%
12	Turkish Airlines	212.1	+77.3%	-56.3%	1.5%
13	Volotea Airlines**	178.4	-	-	1.3%
14	British Airways	168.0	-16.4%	-80.9%	1.2%
15	Air Europa	155.1	+78.6%	-49.3%	1.1%
	Others	1,994.8	+6.5%	-80.6%	14.4%
	Total	**13,879.3**	**+46.8%**	**-60.6%**	**100.0%**

** Alitalia suspended operations on October 14, 2021; ITA operational from October 15, 2021*

*** Volotea Airlines did not operate in 2019 and 2020*

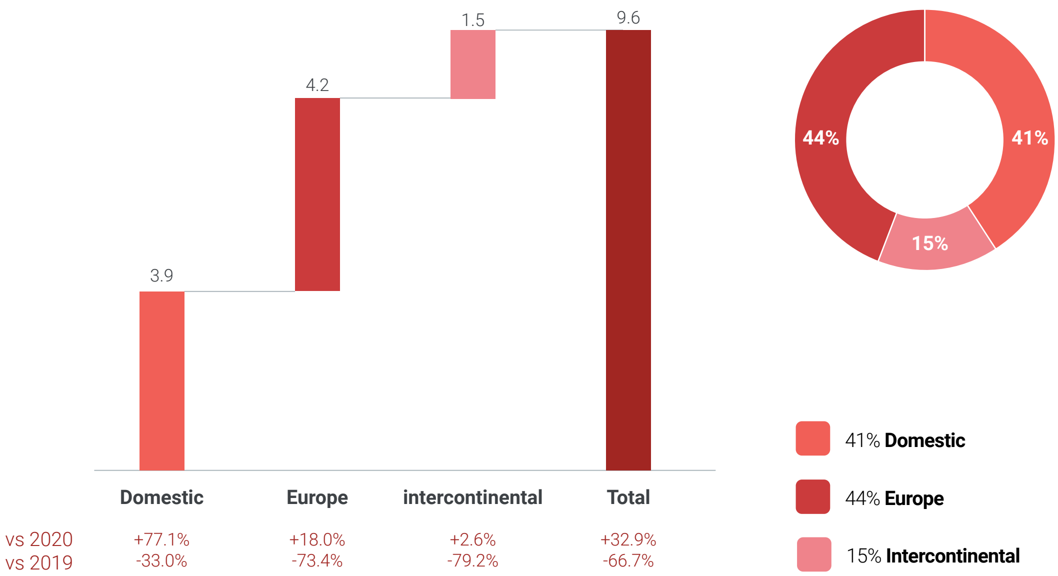
Traffic by region

A breakdown of traffic by region at the two airports managed by the SEA Group is provided below.

Malpensa

Year 2021 - Breakdown by region of Malpensa passenger traffic

Passengers in millions



During 2021, Milan airport moved 9.6 million passengers, +32.9% on 2020 and -66.7% on pre-pandemic levels (2019).

The 2.4 million increase in passengers compared to 2020 can be attributed exclusively to low-cost airlines (+2.6 million passengers), which recovered 48% of the traffic generated in 2019, while traditional airlines recorded a negative result, albeit on a smaller scale (-219 thousand passengers).

The top airlines in terms of the number of passengers carried include easyJet (2.8 million), Ryanair (2.0 million) and Wizz Air (1.3 million); in addition to expanding its network, the latter brought a new aircraft into operation at Malpensa in June 2021, bringing its total number of aircraft to six.

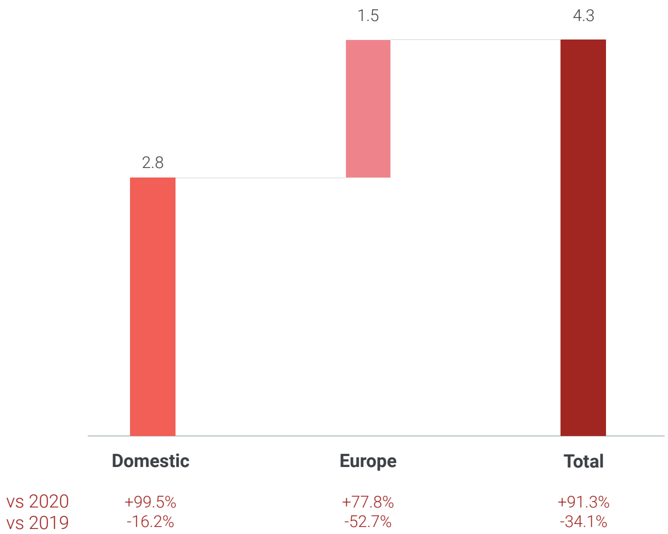
The primary domestic destinations served were Catania, Palermo, Lamezia Terme, Naples, Bari, and Brindisi, followed by the international destinations of Paris Charles de Gaulle and Barcelona.

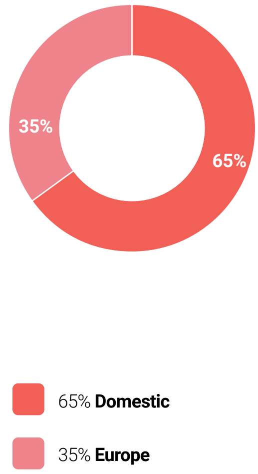
The COVID-tested flights trial and the vaccine roll-out made it possible to gradually relaunch flights to the United States in May: New York has benefited from a daily flight operated by American and Delta since May, while United increased its weekly flights from 4 at the beginning of May to 5 in June. Emirates initially operated 4 flights a week, but was running daily flights by July. In addition to connections to North America, the main intercontinental destinations were Dubai, Istanbul, Cairo and Casablanca During the year, despite the increase in the number of seats offered, the development of traffic to intercontinental destinations was affected by entry restrictions applied by the various countries.

Linate

Year 2021 - Breakdown of Linate Airport passenger traffic

Passengers in millions



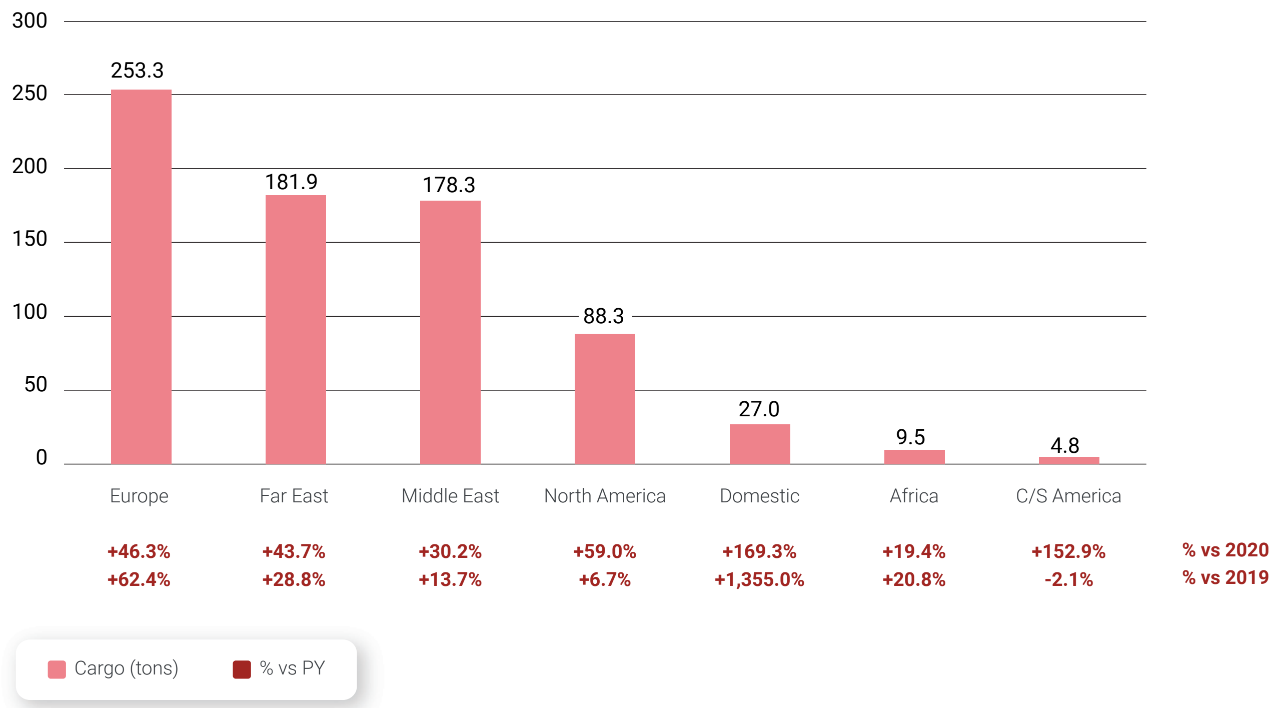


In 2021, Linate airport recorded 4.3 million passengers, up 91.3% compared to 2020, during which, due to national lockdown, the airport was closed from March to July; compared to the pre-pandemic period (2019), traffic was down 34.1%.

Traffic performance was marked by the cessation of Alitalia's operations on October 14 and the simultaneous start-up of flights by ITA Airways on the following day. The new company started operating with part of Alitalia's fleet, excluding the less performing and lower capacity craft (Embraer). With regard to domestic traffic, ITA initially increased weekly frequencies to destinations already operated by Alitalia and suspended connections under a "public service obligation", the management of which was transferred to Volotea. New European flights to Frankfurt, Dusseldorf, Paris Charles de Gaulle and Orly were started up and frequencies to existing international destinations were increased.

Among the main carriers operating at the airport in terms of the number of passengers served are easyJet (320,000), Iberia (210,000), Wizzair (207,000), Lufthansa (184,000), Volotea (178,000) a new entrant operating flights to Sicily since June and public service obligations since the winter season, Air France (153,000), KLM (137,000), British Airways (127,000), Blue Air (60,000), another new entrant operating flights to Bucharest since May, Austrian Airlines (49,000), which is also new to Linate and has operated flights to the Austrian capital since June, Brussels Airlines (44,000), Scandinavian Airlines (40,000), Vueling Airlines (32,000), Air Malta (22,000), and Aer Lingus (17,000).

Anno 2021 - Freight traffic by geographical area - SEA managed airports



743.1 thousand tonnes of cargo were handled in 2021, up +45.1% on 2020 and +34.8% on 2019.

There was an increase in all-cargo traffic, with 204.8 thousand tonnes (+45.3%), and cargo transported on mixed-configuration aircraft (passengers and cargo), with 26.2 thousand tonnes (+44.0%).

These results can be attributed to the operating model changes implemented by cargo carriers due to the lockdown, which resulted in the almost total zeroing of passenger flights and their associated hold capacity. The increase in online purchases and the strengthening of DHL's position with the opening of a new warehouse at the end of 2020 also contributed to these results. DHL (European Air Transport) scaled up the quantity of cargo moved to 164.4 thousand tonnes, a growth of 143% compared to 2020. Meanwhile Fedex traffic increased by 17% to 44.8 thousand tonnes. The e-commerce market (Amazon) handled 43.1 thousand tonnes of cargo (+14%).

The top all-cargo carriers contributing to the record results for 2021 were China Airways, with 39,000 tonnes (+22,000, +133.9%), Qatar Airways, with 62,000 tonnes (+14,000, +28.9%) and Cargolux, with 92,000 tonnes (+14,000, +17.2%).

Compared to 2020, the quantities of cargo transported increased in all geographical areas, and in particular, in Europe (+46.3%), the Far East (+43.7%), the Middle East (+30.2%), and North America (+59.0%).

The results recorded in 2021 confirmed the positive trends observed since the most recent pre-pandemic year (2019): Europe +62.4%, Far East +28.8%, Middle East +13.7%, North America +6.7%, and Africa +20.8%, while Central and South America contracted by 2.1%.

Revenues

Revenues for 2021, amounting to Euro 312,500 thousand, increased by Euro 75,702 thousand compared to 2020 (+32.0%) due to the increase in traffic managed. Specifically:

- Aviation revenues, amounting to Euro 195,850 thousand, increased by Euro 50,898 thousand compared to 2020. The significant drop recorded in the first half of the year due to the worsening pandemic and the consequent traffic restrictions was more than compensated by the significant uptick in traffic in the second half of the year. The Cargo segment contributed positively, and continued to grow in 2021.
- Non-aviation revenues increased by Euro 24,804 thousand to Euro 116,650 thousand. The growth in revenue, primarily in the second half of the year, is owed to both passenger traffic and effects such as the reduction in discounts granted to tenants and the partial reopening of some VIP lounges. The segments most closely correlated to passenger traffic trends, such as retail activities (Euro +10,358 thousand on 2020) and car parks (Euro +10,303 thousand on 2020), contributed most to growth.

Operating costs

Operating costs for Commercial Aviation increased by Euro 15,234 thousand (+5.5%), from Euro 276,360 thousand in 2020 to Euro 291,594 thousand in 2021.

This trend is owed to higher labour costs, which increased by Euro 4,186 thousand (3.2%) as a result of the reduced need to make recourse to temporary lay-off schemes, and the increase in operating costs for goods and services purchased from third parties. These costs increased by Euro 11,048 thousand due to higher traffic volumes, higher expenses incurred due to the pandemic, and the rise in energy costs. The growth in operating costs was also affected by the full operation of Linate Airport (including the new aircraft introduced in June) and Malpensa Terminal 1 throughout the year.

EBITDA and EBIT

As a result of the developments outlined above, EBITDA reports a profit of Euro 23,134 thousand (up Euro 60,351 thousand on 2020).

Amortisation and depreciation, and net restoration, risks and charges and doubtful debt provision accruals, are higher than in 2020 by Euro 8,922 thousand, of which Euro 11,466 thousand for increased accruals to the doubtful debt provision and Euro -2,544 thousand for the combined effect of the reduction in amortisation and depreciation and higher accruals to the restoration and replacement provision for the year.

EBIT for the Commercial Aviation business saw a loss of Euro 87,346 thousand, improving Euro 51,430 thousand over the previous year

Investments

The main investments of the Commercial Aviation business concerned:

- the extraordinary maintenance works at Malpensa Airport, which consisted of extensive upgrades to two-thirds of the length of runway 17L/35R, in addition to the taxiways and aircraft parking aprons, as well as extraordinary maintenance works on visual aid lights which, in addition to improving system functionality and reliability, involved upgrading equipment to render it more energy efficient.
- the completion of the construction of the new "F building" at Linate Airport, with the creation of smart security lines in the baggage control area, and the opening of new retail and food&beverage areas.

Other information

Retail development

During 2021, the performance of the retail sector was strongly influenced by the infrastructural changes implemented following the spread of the virus and the enforcement of restrictions, which impacted people's mobility and their propensity to travel, thus significantly impacting travel retail. It should be pointed out that the upturn in traffic almost exclusively involved Schengen passengers, whilst the continuing restrictions and limitations on intercontinental routes almost eliminated the presence of passengers considered top spenders, resulting in a sharp drop in performance, especially in the luxury segment.

This trend affected the use of terminals, which during the year saw various changes in operations and consequently in passenger flows, with an inevitable impact on retail performance. In particular, the North satellite at Malpensa, usually dedicated to non-Schengen traffic, was closed until the end of March, while the South satellite, dedicated to Schengen traffic, remained inactive until the end of May. The central satellite, the only one that remained operational during the entire period, was then allocated to Schengen boarding in order to better manage the boarding operations in compliance with Enac anti-COVID requirements. In the second half of the year, in view of the recovery of traffic, it was decided to reopen the South satellite, restoring the operation of all satellites.

It is important to point out that at Linate airport, following the opening of the new "F building" project and therefore the new shopping area, between July and October the new openings enriched the offer of the main square. Brands such as: Borsalino, Salvatore Ferragamo, Ermenegildo Zegna, Dolce & Gabbana, Emporio Armani, completed the luxury hub.

Bilateral Agreements

In 2021 the competent national authorities did not sign any bilateral agreements with the aviation authorities of third countries, although there were developments in this regard: granting of a temporary authorisation to Singapore Airlines to operate three flights a week on the Milan/Barcelona/Milan sector, with fifth-freedom rights, in continuation of the flight originating in Singapore. in 2021, the European Union signed major comprehensive air traffic liberalisation and aviation regulatory convergence agreements with the United Kingdom, Qatar, Ukraine, and Armenia.

General Aviation

Traffic data

During 2021, SEA Prime handled 27,253 general aviation movements between the two airports of Milan Linate Prime and Malpensa Prime, with growth of 74.1% on 2020, also increasing compared to FY 2019 by 11.2%.

The average size of aircraft transiting through SEA Prime's airports increased from 13.8 tonnes in 2020 to 15.4 tonnes in 2021 (down 7.4% from 2019).

The recovery in traffic was helped by the reduction in travel restrictions and international events, such as Fashion Week, the F1 Grand Prix in Monza and the Champions League matches of the Milanese teams. Domestic traffic increased 57.7% over 2020 and international traffic was up 84.4%.

Milan Linate Prime airport – Italy's leading general aviation airport – recorded 22,011 movements (up 76.3% on the previous year). Milan Malpensa Prime airport handled 5,242 movements, an increase of 65.5% on 2020. On average, 75 movements per day were handled during the year, with a peak of 166 movements per day in September during the F1 Grand Prix.

Revenues and Operating Costs

General Aviation revenues amounted to Euro 12,732 thousand in 2021, up Euro 3,015 thousand (+31.0%) on 2020. This increase is owed to the significant rise in movements handled at Linate and Malpensa airports.

Operating costs increased by Euro 575 thousand (16.2%) to Euro 4,125 thousand. The increase was owed to higher labour costs (Euro +195 thousand) resulting from the reduced need to make recourse to the temporary lay-off schemes, and the rise in other operating costs (Euro +380 thousand) due to higher energy costs.

EBITDA and EBIT

As a result of the developments outlined above, EBITDA for the year 2021 was Euro 8,607 thousand, up Euro 2,441 thousand (+39.6%) over the previous year.

As a result of the same, EBIT increased by Euro 2,590 thousand to Euro 6,552 thousand in 2021.

Investments

The main investments in the General Aviation sector continued to concern Fire Prevention Certificate (CPI) requirements for the hangars and terminal at Linate, and the design of a new maintenance hangar.

RISK MANAGEMENT FRAMEWORK

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

The SEA Group, in its capacity of airport operator, is exposed to a broad spectrum of potential risks impacting on the achievement of the business objectives.

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.

To better support and integrate the aforementioned systems, the SEA Group has introduced an Enterprise Risk Management (ERM) model, which takes inspiration from the main national and international best practice (e.g. the Self-Governance Code for Listed Companies, the CoSO ERM - Integrating with Strategy and Performance). The objective of this model is to identify and assess homogeneously and transversally the risks linked to the development of corporate activity, and those which may have a significant impact on the medium-long-term sustainability of the business. It also ensures the constant monitoring of these risks, in order to support management strategic choices, decision-making processes and stakeholder assurances.

The Board of Directors approved the Enterprise Risk Management Policy in 2017.

Methodological approach

The adopted risk governance model is based on:

- a strategic approach, providing Management and the Board of Directors with important information on risk factors, uncertainties and opportunities, in order to support informed decision-taking while defining objectives, strategies and performance monitoring;
- an enterprise-wide approach, or an approach extended to all types of risks and opportunities that are potentially significant for the Group;
- a value-driven approach centred on risks and opportunities with the greatest impact on corporate strategic objectives and value drivers.

The SEA Group Risk Model is a list of all the potential risks to the Company, and consists of four categories: external risks, operational and business risks, financial risks and legal and compliance risks. The Risk Model also includes specific risk categories within the Environmental, Social and Governance area.

Identified events are assessed and subsequently "prioritised" on quali-quantitative metrics in terms of impact, probability of occurrence and maturity of the risk management system.

Since the beginning of the pandemic emergency the prioritisation methodology acknowledged the need to assign greater importance to short-term financial risks, which has significantly influenced the Group's results and business activities.

Risk Management Governance

The governance model for the SEA Group's Enterprise Risk Management system, as recommended by the Self-Governance Code, is organised into three control levels (see the graphic below) which are integrated into the Company's organisational structure.

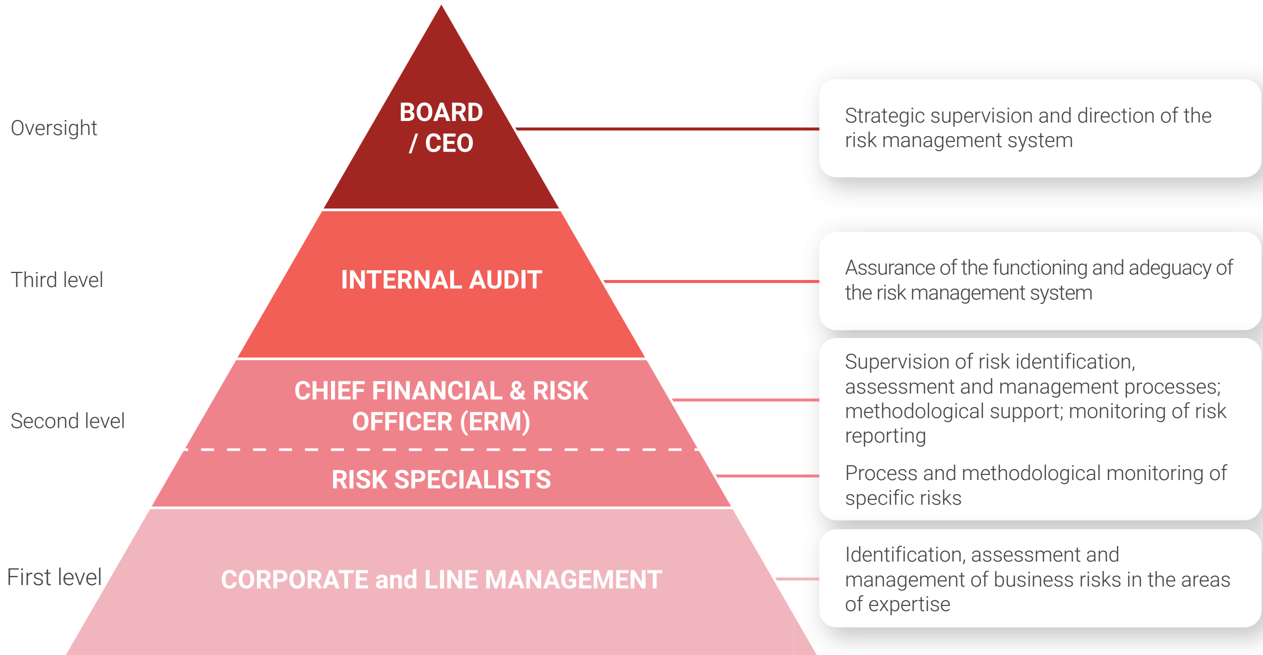
This defines a second level of risk management control in the ERM division, with the aim of supporting corporate structures in the identification and management of corporate risks and at the same time guaranteeing periodic reporting to top management on the risk profile's evolution.

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 in line with business propensity and is responsible for the definition and implementation of identified mitigation plans.

Corporate and line management are supported by Risk Specialists and the ERM division.

Top management periodically reviews the company risk profile and orients the management of the main emerging risks, approving proposed response plans in line with the strategic objectives and corporate risk propensity defined by the Board of Directors.

Finally, the Internal Audit team independently verifies the effectiveness and effective implementation of the complete risk management system.



SEA GROUP MAIN RISK FACTORS

The periodic Risk Assessment to update the Risk Heat Map, which identifies the most significant risk factors for the Group, was performed during the last quarter of 2021. This activity involved senior management and the ERM division. The meetings were focused on updating the assessments and mitigation plans of previously identified risks. The plan has a five-year timeline, but risks that could potentially extend beyond this time period (e.g., environmental sustainability risks) have also been included in the scope of analysis.

The most significant risks for the Group, as included in the Risk Heat Map, are summarised below.

1. External risks

Risks arising from changes to the market environment in which the company operates. This change could occur due to several factors:

- socio-political, macroeconomic, and competitive developments;
- airline strategies;
- changes to sector legislation or the regulatory framework;
- technological developments;
- climate change and extreme events (earthquakes, pandemics, volcanic eruptions).

In this context, the main risks to which the Group is exposed are the following.

Air traffic development

COVID-19 outbreak

In December 2019, the respiratory illness caused by Covid-19 coronavirus gradually spread across many countries, until being defined as a pandemic on March 11, 2020 by the World Health Organization.

The restrictions imposed on travel and a climate of closure or semi-closure of the borders of non-European and European countries in a short timeframe reduced passenger traffic to almost zero at most airports around the world. The Group immediately deployed all of the resources at its disposal to protect the health of its employees and passengers, in addition to the Group's financial stability.

Domestic and international travel restrictions continued into 2021, and the air transport sector found itself mired in a deep crisis. A new operating structure was introduced at the two airports in 2020 as a result, and Malpensa Terminal 2 was closed to passenger traffic.

In the first few months of the year, large-scale vaccination campaigns were rolled out across Europe and in many countries around the world and unprecedented organisational efforts were made to administer the vaccine to a high percentage of the population within a very short period of time.

The progress of these vaccination campaigns, the decrease in COVID-19 cases, and the consequent alleviation of the strain on Italy's national health system, together with the slow but steady easing of travel restrictions, resulted in the gradual recovery of passenger traffic, and by August 2021, passenger traffic had reached 60% of the levels recorded in 2019.

In any case, the situation remains very uncertain. Europe and the rest of the world have suffered from successive waves of the virus, as well as the emergence of virus mutations (variants), some of which are more contagious than others, leading to fears that new variants could potentially become resistant to current vaccines. In addition, the emergence of new variants in the near future cannot be ruled out.

As such, there is a risk that new waves of the virus (with or without the emergence of new variants) could halt the recovery of the air transport sector, prolonging the time it will take to recover and return to pre-pandemic levels. The effects of the pandemic on the Italian and international economy could also have an impact on the recovery, affecting passengers' propensity to travel with consequent repercussions for the results and operations of the Group managed airports.

Brexit

The United Kingdom's exit from the European Union on January 31, 2020 was followed by a transition period during which a transition agreement was concluded. The EU-UK Trade and Cooperation Agreement governs cooperation between the parties across various sectors, including aviation, and regulates issues relating to traffic rights, in particular.

That being said, by virtue of Ministerial Decree No. 15 of March 3, 2000 and subsequent amendments, Linate Airport will not be able to continue operating flights to and from non-EU destinations from October 31, 2022 in the absence of further regulatory interventions, the United Kingdom included.

This event could lead to a redistribution of routes between Linate and Malpensa which is altogether negative for the Group due to the reduction in traffic caused by the cancellation of activities at Linate and the rationalisation of flights at Malpensa.

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.

The unprecedented crisis situation generated by the global spread of COVID-19 and the consequent collapse in air traffic levels has put many airlines under serious financial strain. The default of one or more airlines operating out of the Group's airports would have a negative impact on the resumption of activities at Linate and Malpensa.

The difficult situation caused by the pandemic is compounded by the uncertainty surrounding the business plans of the public airline ITA (formerly Alitalia). The carrier has a hub at Fiumicino and started operating in October 2021, focusing its activities exclusively on Linate Airport.

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 and concession rules, 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, emission, health, noise, safety, and planning laws. Any new law and regulation, at European or Italian level, could have an impact on costs for the Group or its customers. On this front, in particular, the Regulatory Authorities are paying increasing attention to ESG and environmental topics, which could limit the competitiveness of the air transport sector in the future.

New tariff models

Following the transfer of tariff regulation responsibilities from ENAC to ART (the Transport Regulation Authority) in 2019, ART defined new tariff models to be applied to the five-year regulatory period running from 2022 to 2026 in 2021.

To date, there is still uncertainty surrounding methods of implementation, particularly the calculation of some parameters (including the "base year" and "eligible costs"). Said uncertainty could have an impact on the Group's future margins.

Anti-COVID-19 regulations

Since the beginning of the pandemic, regulatory requirements adopted to contain the spread of COVID-19 have required airport managers to enforce social distancing and to take the temperature of users inside terminals and buildings located in the airport grounds, thereby requiring the Manager to adopt specific organisational measures and to shoulder related costs.

If the pandemic worsens, the Regulator could either re-introduce the measures mentioned above or introduce new, more extensive restrictions, which could lead the Group to make unforeseen investments as a result.

Climate change

The activities carried out at the airports managed by the Group are inherently influenced by weather conditions and seasonal changes, both of which can hinder aviation operations and make the planning of activities, the allocation of resources, and the design of infrastructure somewhat difficult.

In recent years there has been an increase in extreme weather events such as cloudbursts, heat waves, and very severe storms, which cause disruptions due to the temporary suspension of activities, the additional emergency management costs incurred, and the damage caused to airport infrastructure and assets. Should the situation remain unchanged, the impact on the Group's business could be further exacerbated. In 2021, both Malpensa and Linate airports achieved Airport Carbon Accreditation (ACA) Level 4+ thanks to their efforts to combat climate change and to actively manage emissions.

2. 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.

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.

The continuance of the Covid-19 pandemic, the future development of which may not be known with certainty, means that it may not be discounted that where a new wave of infections occurs, the authorities will once again impose a total or partial freeze on airport activities as a measure to contain the outbreak.

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.).

Infrastructure investment

The new Malpensa Master Plan, currently undergoing approval by the competent bodies, constitutes the Group's main long-term infrastructure development planning tool. Having obtained technical approval from ENAC at the end of 2019, the next step in the approval process (i.e., the Environmental Impact Assessment (EIA) procedure) is still in progress. The Master Plan envisages expanding the current site to the south to build new infrastructure for the Cargo sector.

As the Master Plan, whose approval is of great importance for the Group's continued long-term development and for the connectivity of the local area, involves the transformation of a portion of the Ticino Park that may have environmental and economic consequences for neighbouring municipalities, the Group has paid a great deal of attention to local communities in developing the project.

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, acting in line with the fundamental principles of the SEA Airport safety policy.

Information Technology

Airport information and technological systems and new Digital Transformation technology initiatives involving the SEA Group have remained vulnerable throughout the pandemic due to the increasing aggressiveness and pervasiveness of cyber attacks on a global level against managers of strategic infrastructures, whether physical or digital.

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.

In particular, SEA carries out periodic system vulnerability and penetration testing using cutting-edge technologies and methodologies, periodic audits to maintain the ISO 27001 certification for core business areas, and has defined a Cyber Risk procedure to monitor all corporate technical and behavioural security issues. Compliance activities were also performed in 2021 so that the SEA Group could be included in the Italian 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.

The operational stoppage resulting from the spread of the virus also generated difficulties in procuring certain goods during the initial months of the pandemic, including, in particular, personal safety equipment. This trend worsened in 2021, highlighting the general lack of resilience of the global supply chain and production sector. Essential raw materials needed for construction sites were either unavailable or suffered delays, resulting in additional costs and investment delays. If the situation continues, or worsens still, there could be significant consequences for the Group in 2022, and beyond.

3. 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 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.

As a result of the spread of Covid-19, the credit risk exposure extended to non aviation customers and most operators of the Malpensa and Linate airport system who had to stop their operations during the lockdown and due to the collapse in demand.

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 financial statements).

Market risks

Market risks to which the SEA Group is exposed comprises all types of risks directly and indirectly related to market price trends. In 2021, the market risks to which the SEA Group were subject were:

a) Interest rate risk

The SEA 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 SEA Group, modifying the costs and returns on financial and investment operations.

The SEA 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). Relating to this risk, for the purposes of the relative hedging, the SEA Group typically makes recourse to derivative contracts, which converts the variable rate to a fixed rate or limits the fluctuations in variable rates over a range, in this manner reducing the risk originating from the volatility of the rates. We highlight that these derivative contracts, underwritten exclusively for the purposes of hedging market rate volatility, are recorded through the cash flow hedge method. Please note that as of December 31, 2021, the SEA Group has no derivative contracts in place, following their natural expiry during the year.

At December 31, 2021 the gross financial debt of the SEA Group was comprised of medium/long-term loans (medium/long term portions of loans) and short-term loans (exclusively the medium/long-term portion of loans maturing within 12 months). At this date, the SEA Group did not make recourse to short-term debt.

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

The SEA Group is exposed to changes in energy commodity prices, namely gas, electricity and thermal energy and environmental certificates relating to the company's operations and related energy requirements. The second half of 2021 saw significant increases in the price of energy commodities that could continue into 2022, exposing the Group to higher procurement costs.

During 2021, the SEA Group did not carry out any transactions to hedge this risk, while in 2019 it had made purchases of environmental and gas certificates for the 2020 requirement, thereby eliminating the impact resulting from the changes in the related price that occurred during the year under review.

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 (also following the COVID-19 pandemic), 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 December 31, 2021, the SEA Group held Euro 134 million in financial resources, despite the ongoing effects of the COVID-19 crisis on its financial performance and relative cash flows, thanks to the process to strengthen the financial structure carried out in 2020 and continued in 2021.

To this is added the irrevocable unutilised credit lines of Euro 330 million, of which Euro 260 million concerning the available revolving lines maturing between the end of 2023 and the beginning of 2024 and Euro 70 million concerning lines on EIB funds, utilisable by February 2023 and Euro 138 million uncommitted lines utilisable for immediate cash needs.

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

For further information, see paragraph 4 "Risk management" of the Explanatory Notes to the Consolidated Financial Statements.

4. 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 DECEMBER 31, 2021

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.

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. As the plaintiff can appeal against this decision by the end of 2021, we are currently waiting for the Buenos Aires Court to verify that no appeal against the second instance ruling has been filed.

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.

A case is also pending before the Rome Court of Appeal which will assess the contribution obligation. Proceedings for closing arguments have been postponed until May 23, 2023.

Report from the Energy Services Operator as a result of an audit of the green certificates for district heating at the Linate power plant

In 2013, SEA Energia filed appeal No. RGN 5811/13 with the Lazio Regional Administrative Court in order to obtain the cancellation of the measures with which the Electricity Services Operator rejected the application for recognition of the High Yield Cogeneration qualification of the Malpensa plant for the year 2011. During April 2019, following notice from the Lazio Regional Administrative Court of the five-year expiry of the above appeal, SEA Energia expressed its interest in continuing the case by filing a new request for a hearing on April 20, 2019.

Two appeals were filed in 2017 (no. RG 4010/2017 and 1919/2017 respectively) in order to annul the measures with which the Electricity Services Operator rejected the application for recognition of green certificates for the production of the Linate plant in 2015, in relation to which no news has emerged following the filing of additional grounds in July 2017.

Both judgements are awaiting the setting of oral hearings.

The Company has allocated adequate provisions regarding these disputes.

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 judgement 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. The fixing of the hearing is currently being awaited.

Fuel royalties dispute

In 2013, in separate cases, Alitalia Spa in administration and Volare sued Esso Italia, Exxonmobil, Tamoil Italia spa, Shell Italia Spa and Total Aviazione Italia Srl (as the beneficiary of a branch of Total Italia Spa as part of a partial demerger) with Air Total International SA, 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 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.

Therefore, assessing the risk as probable, the company has made an appropriate provision in its balance sheet.

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, SEA received service of an assessment notice for 2011 concerning the VAT profiles in the matter. An appeal was filed against the assessment at the Provincial Tax Commission of Milan, which ruled in favour of the Tax Agency. On December 11, 2017, judgment No. 6835/2017 was filed, against which an appeal was lodged with the Lombardy Regional Tax Commission. On June 27, 2019, the Regional Tax Commission filed ruling No. 2776/2019 fully in favour of the company, by which the reasons for the appeal were accepted and the 2011 VAT Assessment Notice was cancelled. The ruling of the Regional Tax Commission was further challenged by the Tax Agency, which, on January 30, 2020, notified the company of its filing with the Court of Appeal. On August 9, 2017 the Tax Agency served four more assessment notices in respect of the subsequent years from 2012 to 2015. Reiterating its view that the tax claim in question was baseless, the Company, as it had done in reference to 2011, filed separate appeals against each notice with the Provincial Tax Commission. After the proceedings were joined, these appeals were then rejected with judgement no. 3573/12/2018. An appeal was filed with the Regional Tax Commission against this judgement, which was discussed on October 26, 2020 with a favourable outcome for the Company and the consequent nullification of the VAT Assessment Notices for the years from 2012 to 2015 as a result of judgement no. 2527/2020. With respect to the aforementioned judgement, similarly to what happened in 2011, it is expected that the Tax Agency will not file before the deadline for the definitive res judicata, thus providing for the filing of an independent appeal to the Supreme Court, the hearing for which was fixed by the President of the Sixth Civil Section on December 7, 2021, and held on January 13, 2022. On the other hand, we are waiting for a hearing to be fixed before the Supreme Court for the appeal concerning 2011.

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 judgments 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 first appeal filed and argued at the Provincial Tax Commission of Milan was granted. The Company's request was deemed reasonable and the Tax Agency was ordered to reimburse the expenses. On December 28, 2017, the Tax Agency lodged an appeal with the Regional Tax Commission, whereupon the Company joined the proceedings. On December 13, 2019, the Regional Tax Commission filed judgement no. 5081/2019 fully in favour of the company, accepting its reasons and requests at the second level. On October 21, 2020, judgement no. 5081/2019 filed by the Regional Tax Commission became final due to expiry of the appeal deadline for the Tax Agency, thus determining full closure of the dispute in favour of the Company and ordering the Tax Agency to pay the litigation expenses.

With reference to the other Liquidation Notices notified during 2018 and 2019, eight appeals were discussed by the Provincial Tax Commission of Milan, the first-instance outcome of which was also fully in favour of the company and ordered the Tax Agency to pay the litigation expenses. The Tax Agency filed independent appeals with the Lombardy Regional Tax Commission against judgements no. 5163/2018, no. 5296/2018, no. 5298/2018, no. 518/2019, no. 534/2019, no. 1711/2019 and no. 3304/2019, which were all in favour of the company and following which the company also filed for legal action, reiterating its motivations and reasons in terms of law. The appeals were discussed in 2020 and, among these, six appeals resulted in a ruling fully in favour of the Company and in two cases, the same court accepted the defence put forward by the Tax Agency.

With regard to the favourable decisions filed by the Regional Tax Commission, on October 21, 2020, judgements no. 5246/2019 and no. 966/2020 became final due to the expiry of the terms of appeal for the Tax Agency, thus determining the positive conclusion of the respective disputes and ordering the Tax Agency to pay the litigation expenses in both cases. In addition to the final outcome of these two disputes, there is also a dispute relating to judgements no. 2959/2020, no. 396/2021, and no. 677/2021, for which the ordinary deadlines in place for the Tax Agency to file its appeals to the Court of Cassation have now passed. The judgement has since become final and the related legal proceedings are now complete, with a fully successful outcome. Finally, with regard to judgements no. 1167/2020 and no. 1168/2020, both of which were found against the Company's favour, on November 3, 2020, the Tax Agency was notified of the appeal to the Supreme Court in order to amend and consequently nullify the second-level ruling. We are now waiting for the hearing to be fixed at the Supreme Court.

In addition to the above, new proceedings are pending before Milan's Provincial Tax Commission relating to a further four appeals filed by the Company against four tax assessments issued by the Tax Agency in 2021 (i.e., RGR numbers 2268/2021, 2269/2021 and 2539/2021). The tax judges expressed a favourable opinion on judgements no. 656/2022, no. 657/2022, and no. 654/2022 on March 9, 2022. The fourth appeal (RGR No. 2850/2021) will be heard on March 25, 2022.

Finally, with specific reference to the independent litigation relating to the appeal filed against settlement notice 2017/003/SC/3378/0/002 (the Swiss Air Judgement), we note that on June 14, 2021, Milan's Provincial Tax Commission filed judgement no. 2591/2021, once again fully in favour of the Company, against which the Tax Authority filed a Notice of Appeal with the Regional Tax Commission of Lombardy in December. The Company will file its counter-arguments for the necessary and consequent legal proceedings, the hearing of which has been fixed for May 16, 2022.

The set of situations described above and relating to ongoing disputes with the Tax Agency is amply accounted for in the specific funding allocation for tax risks.

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 Art. 2, paragraph 2 of Decree-Law No. 347/2003 ("Alitalia in Extraordinary Administration Procedure 2017" or "Alitalia Procedure"). With the application for admittance to liabilities sent to the Administrators on December 5, 2017 (Registry No. 06275), SEA requested admittance to Alitalia's liabilities for the total amount of Euro 41,050,979.58. Following admittance to liabilities, SEA S.p.A. received payments from Alitalia in Extraordinary Administration amounting to a total of Euro 9,530,245.37 relating to pre-deducted receivables post-May 2 (originally amounting to Euro 9,622,397.82 Euro). Therefore, receivables admitted to pre-deduction amounted to Euro 92,152.45 at July 13, 2021, of which Euro 23,822.50 were for additional rights and Euro 68,329.95 for various invoices. By means of the communication of February 7, 2018, the Administrators informed creditors that they had filed a request with the Court of Civitavecchia to split the statement of liabilities, starting with an examination of the section for workers and, at the same time, scheduling a series of hearings in which to verify the proof of debt. 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 additional fees and Euro 71,227.30 relating to various invoices, subject to dispute. SEA has decided not to file observations on this proposal and, already at December 31, 2017, had set aside Euro 25,252 thousand as doubtful debt provision (referring to the existing receivables prior to May 2, 2017), for which there is currently no guarantee on collection. 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. The start of expert appraisals was fixed for January 7, and 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. The draft statement of liabilities was filed on November 4, 2021, and we are currently waiting for a hearing to be set to check SEA's credit. It should be noted that lodged claims also include surtaxes on boarding fees amounting to Euro 6,173 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.

Summons received by SEA in May 2020 from Alitalia Società Aerea Italiana S.p.A. in Extraordinary Administration

On April 30, 2020, Alitalia - Società Aerea Italiana S.p.A. in Extraordinary Administration ("Alitalia" or the "Procedure") issued a writ of summons to the Court of Civitavecchia with which, pursuant to Article 67, paragraphs 2 and 3, letter a) of the Bankruptcy Law, it requested the revocation, and therefore the declaration of invalidity as a result of insolvency proceedings, of all payments made outside the terms of use, since these were payments of cash debts and receivables made to SEA by Alitalia in the six months before its administration proceedings began, and therefore while it was still solvent. The writ stipulates that SEA return and therefore pay to Alitalia the sum of Euro 27,216,138.04, or the greater or lesser sum resulting from court proceedings or which is deemed equitable, in addition to legal interest on arrears resulting from the balance owed and monetary revaluation, as part of the restitution of the aforementioned amounts, as well as the full reimbursement of court costs. Preliminary analyses – performed with the assistance of legal advisors appointed for this purpose – have revealed the concrete possibility of invoking applicability of the exemption provided for in Article 67, Paragraph 3, Letter A of the Bankruptcy Law to the case at hand. The Company believes that the payments for which Alitalia requests invalidity and consequent restitution fall within the notion of "payments made in the exercise of business activities", since they are connected to the operations of Alitalia Società Aerea Italiana S.p.A. as air carrier. The Company believes that the majority of the payments listed in the Alitalia writ are not subject to insolvency repayment as they were made within the terms of service. As regards assessment of the scientia decoctionis awareness requirement, while this is open to interpretation by the appointed judge, the Company believes that a number of elements exist which may mean that there is insufficient evidence that SEA was aware of the airline's insolvency for the time period in question. After appearing in court in March, SEA filed its preliminary pleading on May 31 and its preliminary brief on June 30, and will proceed to file rebuttal evidence on July 20. The hearing for the admission of evidence was held on October 1, 2021, during which the judge set December 21, 2021 as the date for the cross-examination of two of the plaintiff's witnesses, and June 3, 2022 as the date for the continuation of activities and the evaluation of the request for technical consultancy submitted by Alitalia. At the hearing on December 21, 2021, none of the four witnesses summoned by proceedings appeared in court.

Having taken note of the above, the judge adjourned the case to the hearing on February 1, 2022 – which was later postponed to April 12, 2022 – for the cross-examination of the two witnesses of each party. In conclusion, on the basis of the aforementioned considerations, a negative ruling for SEA is considered 'possible' for all of the payments for which revocation is requested.

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. To date SEA has not been served with a summons to annul the above payments.

OTHER INFORMATION

Consolidated Non-Financial Report

The consolidated non-financial report ("Consolidated NFR") of Società per Azioni Esercizi Aeroportuali – SEA S.p.A., drawn up as per Legislative Decree 254/16, is a separate report (Sustainability Report) to this Directors' Report, pursuant to art. 5, paragraph 3(b) of Legislative Decree 254/16 and is available at www.seamilano.eu, in the "Sustainability" section.

Customer Care

The SEA Group has identified the quality of services offered and passenger satisfaction as strategic priorities for corporate growth and the competitive success of the business, which are all the more important and necessary in this period as living with COVID requires flexibility and speed in making the best decisions.

The aim is to create a safe and attractive place for everyone, passengers and operators, offering a safe and pleasant experience aimed at modernity, dynamism, technology and beauty, characteristics that distinguish the city of Milan and Lombardy, to which Milan's airports are the gateway.

Even when managing its Quality of Services, SEA operates with responsibility, transparency and collaboration not only within the company but also externally, respecting the needs and expectations of individuals and the environment that welcomes us, aware that constructive choices are those shared with enthusiasm and determination by all and for the well-being of all.

The company's focus on health security issues was continued during 2021. SEA has dedicated its efforts to safety by accelerating the adoption of technological innovations that, in addition to facilitating the management of processes, also enrich the airport experience for passengers and operators.

For years SEA has been using a Quality System that enables it to guide company decisions relating to the review of processes and the implementation of new services. Thanks to this, SEA has been able to face the pandemic, first and foremost, and subsequently the recovery, with a more mature awareness of the objectives and an effective use of the tools required to understand and anticipate the changing needs of passengers.

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

- Measuring perceived quality;
- Measuring delivered quality;
- 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.

During 2021, the aforementioned Quality Management System activities were restarted after they had slowed down during 2020 due to contingent factors related to the pandemic.

The 2021 editions of the Service Charters for Linate and Malpensa were produced in line with the indications formalised by the Civil Aviation Authority. These documents communicate the commitment to ensuring constant attention to meeting the needs of all types of passengers and to guaranteeing the safety of their journey through the airport in the current context of the COVID-19 health emergency.

From January to September 2021, when the project ended, SEA took part in the initiative to share feedback on the results achieved at Linate and Malpensa through the measures implemented to counter the spread of the virus and to guarantee the safety of passengers and operators. This initiative was based on the agreement with EASA-ECDC: "Aviation Industry Charter for COVID-19" and aims to contribute to progressively refining and improving the general reference elements, taking into account the actual operational results. This project ultimately defined indicators useful in monitoring and continuing to improve the efficiency and efficacy of a number of steps taken to combat the spread of COVID-19. Data was collected on a weekly basis and helped to harmonise processes and services at member airports and to strengthen network relations.

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 has been revised in 2019 in order to integrate the renewed commitment of SEA to address sustainability over the coming years through the adoption of the guidelines identified by the European air transport industry. In 2020 and 2021, the pandemic forced the Group to reshape both its strategy and planned interventions, but it did not affect their validity.

Airport Carbon Accreditation and Carbon Neutrality of the Milan airports

Despite the lockdowns and the uncertainties that persist regarding the development of the COVID-19 pandemic, SEA confirmed the commitments made in the first half of the year, achieving ACA4 level 4+ certification for both airports 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.

The Carbon Management Plan prepared for certification provides for the reduction of emissions by 2030, identifying further activities to be carried out to achieve the NetZero target.

Environmental management processes

With reference to the Linate Master Plan 2030, the EIA procedure was successfully completed with the publication of the Environmental Compatibility Provision, a decree issued by the Ministry of the Environment, together with the Ministry of Cultural Heritage and Activities and Tourism. Following subsequent publication in the Official Gazette of the Italian Republic, it was agreed with ENAC to introduce the procedures for the launch of the Service Conference necessary to achieve urban compliance, which was successfully held on July 12, 2021.

With regard to the New Malpensa Master Plan 2035, ENAC approved the Technical Report in December 2019 and on the basis of this document the SIA (Environmental Impact Study) sent to ENAC on March 6, 2020 was drawn up. It was then agreed with the body to start the Environmental Impact Assessment procedure on June 26, 2020. The formal launch of the procedure was accompanied by the initial meetings to illustrate the main content to the bodies with greatest involvement (Municipalities of the CUV, Lombardy Region, Ticino Regional Park). Between September and December 2020, SEA received comments, requests for clarification and additions from local entities and private parties. These were formally submitted on 19 April 2021 and SEA responded to these on 11 November 2021. At the current time, it is confirmed that the EIA process may close by the second quarter of 2022.

Environmental protection

On the regulatory issue of the mitigation of impacts on residences close to Linate, the plan for the complete mapping of noise sensitive areas around the airport has been completed, which will provide a complete and reliable database on which to plan the actions that will follow the approval of the new Linate Master Plan. During 2021, technical specifications were finalised in order to assign preparation of the noise containment action plan pursuant to Ministerial Decree 29/11/00. This Plan will be completed by 2022, as the start of the bidding process has been delayed due to work slowdowns caused by the COVID-19 pandemic. Once complete, the Plan must then be forwarded to the Ministry of the Environment for approval. The sensitive receptors mapping plan mentioned for Linate will also be prepared at a later date for the Malpensa area too, with the same purpose but following completion of the current acoustic zoning definition process (in February 2021 the Airport Commission approved the reference acoustic footprint and it is expected that the zoning agreed with local administrations will also be approved by the Airport Commission approved by June 2022) and any requirements that may arise from the EIA procedure underway for the new Master Plan 2035.

European project

SEA is involved in international research and innovation projects, co-financed by the European Union, mainly focussed 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:

- 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.
- MXP-NLINE: Work began on April 1, 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.
- MILAN EAST HUB GATE: Work began on March 1, 2020, and will be completed by June 2022. The partnership, in partnership with the Municipality of Milan, the Municipality of Segrate, and RFI, relating to the technical and economic feasibility of a new Segrate train station and the extension of the M4 underground line to connect Milan Linate airport to the new high-speed Segrate station.
- ITAIR ISAC: the project seeks to improve the IT capabilities of Italian airport operators through the creation of an "Information Sharing Analysis Centre". The operating phase began on 01/09/2020 and will last 36 months.
- FENIX: beginning in April 2019, a 36-month project 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.
- SATIE: Security of Air Transport Infrastructure of Europe; the project, which began in May 2019 ended on October 31, 2021. SATIE is a decision support toolkit that is fully adaptable to the airport systems where it is installed and has the ability to counter the new cyber-physical threats that airports are currently facing, while ensuring that critical systems, infrastructure, sensitive data and passengers are protected. On September 08, 2021, a Demo was held in the Crisis Room at Malpensa airport, during which participants were shown the operation and practical use of the solution in case of cyber and physical attacks against the airport's operational and management systems and processes.
- 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. The project seeks to evaluate, define and support the implementation of mitigation strategies to promote and implement operational improvements, in order to minimise the negative effects of air transport on climate change.
- OLGA: hOListic & Green Airport. The project began in October 2020 and will run for 60 months. By leveraging the 2024 (Paris) and 2026 (Milan-Cortina) Olympic Games as massive events that could potentially pose a threat to biodiversity and contribute to worsening air pollution, the OLGA project aims to significantly reduce the carbon footprint by developing environmental innovations for green airports that can be further transferred and replicated at other airports and in other circumstances. The most important work package for SEA, both in terms of personnel effort and investment, is that of "energy" (WP5), with hydrogen at its core and SEA involved as WP Leader. SEA has undertaken to design, install and test its own "green H2 hub".
- ORCHESTRA: Coordinating and synchronising multimodal transport improving road, rail, water and air transport through increased automation and user involvement. The project will last 36 months and is due to commence in May 2021. The project 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.

Airport Safety

During the year under review, which was still significantly affected by the pandemic, the SEA Group's Safety system performed extremely well, with no events having a significant impact on airport safety.

Human resources

	HEADCOUNT at December 31			FTE January/December		
Category	**2021**	**2020 restated**	**Change**	**2021**	**2020 restated**	**Change**
Executives	44	49	(5)	47	52	(5)
Senior Managers	272	282	(10)	279	284	(5)
White-collar	1,686	1,737	(51)	1,662	1,700	(38)
Blue-collar	630	655	(25)	630	636	(6)
Temporary	50	37	13	39	57	(18)
Total	**2,682**	**2,760**	**(78)**	**2,657**	**2,729**	**(72)**

At December 31, 2021, the SEA Group employees numbered 2,682, excluding the resources of the company Sea Energia, down by 78 compared to December 31, 2020 (-2.8%). By contrast, the number of Full Time Equivalent (FTE) resources for the year under review compared to the previous year was 2,657, down by 72 (2,729 in 2020), a decrease of 2.6%.

Females at the SEA Group represented 29% of the Headcount at December 31, equally distributed across classifications.

Organisation and management of personnel

As part of the revision and update of corporate procedures, the "Data Breach Management" procedure, which is relevant for the privacy system, and the "Management and notification of IT security incidents" procedure for the adoption of the IT incident management model were issued over the course of the year. The latter procedure sets out the process the person in charge (appointed with a specific Service Order) must undertake to notify the competent authorities based on the reference cybersecurity regulations.

In addition, the "Regulations for checks on green certification (Green Pass)" were issued. These regulations form part of the obligations on checking green certification for public and private employment and define the methods to be used when checking which employees and external staff are Green Pass holders.

Training

In 2021, the continuing health emergency situation meant that training activities and interventions continued to focus on directly supporting people to increase and maintain high levels of engagement and motivation.

These sought to leverage the empowerment of personal growth, promote culture, inclusion and diversity, and guide people towards using emerging methods for managing innovation projects. One outcome of this was the launch of GoodHabitz, an online training platform with courses dedicated primarily to personal soft skills.

October 2021 marked the start of a Diversity & Inclusion project involving a group of employees with the aim of identifying projects that could be implemented targeted at promoting diversity and inclusion. In addition, SEA participated in Assolombarda's Project STEAMiamoci to promote practical action to close the gender gap and support the importance of women in business and culture.

Other topics discussed were generational differences, better integration, and the need to invest in professional training in order to solve the issue of a lack of expertise in the airport sector.

The second half of the year also saw the formation of the SEA Academy, a real house of knowledge for SEA, allowing everyone to move within the seven "rooms", to discover training content, learning pills, dedicated audio and video resources, both for technical and mandated training, and for personal and managerial development.

The following initiatives were launched, in collaboration with the Auditing unit, as part of the mandatory training required by current regulations:

- all the first reports of the Maintenance Department (20 managers), new managers and new recruits were trained in the Organization and Management Model pursuant to Legislative Decree no. 231/2001, Anti-Corruption Measures and Whistleblowing;
- an online refresher course on the Organisation and Management Model pursuant to Legislative Decree No. 231/2001 and on Anti-Corruption Measures was created and assigned to all administrative staff on the Company's training platform.

The areas most affected by mandatory education and training include:

Safety in the Workplace: the obligatory Legislative Decree No. 81/08 initial training courses were organised for all new employees in the Company, and refresher courses were held on the use of equipment, as provided for by the State-Regions Agreement of 2012.

Airport Safety (EASA Rules): mandatory courses related to EU Regulation 139/14.

Security: security courses according to the National Security Plan are one of the necessary conditions for obtaining and renewing the airport badge. In order to guarantee continued ENAC certification and the delivery of Security courses, SEA HR instructors took part in a specific cyber security refresher course that allowed for the correct updating of teaching materials.

Welfare

The Welfare initiatives carried out in 2021 were conditioned by the ongoing pandemic, which meant that the services offered were provided through the technological resources available in the Company, minimising face-to-face activities.

The "Future Lab" area, i.e., initiatives dedicated to the educational path of employees' children, saw the award of 143 merit scholarships in 2021. In addition, the "Digital Parents" initiative was introduced. This online training course aims to provide parents of children aged 6 - 15 years with useful tools to guide them towards a conscious and healthy use of the digital world, avoiding the risks and benefiting from the opportunities.

Due to the limitations brought about by the pandemic, the usual summer centres and camps for employees' children were replaced by the reimbursement of the cost of enrolment in external summer centres, while the Help and Listening desk was guaranteed with a telephone counselling service thanks to the support of Social Workers.

In the "Home-work mobility" area, the offer of annual season tickets for the ATM line and Trenord's Malpensa Express and IVOL lines continued.

In terms of "Health and Prevention", the usual flu vaccination campaign was offered. A new training programme on the use of defibrillators and cardiopulmonary resuscitation "BLSD" with AREU certification for participants was also introduced.

Labour/Management Relations

In 2021, constant discussions continued with the Trade Unions on both operational issues and those closely related to the management of the pandemic. The "Covid Committee" regularly met to discuss both the safety procedures and regulations introduced to fight COVID-19 and updates on operating issues. The principal results are shown below.

On February 19, 2021, SEA and the trade unions signed a framework agreement aimed at setting objectives and defining mechanisms and guiding principles in dealing with the ongoing COVID-19 emergency from 2021 through to 2025. In particular, this framework agreement, which centres around three areas of action inspired by the principles of safeguarding employment and mitigating social impact, calls for:

- the use of social security schemes for shift workers in order to mitigate the effects of the emergency;
- the activation of an early retirement plan, to be implemented during the period 2022-2025, for employees who would be eligible for retirement by December 31, 2028;
- the activation of voluntary-retirement incentive plan (in 2022) in conjunction with mandatory retirement.

On March 11, 2021, an Agreement was signed to activate the social security schemes to tackle the ongoing Covid -19 crisis. The instrument identified was the Extraordinary Temporary Lay-off Scheme (CIGD) for a total duration of 12 weeks (from March 16, 2021 to June 6, 2021) for workers at Linate and Malpensa airports.

In an agreement dated May 19, 2021, the possibility to make use of the Extraordinary Temporary Lay-Off Scheme for a further 28 weeks (from June 7, 2021, to December 18, 2021) was confirmed for the same group of workers.

On May 27, 2021, two further Memorandums of Understanding were signed to access a funded training plan that provides for the participation of more than 100 workers, operating at Linate and Malpensa airports, for a total of over 700 hours of training. The objective of this plan is to support the processes of innovation and change management.

On October 26, 2021 a Supplementary Framework Agreement was signed between SEA and the trade unions. This agreement was targeted at defining in greater detail the instruments to be used for dealing with the continuing COVID-19 crisis, in compliance with the inspiring principles of the Framework Agreement of February 19, 2021. In particular, the guidelines were detailed for: i) recourse to social shock absorbers (Extraordinary Temporary Lay-off Scheme) for all SEA staff for the period from January 1, 2022 to September 23, 2022 ii) introduction of a retirement plan from October 1, 2022 until December 31, 2025 iii) introduction of a voluntary incentive plan from October 1, 2022 to March 30, 2023.

Following the Minutes of the Agreement of December 9, 2021, and subsequent joint examination at the Lombardy Region on December 14, 2021, SEA and the trade unions have formalised the use of the Extraordinary Temporary Lay-off Scheme (CIGS) for sudden and unforeseen events for the period from January 10, 2022 to September 23, 2022. This tool is designed for all workers operating at Linate and Malpensa airports and to deal with the crisis situation further aggravated by new events linked to the spread of the virus.

On December 14, 2021 SEA presented trade unions with guidelines on the project to outsource certain functions of the ICT Department. SEA also informed the trade unions about the methods (creation of a NewCo and subsequent public tender for the sale of shares), the areas involved, and the timing of the project.

On December 20, 2021, a Memorandum of Understanding was signed to access a funded training plan that provides for the participation of 100 workers, operating at Linate and Malpensa airports, for a total of 250 hours of training. This plan aims to enrich personal skills through a training platform that allows an in-depth study of topics such as: language and communication, management and teamwork, personal effectiveness, productivity, leadership, health and safety.

Workplace health and safety

In 2021 SEA successfully renewed its SGSSL certification according to the UNI ISO 45001:2018 standard. This was achieved through constant monitoring with internal audits, "SSL" safety walks to verify Occupational Health and Safety aspects, "COVID" safety walks to evaluate the correct implementation of the measures to combat health emergencies defined in the Health and Company Operational Protocols, and six-monthly Hygiene Risk Assessment follow-ups to assess the adequacy of the anti-COVID measures implemented.

Management of the extraordinary activity initiated in 2020 to combat COVID Risk continued in 2021 with the activities described below.

The Company's protocol of measures to combat and contain the spread of the SARS-CoV-2/COVID-19 virus in the workplace and related company regulations for staff, contractors, suppliers, visitors and all third parties were updated, adapting protection measures to the changing pandemic and regulatory scenario. Updates were also carried out to cleaning and sanitisation protocols and the airport Operational Health Protocols for company airports (LIN and MXP T1) setting out measures to minimise contagion for passengers and all those (SEA, Operators, Authorities, etc.) working in the operational environment.

In addition, the provisions envisaged for managing snow emergencies and related infrastructural adaptations were updated with a view to effectively preventing contagion.

The Group's Hygiene-Synopsis certification was renewed, in compliance with the model developed at international level by TUV Italia, reinforcing the attention that the Group pays to this issue. This certification covers the measures defined in the Operational Health Protocols and the Company's Protocol, for passenger handling services in terminals, including general aviation terminals, and aprons, as well as in the workplace; Airport Health Accreditation, which attests to the fact that both company airports offer passengers and all operators a safe stay at the airport, in line with the operating and health recommendations of ACI World, Airports Council International and ICAO, the International Civil Aviation Organization.

Twenty Fire Prevention and Emergency Management simulations were carried out at company airports with positive results both in terms of awareness of the Emergency Management Plan and related procedures, and in terms of timing and responsiveness.

All anomalies, discrepancies and non-conformities that emerged during fire-fighting inspections, document checks, audits and Evacuation Evidence were managed and reported in the Fire Fighting Register, where the analysis of the causes and the identification of improvement and/or corrective actions are also entered.

Moreover, the Risk Assessment Documents were updated and the 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. The usual staff risk assessment was also prepared.

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), and from time to time they support the corporate functions involved.

2020 featured a marked reduction in accidents compared to the previous year, due to a sharp drop in operations and the closure of Linate airport for three months. By contrast, 2021 recorded a not unexpected increase, influenced by the gradual recovery of air traffic and consequent greater presence of operating personnel on duty, while Malpensa confirmed the positive trend with a slight decrease in the number of events. A review of accidents did not reveal any critical situations requiring specific targeted action, and the usual staff awareness-raising activities continued.

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 ("CFA"). 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 complied with since June 27, 2001 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 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 April 19, 2019, with a term of office ending with the approval of the 2021 Annual Accounts.

The Board of Statutory Auditors in office at the date of the present report was appointed by the Shareholders' Meeting of April 19, 2019 in accordance with the Company By-laws and remains in office until the approval of the 2021 Annual Accounts.

The Internal Control and Risk Management System is based on the recommendations of the 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 described Internal Control and Risk Management System's components 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. The SEA Board of Directors has not appointed an Executive Director responsible for overseeing the functionality of the Internal Control and Risk Management System.

Control, Risks and Sustainability Committee

The Control, Risks and Sustainability Committee (CRSC), appointed by the Board of Directors on May 22, 2019 and in office at December 31, 2021, is composed of Directors Patrizia Giangualano (Committee Chairperson), Rosario Mazza and Pierfrancesco Barletta.

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 Control, Risks and Sustainability Committee also examines and approves the Annual Audit Plan.

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 Chairperson and to the Control, Risks and Sustainability Committee; 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. SEA's Auditing Department, similarly, reports to the Chairman whilst functionally subordinate to the Board of Directors and to the Control, Risks and Sustainability Committee. 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

Deloitte & Touche 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 conferred by the Shareholders' Meeting on June 24, 2013 and extended to financial year 2022 by the Shareholders' Meeting of May 4, 2016. 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 22, 2019 and in office at December 31, 2021, is composed of four members: two external independent members, Giovanni Maria Garegnani and Lorenzo Enrico Lamperti, one non-executive and independent Director, Luciana Rovelli, and a Director in charge of the Auditing function, Ahmed Laroussi B.

On May 30, 2019, the Supervisory Board appointed Giovanni Maria Garegnani as Chairman.

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 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 March 25, 2021, and includes all the offences listed by the Decree of November 30, 2021. The Model is in the process of being updated to reflect the offences added to the Decree after the above 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.

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 231/2001.

The Ethics Committee, appointed by the Board of Directors on May 22, 2019, is chaired by the Chairperson of the Board of Directors, Michaela Castelli, and includes as members the Non-Executive Director of SEA Davide Corritore, and the managers of the corporate departments of Human Resources and of Auditing, respectively Massimiliano Crespi and Ahmed Laroussi B. The main duties of the Ethics Committee are to promote the dissemination of the Code of Ethics and to monitor compliance with it.

Anti-Corruption Focal Point

Since 2014, the company has an appointed an anti-corruption officer 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 Management System for the Prevention of Corruption, 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.

Diversity policies

The obligations of article 123(a), 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 which we now outline below.

SEA's By-Laws, in compliance with the legislative provisions, comprehensively cover gender diversity within the Board of Directors and Board of Statutory Auditors.

BOARD OF DIRECTORS' PROPOSALS TO THE SHAREHOLDERS' MEETING

The Board of Directors approves the 2021 Financial Statements of SEA S.p.A., prepared in accordance with IFRS, which report a net loss of Euro 80,287,614.80.

The Board of Directors, also considering the prospects of a recovery of resources both in income and equity terms given the consolidation over recent months of the forecast extraordinary income for 2022, and with the amount of this loss available in the extraordinary reserve, proposes to use the latter to cover the loss for 2021 of Euro 80,287,614.80.

The Chairperson of the Board of Directors
Michaela Castelli

SHAREHOLDERS' MEETING MOTIONS

The Shareholders' Meeting, held on May 3, 2022 approved:

1. the Directors' Report prepared by the Board of Directors, the Financial Statements at December 31, 2021 and the Explanatory notes thereto, as proposed by the Board of Directors.
2. The coverage of the 2021 net loss of Euro 80,287,614.80 through utilising the extraordinary reserve, considering the prospects of a recovery of resources both in income and equity terms given the consolidation over recent months of the forecast extraordinary income for 2022, and with the amount of the loss available in the above reserve.

The Chairperson of the Board of Directors
Michaela Castelli

SEA GROUP CONSOLIDATED FINANCIAL STATEMENTS

SEA Group Consolidat Financial Statement

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro thousands)	Note	December 31, 2021 Total	December 31, 2021 of which related parties	December 31, 2020 Total	December 31, 2020 of which related parties
Intangible assets	8.1	945,659		968,767	
Property, plant & equipment	8.2	146,556		212,591	
Leased assets right-of-use	8.3	12,996		10,662	
Investment property	8.4	3,401		3,402	
Investments in associates	8.5	65,745		66,127	
Other investments	8.6	1		1	
Deferred tax assets	8.7	118,132		93,735	
Other non-current receivables	8.8	52,408		48,651	
Total non-current assets (A)		**1,344,898**	**0**	**1,403,936**	**0**
Inventories	8.9	1,738		2,027	
Trade receivables	8.10	95,928	12,188	51,400	6,372
Tax receivables	8.11	794		1,936	
Other current receivables	8.11	4,961		7,654	
Current financial receivables	8.12	20,542	20,542		
Cash and cash equivalents	8.13	134,173		588,313	
Total current assets (B)		**258,136**	**32,730**	**651,330**	**6,372**
Assets held-for-sale and discontinued operations (C)	**6.1**	**47,512**			
TOTAL ASSETS (A+B+C)		**1,650,546**	**32,730**	**2,055,266**	**6,372**
Share capital	8.14	27,500		27,500	
Other reserves	8.14	203,525		332,284	
Group Net Result	8.14	(75,119)		(128,576)	
Group shareholders' equity		**155,906**		**231,208**	
Minority interest shareholders' equity		**31**		**28**	
Group & Minority int. share. equity (D)	**8.14**	**155,937**		**231,236**	
Provision for risks and charges	8.15	213,112		202,343	
Employee provisions	8.16	44,036		45,622	
Non-current financial liabilities	8.17	584,235		871,102	
Other non-current payables	8.18	84,736		87,808	
Total non-current liabilities (E)		**926,119**		**1,206,875**	
Trade payables	8.19	145,040	21,877	110,465	7,150
Income tax payables	8.20	8,609		8,351	
Other payables	8.21	177,234		154,402	
Current financial liabilities	8.17	225,315		343,937	
Total current liabilities (F)		**556,198**	**21,877**	**617,155**	**7,150**
Liabilities related to assets held-for-sale and discontinued operations (G)	**6.1**	**12,292**			
TOTAL LIABILITIES (E+F+G)		**1,494,609**	**21,877**	**1,824,030**	**7,150**
TOTAL LIAIBILITIES & SHAREHOLDERS' EQUITY (D+E+F+G)		**1,650,546**	**21,877**	**2,055,266**	**7,150**

CONSOLIDATED INCOME STATEMENT

(Euro thousands)	Note	2021 Total	2021 of which related parties	2020 restated Total	2020 restated of which related parties
Operating revenues	9.1	325,232	26,579	246,515	20,881
Revenue for works on assets under concession	9.2	23,749		29,024	
Total revenues		**348,981**	**26,579**	**275,539**	**20,881**
Operating costs					
Personnel costs	9.3	(138,642)		(134,262)	
Consumable materials	9.4	(7,372)		(6,967)	
Other operating costs	9.5	(149,705)		(138,681)	
Costs for works on assets under concession	9.6	(21,521)		(26,680)	
Total operating costs		**(317,240)**	**(49,711)**	**(306,590)**	**(46,089)**
Gross Operating Margin / EBITDA*		**31,741**	**(23,132)**	**(31,051)**	**(25,208)**
Provisions & write-downs	9.7	(24,480)		(13,139)	
Restoration and replacement provision	9.8	(20,499)		(17,195)	
Amortisation & Depreciation	9.9	(67,556)		(73,429)	
Provisions & write-downs		**(80,794)**	**(23,132)**	**(134,814)**	**(25,208)**
Investment income/(charges)	9.10	(382)	(382)	(9,947)	(9,947)
Financial charges	9.11	(21,428)		(20,313)	
Financial income	9.11	1,633	673	1,000	761
Pre-tax result		**(100,971)**	**(22,841)**	**(164,074)**	**(34,394)**
Income taxes	9.12	23,755		34,792	
Continuing Operations result (A)		**(77,216)**	**(22,841)**	**(129,282)**	**(34,394)**
Net result from assets held for sale (B)	**6.1 / 9.13**	**2,100**		**707**	
Minority interest profit (C)		**3**		**1**	
Group Net Result (A+B-C)		**(75,119)**	**(22,841)**	**(128,576)**	**(34,394)**
Basic net result per share (in Euro)	9.14	(0.30)		(0.51)	
Diluted net result per share (in Euro)	9.14	(0.30)		(0.51)	

In accordance with IFRS 5, the 2020 figures were reclassified.

** 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*

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(Euro thousands)	2021 Total	2021 of which related parties	2020 restated Total	2020 restated of which related parties
Consolidated Income Statement	**(75,119)**	**(22,841)**	**(128,576)**	**(34,394)**
- Items reclassifiable in future periods to the net result:				
Fair value measurement of derivative financial instruments	1,201		1,772	
Tax effect from fair value measurement of derivative financial instruments	(288)		(425)	
Total items reclassifiable, net of tax effect	**913**		**1,347**	
- Items not reclassifiable in future periods to the net result:				
Actuarial gains/(losses) on post-employment benefits	(1,442)		(205)	
Tax effect on actuarial gains/(losses) on post-employment benefits	346		49	
Total items not reclassifiable, net of tax effect	**(1,096)**		**(156)**	
Total other comprehensive income items	**(183)**		**1,191**	
Total comprehensive result	**(75,302)**		**(127,385)**	
Attributable to:				
- Parent company shareholders	(75,305)		(127,386)	
- Minority interest	3		1	

In accordance with IFRS 5, the 2020 figures were reclassified.

CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)	2021 Total	2021 of which related parties	2020 restated Total	2020 restated of which related parties
Cash flow from operating activities				
Pre-tax result	(100,971)		(164,074)	
Adjustments:				
Amortisation, depreciation and write-downs	67,556		73,849	
Net change in provisions (excl. employee provision)	8,322		3,936	
Changes in employee provisions	(2,714)		(2,956)	
Net changes in doubtful debt provision	15,603		10,245	
Net financial charges	19,795		19,313	
Investment (income)/charges	382		9,947	
Other non-cash changes	(2,898)		(3,102)	
Cash generated / (absorbed) from operating activities before changes in net working capital of assets held-for-sale and discontinued operations	7,583		3,977	
Cash flow from operating activities before changes in working capital	**12,658**		**(48,865)**	
Change in inventories	370		(156)	
Change in trade and other receivables	(61,611)	5,247	61,091	(6,954)
Change in other non-current assets	7		7	
Change in trade and other payables	57,088	7,658	(117,477)	7,325
Cash generated/(absorbed) from changes in working capital of assets held-for-sale and discontinued operations	2,316		(101)	
Cash flow from changes in working capital	**(1,830)**	**12,905**	**(56,636)**	**371**
Income taxes paid	(1,277)		(6,304)	
Income taxes paid by assets held-for-sale and discontinued operations	(16)		(3)	
Cash flow generated /(absorbed) from operating activities	**9,535**	**12,905**	**(111,808)**	**371**
Investments in fixed assets:				
- intangible assets (*)	(26,354)		(31,983)	
- tangible assets and property	(7,656)		(11,458)	
Divestments from fixed assets:				
- tangible assets and intangible	1,344	1,336	27	
Dividends received			625	625
Proceeds from the Ministry of Infrastructure and Transport for execution of works			5,307	
Cash flow generated /(absorbed) from investing activities of assets held-for-sale and discontinued operations	(2,167)		(5,960)	
Cash flow generated /(absorbed) from investing activities	**(34,833)**	**1,336**	**(43,442)**	**625**
Change in gross financial debt:				
- increase/(decrease) of short & medium-term debt	(400,582)		676,497	
Changes in other financial assets/liabilities	5,746	7,702	(4,324)	(2,116)
Dividends distributed	(2)		(6)	
Interest and commissions paid	(27,161)		(18,445)	
Interest received	912		233	
Cash generated/(absorbed) from financing activities of assets held-for-sale and discontinued operations	(7,720)		2,087	
Cash flow generated /(absorbed) from financing activities	**(428,807)**	**7,702**	**656,042**	**(2,116)**
Increase/(decrease) in cash and cash equivalents	**(454,105)**	**21,943**	**500,792**	**(1,120)**
Opening cash and cash equivalents	588,313		87,521	
- of which, cash and cash equivalents included under assets held-for-sale and discontinued operations	39		39	
Cash and cash equivalents at opening reported in the accounts	588,274		87,482	
Closing cash and cash equivalents	134,208		588,313	
- of which, cash and cash equivalents included under assets held-for-sale and discontinued operations	35		39	
Cash and cash equivalents at year-end reported in the accounts	134,173		588,274	

In accordance with IFRS 5, the 2020 figures were reclassified.

(*) The investments in intangible assets are net of the utilisation of the restoration provision, which in 2021 amounted to Euro 16,605 thousand (Euro 13,157 thousand in 2020)

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, 2019	**27,500**	**5,500**		**206,698**	**(3,264)**	**(2,260)**	**124,419**	**358,593**	**27**	**358,620**
Transactions with shareholders										
Allocation of 2019 net profit				124,419			(124,419)	0		0
Other movements										
Other comprehensive income statement items result					(156)	1,347		1,191		1,191
Net result							(128,576)	(128,576)	1	(128,575)
Balance at December 31, 2020	**27,500**	**5,500**		**331,117**	**(3,420)**	**(913)**	**(128,576)**	**231,208**	**28**	**231,236**
Transactions with shareholders										
Allocation of 2020 net result			(120,367)	(8,209)			128,576	0		0
Other movements										
Other comprehensive income statement items result					(1,096)	913		(183)		(183)
Net result							(75,119)	(75,119)	3	(75,116)
Balance at December 31, 2021	**27,500**	**5,500**	**(120,367)**	**322,908**	**(4,516)**	**0**	**(75,119)**	**155,906**	**31**	**155,937**

NOTES TO THE CONSOLIDATED 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").

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).

The SEA Group, through the company SEA Energia, produces electric and thermal energy both to serve the requirements of its airports and for sale on the external market. SEA decided in 2021 to divest of the business energy line, publishing on July 12, 2021 the tender for the competitive dialogue for the sale of 100% of SEA Energia S.p.A. and for the assignment of thermal energy and electricity supply contracts. The purpose of the initiative is to identify a bidder offering the best contractual and economic conditions for the purchase of the company and for the supply of electrical and thermal energy to the airports of Milan Linate and Milan Malpensa in compliance with the concessionary obligations incumbent on SEA. At the same time, as part of its sustainability strategy, SEA is looking for a partner to provide added value to the management of energy at its Milan airports, with the aim of achieving zero CO2 emissions by 2030. Therefore, IFRS 5 was applied.

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 December 31, 2021, the following investments in associates and measured under the equity method: (i) Dufrital (held 40%), which undertakes commercial activities at other Italian airports, including Bergamo, Florence, Genoa and Verona; (ii) Malpensa Logistica Europa (held 25%), which undertakes integrated logistic activities; (iii) SEA Services (held 40%) which operates in the catering sector for the Milan airports; (iv) Disma (held 18.75%), which manages a plant for the storage and distribution of aviation fuel at Milan Malpensa Airport; (v) SACBO (held 30.98%), which manages the airport of Bergamo, Orio al Serio; and (vi) Airport Handling (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, General Aviation and Energy, with the Group sourcing revenues as illustrated in paragraph 7 "Disclosure by operating segment".

2. SUMMARY OF ACCOUNTING PRINCIPLES ADOPTED

The main accounting standards and policies adopted in the preparation of the Consolidated Financial Statements at December 31, 2021, are reported below.

The Consolidated Financial Statements at December 31, 2021, and the tables included in the explanatory notes are prepared in thousands of Euro.

2.1 Basis of preparation

The Consolidated Financial Statements includes 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 relative Explanatory Notes.

The consolidated financial statements at December 31, 2021, were prepared in accordance with IFRS in force at the approval date of the financial statements and the provisions enacted as per Article 9 of Leg. Decree No. 38/2005. The term IFRS includes all of the International Financial Reporting Standards, all of the International Accounting Standards and all of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) previously called the Standing Interpretations Committee (SIC) approved and adopted by the European Union.

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. Where present the balances and transactions with related parties are reported.

The consolidated 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 described in the Directors' Report, with reference to the comparative figures, on the exit from a strategic sector (as per IFRS 8 the energy sector is defined as such), IFRS 5 requires that the 2021 income statement of the energy business is not included in the 2021 results line-by-line for each cost and revenue item, but the total result of the business is recorded on a separate line in the account "Net result from assets held for sale"; the same treatment is applied to the assets and liabilities related to the energy sector, which are not included in the assets and liabilities of the continuing operations but are recorded in separate accounts under assets and liabilities. 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, without requiring reclassification of the comparative balance sheet at December 31, 2020.

A specific paragraph of the present Explanatory Notes, to which reference should be made (Paragraph 6.1 "*Assets and liabilities held-for-sale and Net result from assets held for sale*), illustrates the Discontinued Operations' accounts presented in the consolidated income statement, the consolidated balance sheet and the consolidated cash flow statement.

Presentation of transactions between Continuing Operations and Discontinued Operations

As the reader may be aware, neither IFRS 5 nor IAS 1 provide guidance on the presentation of transactions between continuing and discontinued operations. The approach selected has led to the presentation of such transactions as if the assets held for sale had already been deconsolidated from the SEA Group and, therefore, as if the transaction had already taken place at the reporting date. Therefore, on the consolidated financial statements: (i) the individual items on the income statement and statement of financial position related to continuing operations are shown without taking account of the offsets of intercompany transactions with discontinued operations; and (ii) the items related to discontinued operations also include the effect of consolidated offsets of transactions between the two types of operations. The carrying amounts of these items of the income statement and statement of financial position are shown in the tables below. This approach has made it possible, in particular, to present the performance and margins of continuing operations in a manner that is comparable with the performance and margins that the Group will have after the disposal of discontinued operations.

2020 comparative figures

In accordance with IFRS 5, in this report:

- all income, expenses and cash flows for 2020 have been adjusted for the purpose of comparison with 2021;
- the statement of financial position at December 31, 2020, is as published for the 2020 consolidated financial statements and therefore include the figures for the energy business.

Law No. 178 of December 30, 2020

It should also be noted that Law 178 of December 30, 2020, "Government budget for fiscal year 2021 and spending plan for 2021-2023", paragraphs 714-720, which to mitigate the economic effects of the COVID-19 epidemic emergency on the entire airport sector, established a fund with assets of Euro 500 million, intended to provide compensation, with the limit of Euro 450 million, for the damages suffered by airport operators possessing the prescribed valid certificate issued by ENAC.

With Decree-Law No. 73 of May 25, 2021, paragraph 2, the fund was increased by Euro 300 million, of which 285 million allocated to airport operators, bringing the portion of the fund allocated to compensate the losses suffered by management companies to Euro 735 million.

On July 26, 2021, the European Commission issued a press release announcing that it had approved the above aid scheme pursuant to Article 107 2b of the TFEU.

The implementing decree establishing the procedures and criteria for determining and disbursing the grant in accordance with the limits and guidelines of the European Commission went into effect with its publication in the Italian Official Journal on December 28, 2021.

SEA has determined that the grant pursuant to Law No. 178 of December 30, 2020, falls within the scope of IAS 20.3, which states: "Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity." Therefore, we have adopted the guidelines of this standard in recognising the grant. More specifically, IAS 20.8 states that "[a] government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled."

In accordance with this standard, which states that grants are to be recognised in profit or loss in the year in which they become collectable, and associating the concept of collectability with completion of the process[6] defined under Articles 4 and 5 of the implementing decree, not as a mere formality but with the substantial validity of all obligations specified above, the Company has decided not to recognise this grant in profit or loss in 2021, but to postpone its recognition to the year in which it will become collectable, i.e. when the procedures described in the implementing decree are completed, which is expected to be in 2022.

The implementing decree describes the procedures to follow to ensure collectability, but this does not, on its own, establish the right for the entity to collect the grant.

Supporting this assumption is also the fact that ENAC, when conducting its procedures, can recalculate the amount to be granted to each applicant. For this reason, the amount set prior to completion of the process described in the implementing decree is merely an estimate and, by definition, uncertain, even if supported by independently verified calculations. These estimates are also related to construction of the "counterfactual" scenario used in the analysis, which includes certain specific adjustments to the circumstances of SEA SpA in order to approximate what would have happened in the absence of the pandemic during the period analysed and so is, by definition, hypothetical.

Therefore, the Company has assessed that the requirement of collectability, and consequent recognition of the grant, can not be achieved prior to 2022.

Going concern and presentation of the financial statements

The Consolidated Financial Statements were prepared in accordance with the going concern concept, therefore utilising the accounting principles of an operating business. Company Management evaluated that, although within a difficult economic and financial environment, there are no significant uncertainties concerning the capacity of the Group to meet its obligations in the foreseeable future, and in particular in the 12 months subsequent to approval of this report. In this regard, please refer to the observations in the Directors' Report. In the preparation of the Consolidated Financial Statements at December 31, 2021, the same accounting principles were adopted as in the preparation of the Consolidated Financial Statements at December 31, 2020. Following the issue on a regulated market of the "SEA 3 1/8 2014-2021" bond (repaid in 2021) and the SEA 10/2025 bond issue, IFRS 8 and IAS 33 concerning segment reporting and earnings per share were utilised.

For a better presentation of the financial statements, the income statement was presented in two separate statements: *a)* the consolidated income statement and *b)* the consolidated comprehensive income statement.

The Consolidated Financial Statements were audited by the audit firm Deloitte & Touche SpA, the auditor appointed by the Company and the Group.

[6] *1) Presentation of the application within 30 days following publication of the implementing decree;*

2) Processing of the applications received handled by ENAC, which communicates with the General Department of Airports, Air Transport & Satellite Services;

3) Adoption by the competent department of the measures accepting or rejecting the applications received;

4) Communication of these measures to the applicants;

5) Presentation of formal acceptance of the measure by the applicants.

2.2 IFRS accounting standards, amendments and interpretations applied from January 1, 2021

The International Accounting Standards and amendments which must be obligatory applied from January 1, 2021, following completion of the relative approval process by the relevant authorities, are illustrated below.

Description	Date approved	Publication in the Official Gazette	Effective date as per the standard	Effective date applied by SEA
to IFRS Amendments 4 Insurance Contracts-deferral of IFRS 9	Dec 15, 2020	Dec 16, 2020	Periods which begin from Jan 1, 2020	Jan 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2	Jan 13, 2021	Jan 14, 2021	Periods which begin from Jan 1, 2020	Jan 1, 2021
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions	Aug 30, 2021	Aug 31, 2021	Periods which begin from Jan 1, 2020	Jan 1, 2021

The adoption of these amendments and interpretations, where applicable, has not had any significant impact on the balance sheet or on the result of the Group.

2.3 Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Company

Below we report the international accounting standards, interpretations and amendments to existing accounting standards and interpretations, or specific provisions within the standards and interpretations approved by the IASB which have not yet been approved for adoption in Europe, or where adopted in Europe, at the approval date of the present document were not adopted in advance by the Group:

Description	Approved at the date of the present document	Effective date as per the standard
Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements 2018-2020	YES	Periods which begin from Jan 1, 2022
IFRS 17 Insurance Contracts	YES	Periods which begin from Jan 1, 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	NO	Periods which begin from Jan 1, 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	NO	Periods which begin from Jan 1, 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	NO	Periods which begin from Jan 1, 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	NO	Periods which begin from Jan 1, 2023
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	NO	Periods which begin from Jan 1, 2023

No accounting standards and/or interpretations were applied in advance whose application is obligatory for periods commencing after December 31, 2021, and the directors no not expect any material effects.

2.4 Consolidation method and principles

The financial statements of the companies included in the consolidation scope were prepared as at December 31, 2021, and were appropriately adjusted, where necessary, in line with Group accounting principles.

The consolidation scope includes the financial statements at December 31, 2021, of SEA, of its subsidiaries, and of those subsidiaries upon which it exercises a significant influence.

In accordance with IFRS 10, companies are considered subsidiaries when the Group simultaneously holds the following three elements:

a. power over the entity;

b. exposure, or rights, to variable returns deriving from involvement with the same;

c. the capacity to utilise its power to influence the amount of these variable returns.

The subsidiary companies are consolidated using the line-by-line method. The criteria adopted for the line-by-line consolidation were as follows:

- the assets and liabilities and the charges and income of the companies fully consolidated are recorded line-by-line, attributing to the minority shareholders, where applicable, the share of net equity and net result for the period pertaining to them; this share is recorded separately in the net equity and in the consolidated income statement;
- business combinations are recognised according to the acquisition method. According to this method, the amount transferred in a business combination is valued at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for control of the company acquired. Accessory charges to the transaction are generally recorded to the income statement at the moment in which they are incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recorded at fair value at the acquisition date; the following items form an exception, which are instead valued according to the applicable standard:
    - deferred tax assets and liabilities;
    - employee benefit assets and liabilities;
    - liability or equity instruments relating to share-based payments of the company acquired or share-based payments relating to the Group issued in substitution of contracts of the entity acquired;
    - assets held-for-sale and discontinued operations;
- the acquisition of minority shareholdings relating to entities in which control already exists are not considered as such, but rather operations with shareholders; the Group records under equity any difference between the acquisition cost and the relative share of the net equity acquired;
- the significant gains and losses, with the relative fiscal effect, deriving from operations between fully consolidated companies and not yet realised with third parties, are eliminated, except for the losses not realised and which are not eliminated, where the transaction indicates a reduction in the value of the asset transferred. The effects deriving from reciprocal payables and receivables, costs and revenues, as well as financial income and charges are also eliminated if significant;
- the gains and losses deriving from the sale of a share of the investment in a consolidated company which results in the loss of control are recorded in the income statement for the amount corresponding to the difference between the sales price and the corresponding fraction of the consolidated net equity sold.

Associated Companies

Associated companies are companies in which the Group has a significant influence, which is alleged to exist when the percentage held is between 20% and 50% of the voting rights.

The investments in associated companies are measured under the equity method. The equity method is as described below:

- the book value of these investments are in line with the adjusted net equity, where necessary, to reflect the application of IFRS and includes the recording of the higher value attributed to the assets and liabilities and to any goodwill identified at the moment of the acquisition;
- the Group gains and losses are recorded at the date in which the significant influence begins and until the significant influence terminates; in the case where, due to losses, the company valued under this method indicates a negative net equity, the carrying value of the investment is written down and any excess pertaining to the Group, where this latter is committed to comply with legal or implicit obligations of the investee, or in any case to cover

the losses, is recorded in a specific provision; the equity changes of the companies valued under the equity method not recognised through the income statement are recorded directly as an adjustment to equity reserves;

- the significant gains and losses not realised generated on operations between the Parent Company and subsidiary companies and investments valued under the equity method are eliminated based on the share pertaining to the Group in the investee; the losses not realised are eliminated, except when they represent a reduction in value.

2.5 Consolidation scope and changes in the year

The registered office and the share capital (at December 31, 2021, and December 31, 2020) of the companies included in the consolidation scope under the full consolidation method and equity method are reported below:

Company	Registered office	Share capital at 31/12/2021 (Euro)	Share capital at 31/12/2020 (Euro)
SEA Energia S.p.A.	Milan Linate Airport - Segrate (MI)	5,200,000	5,200,000
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)	25,000	
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
SEA Services S.r.l.	Via Caldera, 21 - Milan	105,000	105,000
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 December 31, 2021, and the respective consolidation methods are reported below:

Company	Consolidation Method at 31/12/2021	Group % holding at 31/12/2021	Group % holding at 31/12/2020
SEA Energia S.p.A.	IFRS 5	100%	100%
SEA Prime S.p.A.	Line-by-line	99.91%	99.91%
Airport ICT Services S.r.l.	Line-by-line	100%	
Dufrital S.p.A.	Net Equity	40%	40%
SACBO S.p.A.	Net Equity	30.979%	30.979%
SEA Services S.r.l.	Net Equity	40%	40%
Malpensa Logistica Europa S.p.A.	Net Equity	25%	25%
Disma S.p.A.	Net Equity	18.75%	18.75%
Airport Handling S.p.A.	Net Equity	30%	30%

The decision to dispose of the energy business did not result in the exit from the consolidation scope of the Group but the application of IFRS 5 for the discontinued operations; reference should be made to the previous paragraphs 1 – General Information and 2.1 “Basis of preparation” for the impact of the application of IFRS 5 on the 2021 financial statements and 2020 comparative financial statements.

On December 28, 2021, the company Airport ICT Services Srl was established with share capital of Euro 25 thousand, which was wholly subscribed and paid in by the sole shareholder, SEA.

2.6 Translation of foreign currency transactions

The transactions in currencies other than the operational currency of the company are converted into Euro using the exchange rate at the transaction date.

The foreign currency gains and losses generated from the closure of the transaction or from the translation at the balance sheet date of the assets and liabilities in foreign currencies are recognised in the income statement.

2.7 Accounting policies

Intangible assets

An intangible asset is a non-monetary asset, identifiable and without physical substance, controllable and capable of generating future economic benefits. These assets are recorded at purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortisation, and any loss in value. The intangible assets are as follows:

(a) Rights on assets under concession

The "Rights on assets under concession" represent the right of the Lessee to utilise the asset under concession (so-called intangible asset method) in consideration of the costs incurred for the design and construction of the asset with the obligation to return the asset at the end of the concession. The value corresponds to the "fair value" of the design and construction assets increased by the financial charges capitalised, in accordance with IAS 23, during the construction phase. The fair value of the construction work is based on the costs actually incurred increased by a mark-up of 6% representing the best estimate of the remuneration of the internal costs for the management of the works and design activities undertaken by the group which is a mark-up a third party general contractor would request for undertaking the same activities, in accordance with IFRIC 12.

The lessee must recognise and measure service revenues in accordance with IFRS 15. If the fair value of the services received (specifically the usage right of the asset) cannot be determined reliably, the revenue is calculated based on the fair value of the construction work undertaken. The subsequent accounting of the amount received as financial asset and as intangible asset is described in detail in paragraphs 23-26 of IFRIC 12.

The construction work in progress at the balance sheet date is measured based on the state of advancement of the work in accordance with IFRS 15 and this amount is reported in the income statement line "Revenues for works on assets under concession".

Restoration or replacement works are not capitalised and are included in the estimate of the restoration and replacement provision as outlined below.

Assets under concession are amortised over the duration of the concession, as it is expected that the future economic benefits of the asset will be utilised by the lessee.

The accumulated amortisation provision and the restoration and replacement provision ensure the adequate coverage of the costs of restoration and replacement of the components subject to wear and tear of the assets under concession.

Where events arise which indicate a reduction in the value of these intangible assets, the difference between the present value and the recovery value is recognised in the income statement.

(b) Industrial patents and intellectual property rights

Industrial patents and intellectual property rights

Trademarks and licenses are amortised on a straight-line basis over the estimated useful life.

Computer software

Software costs are amortised on a straight-line basis over three years, while software programme maintenance costs are charged to the income statement when incurred.

Intangible assets with definite useful life are annually tested for losses in value or where there is an indication that the asset may have incurred a loss in value. Reference should be made to the paragraph below "Impairments".

Property, plant & equipment

Tangible fixed assets include property, part of which under the scope of IFRIC 12, and plant and equipment.

Property

Property, in part financed by the State, relates to tangible assets acquired by the Group in accordance with the 2001 Agreement (which renewed the previous concession of May 7, 1962). The 2001 Agreement provides for the obligation of SEA to maintain and manage airport assets for the undertaking of such activities and the right to undertake structural airport works, which remain the property of SEA until the expiry of the 2001 Agreement, i.e. May 4, 2043. The fixed assets in the financial statements are reported net of State grants.

Depreciation of property is charged based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Where this latter is beyond the date of the end of the concession, the amount is amortised on a straight-line basis until the expiry of the concession. Applying the principle of the component approach, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

For land, a distinction is made between land owned by the Group, classified under property, plant and equipment and not subject to depreciation and expropriated areas necessary for the extension of the Malpensa Terminal, classified under "Assets under concession" and amortised over the duration of the concession.

The free granting of assets is recognised at market value, according to independent technical expert opinions.

Plant & Equipment

These are represented by tangible fixed assets acquired by the Group which are not subject to the obligation of return.

Plant and equipment are recorded at purchase or production cost and, only with reference to owned assets, net of accumulated depreciation and any loss in value. The cost includes charges directly incurred for bringing the asset to their condition for use, as well as dismantling and removal charges which will be incurred consequent of contractual obligations, which require the asset to be returned to its original condition.

The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach, in which case the useful life and the relative value of each component is measured separately.

Depreciation is charged to the income statement based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Where this latter is beyond the date of the end of the concession, the amount is depreciated on a straight-line basis until the expiry of the concession. Applying the principle of the component approach, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

The depreciation rates for owned assets, where no separate specific components are identified are reported below:

Category	% depreciation
Loading and unloading vehicles	10.0%
Runway equipment	31.5%
Various equipment	25.0%
Furniture and fittings	12.0%
Transport vehicles	20.0%
Motor vehicles	25.0%
EDP	20.0%

The useful life of property, plant and equipment and their residual value are reviewed and updated, where necessary, at least at the end of each year.

Leased assets right-of-use

This account includes the recognition and measurement of lease contracts, accounted for in accordance with IFRS 16. This accounting treatment involves recognising an asset representative of the right-of-use of the leased asset and a current and non-current financial liability representative of the obligation to be discharged.

Depreciation of such assets is charged to the income statement on a straight-line, monthly basis, according to rates that allow the right to be amortised over the term of the lease contract. The interest charges accrued on the financial liability are taken monthly to the account of the income statement "Financial charges".

The IFRS 16 contracts entered into by SEA essentially concern equipment, electronic machines and lease contracts for motor vehicles and apron vehicles. Lease contracts with short terms or values of less than Euro 5 thousand are expensed directly to the account of the income statement "Other operating costs"; cost is represented by the rentals provided for in the contract.

Investment property

This account includes owned buildings not for operational use. Investment property is initially recognised at cost and subsequently measured utilising the amortised cost criteria, net of accumulated depreciation and losses in value.

Depreciation is calculated on a straight-line basis over the useful life of the building.

Impairments

At each balance sheet date, the property, plant and machinery, intangible assets and investments in subsidiaries and associated companies are analysed in order to identify any indications of a reduction in value. Where these indications exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write down compared to the relative book value in the income statement. 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.

Impairment test

Although the situation of both the Group and the industry as a whole has improved compared to the previous year, certain indicators of impairment remained when preparing the financial statements for the year. Therefore, the SEA Group has conducted impairment testing in order to determine if any assets have suffered impairment losses.

The trigger events that required the carrying out of an impairment test were the following:

- passenger traffic improving from 2020, but still impacted by ongoing government restrictions on travel in order to contain the spread of new variants (e.g. delta and omicron) and by a slower-than-expected recovery in international traffic;
- airlines experiencing financial difficulties despite public stimulus policies;
- structural re-sizing by many airlines in terms of fleet size, crews, destinations served, and operating hubs;
- termination of operations by Alitalia and the launch of a new Italian carrier with a reduced fleet;
- tension in the price of commodities.

The impairment test, approved at the March 23, 2022 Board of Directors meeting, was performed based on the 2022-2026 Budget and Business Plan approved by the Board of Directors on December 20, 2021 and the 2027-2043 projections prepared by the Companies.

The long-term (beyond 2026) forecasts were made based on the following:

- the estimate of the expected traffic was made on the basis of the most recent industry studies and specialist reports available. In this regard, the Company developed two distinct scenarios, a best-case and a worst-case, that differ mainly in expected traffic.
- the investment plan has been prepared (with regard to years beyond 2026) by taking account of actions needed to maintain infrastructures and of the development investments under the Linate and Malpensa master plan;
- aviation revenues were calculated based on recent ART models;
- non-aviation revenues were calculated based on expected traffic and planned infrastructure-development investment;
- costs were modelled based on expected air traffic and planned investments;
- a portion of the restoration fund is expected to be recognised in 2022 to cover losses incurred due to the COVID-19 crisis, following submission of the application by SEA SpA in January 2022 in accordance with the guidelines of the implementing decree published in the Official Journal on December 28, 2021.

The impairment test was carried out considering the SEA Group as a single CGU, as:

- the generation of cash flows by the two airports is mainly based on the collection of aviation fees, including passenger fees set at airport “system” level and considering consolidated costs and investments;

- the new ART tariff models allow the operator to break down tariffs by product/terminal, with the only restriction being the maintenance of a correlation to airport system level costs;
- Linate and Malpensa represent from an industrial point two products with separate pricing and market positioning, although jointly constitute the SEA offer;
- SEA over the years has found a close link from an industrial viewpoint between the development of traffic at the two airports. This link also emerged in conjunction with the "bridge" with the closure of Linate for three months in 2019 and, in 2020, with the flexible use of the terminal by SEA and by the airlines.

The value in use of the CGU was calculated through discounting future cash flows at December 31, 2021. This value in use was thereafter compared with the total value at December 31, 2021, of tangible and intangible assets, rights-of-use and property investments.

The value in use of the CGU was greater than net capital employed, both in the "best" case and the "worst" case scenarios, so the impairment test did not indicate any loss in value. Under both traffic scenarios, we also verified that the value in use of the CGU was greater than the carrying amount in the event of significant increases in the discount rate.

Impairment tests were also conducted on the investments in associates, which, given the type of activities conducted at the airports, have been impacted by the described market dynamics in the same manner as SEA. The investments tested were Sacbo, Dufrital, SEA Services, and Airport Handling, whereas no indicators of impairment have arisen for Malpensa Logistica Europa or Disma.

In order to determine the value in use of the equity investments, the most recently approved financial statements, the financial forecasts provided by the companies, where available, and the main drivers of operations based on the Group's 2022-2026 Business Plan were taken into account. Based on this information, financial forecasts were made for each company involved in the impairment test. The value in use of each associated company tested was determined using the unlevered discounted cash flows (DCFs) method, with the related discount rates in line with test flows and compared against their carrying value. In order to corroborate the results of the main method described above, an analysis of market multiples was also conducted, and this confirmed the results.

The impairment tests were carried out on these investees, indicating no impairment losses at December 31, 2021.

Considering that the recoverable value of the net capital employed by the SEA CGU and that the carrying value of the investments was calculated on the basis of estimates, SEA does not guarantee the non-emergence of a loss in future periods. Given the current market crisis, in fact, various factors used to draw up the estimates may be revised amid conditions not in line with forecasts.

In light of the results of these impairment tests at December 31, 2021, it has not been necessary to recognise impairment losses on property, plant and equipment, on intangible assets, on rights-of-use, on investment property, or on investments in associates.

Financial assets

On initial recognition, the financial assets are classified, in accordance with IFRS 9, in one of the following categories based on the business model of the Company for the management of the financial assets and the characteristics relating to the contractual cash flows of the financial assets:

Category	Business Model	Characteristics of the cash flows
Amortised cost	The financial asset is held in order to collect the contractual cash flows.	The cash flows are exclusively represented by payments of interest and the repayment of principal.
Fair value through other comprehensive income (also "FVOCI")	The financial asset is held to collect the contractual cash flows, both deriving from sale and operating activities.	The cash flows are exclusively represented by payments of interest and the repayment of principal.
Fair value through profit or loss (also "FVTPL")	Differing from that under amortised cost and FVOCI.	Differing from that under amortised cost and FVOCI.

The financial assets represented by equity instruments of other entities (i.e. investments in companies other than subsidiaries, associates and joint-control companies), not held for trading purposes, may be classified in the category FVOCI. This choice, made instrument by instrument, requires that the fair value changes are recognised under "Other items of the comprehensive income statement" and are not subsequently recognised through profit or loss either on sale or on its impairment.

Despite that reported above, on initial recognition it is possible to irrevocably designate the financial asset as measured at fair value recognised through profit or loss if this eliminates or significantly reduces an incoherence in the measurement or in the recognition (sometimes defined as "accounting asymmetry") which would otherwise result in a measurement on another basis.

Derivative financial instruments

Derivative financial instruments are classified as hedging instruments, in accordance with paragraph 6.4 of IFRS 9, when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high.

The hedging relations are of three types: :

1. fair value hedge in the case of hedging the exposure against changes in the fair value of assets or liabilities recorded which is attributable to a risk which could impact the result for the year. The profit or losses on the hedging instrument are recorded in the income statement (or in "Other items of the comprehensive income statement", if the hedging instrument hedges an equity instrument for which the Group has chosen to present the changes in fair value under "Other items of the comprehensive income statement");
2. cash flow hedge in the case of hedging the exposure against changes in the cash flows attributable to a particular risk associated with all the assets or liabilities recorded or one of their components or a highly probable scheduled transaction and which could impact on the result for the year. The hedging is recorded as follows: a) the net equity reserve for the hedging of the cash flows is adjusted to the lower between the cumulative profit or loss on the hedging instrument from the commencement of the hedge and the cumulative change in the fair value of the item hedged from the commencement of the hedge; b) the part of the profit or loss on the hedging instrument which is an effective hedge is recorded in a net equity reserve (and in specifically under "Other items of the comprehensive income statement"). Any residual profit or loss on the hedge instrument represents the ineffective part of the hedge which is recorded in the income statement in the account "Financial income/charges";
3. hedges of a net investment in a foreign operation (as defined in IAS 21), recognised in a similar manner to the hedging of financial cash flows.

The Group's hedging relationships qualify for hedge accounting under IFRS 9. Since the fundamental elements of the hedging instruments correspond to those of the hedged items, all hedging relationships are effective based on the evaluation of the effectiveness criteria of IFRS 9. When the option contracts are utilised to hedge highly probable scheduled transactions, the Group only designates the intricate value of the options as hedging instruments. Based on IFRS 9, the changes in the time value of options relating to the item hedged are recognised in the other items of the comprehensive income statement and are accumulated in the hedge reserve under net equity.

Environmental securities: emission quotas, Green Certificates and White Certificates

The SEA Group holds/acquires quotas/certificates for own-use, or rather to meet its own needs and not for trading purposes.

The quotas/certificates held for own-use exceeding its needs, determined in relation to the obligations matured at year-end ("surplus"), are recorded under other current receivables at cost incurred. The certificates assigned without consideration on the other hand are recorded at zero value. Where however the needs exceed the quota/certificates in portfolio at the reporting date ("deficit"), a provision is recorded in the accounts of the necessary charge to meet the residual obligation, estimated on the basis of any purchase contracts, including futures, already underwritten at the reporting date and, residually, from market prices.

Trade and other receivables

The trade and other receivables which do not have a significant financing component (determined in accordance with IFRS 15) are initially recognised at transaction price, adjusted to take into account expected losses over the duration of the receivable. The transaction price is the amount of the payment which the entity considers it is entitled to in exchange for transferring the promised goods or services to the client, excluding payments on behalf of third parties. The payment promised in the contract with the client may include fixed amounts, variable amounts or both.

The reduction in value for the recognition and measurement of the doubtful debt provision follows the criteria indicated in paragraph 5.5 of IFRS 9. The objective is to recognise the expected losses over the entire duration of the receivable considering all reasonable and demonstrable information, including indications of expected developments.

Receivables are therefore reported net of the provision for doubtful debts. If in subsequent periods the reduction in the value of the asset is confirmed, the doubtful debt provision is utilised; otherwise, where the reasons for the previous write-down no longer exist, the value of the asset is reversed up to the transaction price. For further information, reference should be made to Note 4.1.

Inventories

Inventories are measured at the lower of average weighted purchase and/or production cost and net realisable value or replacement cost. The valuation of inventories does not include financial charges.

Inventories are shown net of the obsolescence provision to adjust inventories to their realisable or replacement value.

Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits, and other short-term forms of investment, due within three months. At the balance sheet date, bank overdrafts are classified as financial payables under current liabilities in the statement of statement position. Cash and cash equivalents are recorded at fair value.

Provisions for risks and charges

The provisions for risks and charges are recorded to cover known or likely losses or liabilities, the timing and extent of which are not known with certainty at the balance sheet date. They are recorded only when there exists a current obligation (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate less the expenses required to settle the obligation.

Possible risks that may result in a liability are disclosed in the notes under the section on commitments and risks without any provision.

Restoration and replacement provision of assets under concession

The accounting treatment of the works undertaken by the lessee on the assets under concession, as per IFRIC 12, varies depending on the nature of the work: normal maintenance on the asset is considered ordinary maintenance and therefore recognised in the income statement; replacement work and programmed maintenance of the asset at a future date, considering that IFRIC 12 does not provide for the recognition of a physical asset but a right, must be recognised in accordance with IAS 37 - "Provisions and potential liabilities" – which establishes recognition to the income statement of a provision and the recording of a provision for charges in the balance sheet.

The restoration and replacement provision of the assets under concession include, therefore, the best estimate of the present value of the charges matured at the balance sheet date for the programmed maintenance in the coming years and undertaken in order to ensure the functionality, operations and security of the assets under concession.

It should be noted that the restoration and replacement provision of the assets refers only to fixed assets within the scope of IFRIC 12 (assets under concession classified to intangible assets).

Employee provisions

Pension provisions

The companies of the Group have both defined contribution plans (National Health Service contributions and INPS pension plan contributions) and defined benefit plans (Post-Employment Benefits).

A defined contribution plan is a plan in which the Group participates through fixed payments to third party fund operators, and in relation to which there are no legal or other obligation to pay further contributions where the fund does not have sufficient assets to meet the obligations of the employees for the period in course and previous periods. For the defined contribution plans, the Group pays contributions, voluntary or established contractually, to public and private pension funds. The contributions are recorded as personnel expense in accordance with the accruals principle. The advanced contributions are recorded as an asset which will be repaid or offset against future payments when due.

A defined benefit plan is a plan not classified as a contribution plan. In the defined benefit programmes, the amount of the benefit to be paid to the employee is quantifiable only after the termination of the employment service period, and is related to one or more factors such as age, years of service and remuneration; therefore the relative charge is recognised to the income statement based on actuarial calculations. The liability recorded in the accounts for defined benefit plans corresponds to the present value of the obligation at the balance sheet date, net, where applicable, of the fair value of the plan assets. The obligations for the defined benefit plans are determined annually by an independent actuary utilising the projected unit credit method. The present value of the defined benefit plan is determined discounting the future cash flows at an interest rate equal to the obligations (high-quality corporate) issued in the currency in which the liabilities will be settled and takes into account the duration of the relative pension plan.

The actuarial gains and losses, in accordance with IAS 19R, are recorded directly under equity in a specific reserve account "Reserve for actuarial gains/loss".

We report that, following amendments made to the leaving indemnity regulations by Law No. 296 of December 27, 2006 and subsequent Decrees and Regulations issued in the first half of 2007, the leaving indemnity provision due to employees in accordance with Article 2120 Civil Code is classified as defined benefit plans for the part matured before application of the new legislation and as defined contribution plans for the part matured after the application of the new regulation.

Post-employment benefits

Post-employment benefits are paid to employees when the employee terminates his employment service before the normal pension date, or when an employee accepts voluntary termination of the contract. The Group records post-employment benefits when it is demonstrated that the termination of the employment contract is in line with a formal plan which determines the termination of the employment service, or when the provision of the benefit is a result of a leaving indemnity programme.

Financial liabilities

Financial liabilities and other commitments to be paid, with the exclusion of the categories indicated in paragraph 4.2 of IFRS 9, are initially measured at amortised cost, using the effective interest rate. When there is a change in the expected cash flows and it is possible to estimate them reliably, the value of the payables are recalculated to reflect this change, based on the new present value of the expected cash flows and on the internal yield initially determined. The financial liabilities are classified under current liabilities, except when the Group has an unconditional right to defer their payment for at least 12 months after the balance sheet date.

Purchases and sales of financial liabilities are recognised at the valuation date of the relative transaction.

Financial liabilities are derecognised from the balance sheet when they are settled and the Group has transferred all the risks and rewards relating to the instrument.

As a result of the application of IFRS 16, with effect from January 1, 2019, the balance sheet includes current and non-current financial liabilities ("lease liabilities") representative of the obligation to make the payments provided for in the contract. As permitted by the Standard, the lease liability is not taken to a separate account but included amongst "Current financial liabilities" and "Non-current financial liabilities".

Trade and other payables

Trade and other payables are initially recognised at amortised cost.

Reverse factoring transactions - indirect factoring

In order to ensure easy access to credit for its suppliers, the Group has entered into reverse factoring or indirect factoring agreements (with recourse). Based on the contractual structures in place, the supplier has the possibility to assign the receivables claimed from the Group at its own discretion to a lending institution and cash in the amount before maturity.

Invoice payment terms are non-interest bearing as they do not involve further extensions agreed upon between the supplier and the Group.

In this context, the relationships for which the primary obligation is maintained with the supplier and any extension, where granted, do not involve a change in payment terms, retain their nature and therefore remain classified as commercial liabilities.

Revenue recognition

Revenues are recognised when the transfer to the client of the goods or services promised is expressed in an amount (expressed net of value added taxes and discounts) which reflects the expected consideration to be received in exchange for the goods or services.

Recognition occurs when (or over time) the Group complies with the obligation to transfer to the client the goods or service (or the asset) promised. The asset is transferred when (or over time) the client acquires control. Control of the asset is the capacity to decide upon the use of the asset and to obtain substantially all the remaining benefits. Control includes the capacity to prevent other entities to use the asset and obtain benefits. The benefits of the assets are the potential cash flows (cash inflows or savings on outflows) which may be obtained directly or indirectly.

For each obligation to be complied with over time, the revenues are recognised over the time period, evaluating the progression towards complete compliance with the obligation.

Handling activity revenues are recognised on an accruals basis, according to the number of passengers in the year.

Revenues from electric and thermal energy production are recognised on an accruals basis, according to the effective quantity produced in kWh. The tariffs are based on the contracts in force - both those at fixed prices and indexed prices.

Green certificates, white certificates and emission quotas

The companies which produce electricity from renewable sources receive green certificates from the Energy Service Operator (GSE). Revenues are recognised on an accruals basis, both in relation to certificates issued on a preliminary basis and final certificates issued. On the recognition of the revenues a receivable is recorded from the GSE and on the sale of the certificates this is then recorded as a customer receivable.

Revenue for works on assets under concession

Revenues on construction work are recognised in relation to the state of advancement of works in accordance with the percentage of completion method and on the basis of the costs incurred for these activities increased by a mark-up of 6% representing the remuneration of the internal costs of the management of the works and design activities undertaken by the SEA Group, the mark-up which would be applied by a general contractor (as established by IFRIC 12).

The revenues generated by the Group refer to the sale of goods and services during the period and principally refer to the business lines illustrated in the "Operating segments" section and in the income statement. As per IFRS 15, paragraph 114, the Group aggregates the revenues recorded deriving from contracts with customers into categories which illustrate how the economic factors impact upon the nature, the amount, the timing and the level of uncertainty of the revenues and of the cash flows.

The revenues are recorded net of the incentives granted to airlines, based on the number of passengers transported and invoiced by the airlines to the Company for *(i)* the maintenance of traffic at the airport or *(ii)* the development of traffic through increasing existing routes or launching new routes.

Government grants

Public grants, in the presence of a formal resolution, are recorded on an accrual basis in direct correlation to the costs incurred (IAS 20). Public grants, including non-monetary grants measured at fair value, do not need to be recognised until there is reasonable certainty that:

a. the entity will respect the established conditions; and
b. the grants will actually be received.

A government grant received to offset costs or losses that have already been incurred or to provide immediate financial support to the entity without related future costs must be recognised in profit or loss in the year in which it is collectable.

Capital grants

Capital public grants relating to property, plant and equipment are recorded as a reduction in the acquisition value of the assets to which they refer.

Operating grants

Operating grants are recorded in the income statement in the account "Operating income".

Recognition of costs

Costs are recognised when relating to assets or services acquired or consumed in the year or by systematic allocation.

Financial income

Financial income is recognised on an accruals basis and includes interest income on funds invested, foreign currency gains and income deriving from financial instruments, when not offset by hedging operations. Interest income is recorded in the income statement at the moment of maturity, considering the effective yield.

Financial charges

Financial charges are recorded on an accrual basis and include interest on financial payables calculated using the effective interest method and currency losses. The financial charges incurred on investments in assets for which a significant period of time is usually needed to render the assets available for use or sale (qualifying assets) are capitalised and amortised over the useful life of the class of the assets to which they refer in accordance with the provisions of IAS 23.

Income taxes

Current income taxes are calculated based on the assessable income for the year, applying the current tax rates at the balance sheet date.

Deferred taxes are calculated on all differences between the assessable income of an asset or liability and the relative book value, with the exception of goodwill. Deferred tax assets for the portion not compensated by deferred tax liabilities are recognised only for those amounts for which it is probable there will be future assessable income to recover the amounts. The deferred taxes are calculated utilising the tax rates which are expected to be applied in the years when the temporary differences will be realised or settled. Deferred tax assets are recorded when their recovery is considered probable.

Current and deferred income taxes are recorded in the income statement, except those relating to accounts directly credited or debited to equity, in which case the fiscal effect is recognised directly to equity and to the Comprehensive Income Statement. Income taxes are offset when applied by the same fiscal authority, there is a legal right for offsetting and the payment of the net balance is expected.

Other taxes not related to income, such as taxes on property, are included under "Other operating expenses".

Dividends

Payables for dividends to shareholders are recorded in the year in which the distribution is approved by the Shareholders' Meeting.

The dividends distributed between Group companies are eliminated in the income statement.

3. ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements require the directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic under the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts.

The accounting principles which relating to the Group, require greater subjectivity by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the consolidated financial statements are briefly described below.

(a) Impairments

The tangible and intangible assets and investments in associated companies and property investments are verified to ascertain if there has been a loss in value which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. The verification of the existence of the above-mentioned indicators requires the Directors to make valuations based on the information available within the Group and from the market, as well as historical experience. In addition, when it is determined that there may be a potential impairment loss, the Group determines this through using the most appropriate technical valuation methods available. The correct identification of the indicators of the existence of a potential reduction in value, as well as the estimates for their determination, depends on factors which may vary over time impacting upon the valuations and estimates made by the Directors. Due to the major uncertainties linked to the COVID-19 emergency, both in the duration of the restrictions and in the structural macro-economic impacts, an accurate forecast process for the current year is extremely difficult. The Group is carefully monitoring the development of the situation and is updating the sensitivity analyses on the effects of the epidemic and has, in order to mitigate uncertainty, prepared impairment tests that take account of separate scenarios and specific sensitivity analyses. Reference should be made in addition to the paragraph below "Impairments".

(b) Amortisation & depreciation

Depreciation represents a significant cost for the Group. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the relative assets and components. The useful life of the fixed assets of the Group is determined by the Directors when the fixed assets are purchased. This is based on the historical experiences for similar fixed assets, market conditions and considerations relating to future events which could have an impact on the useful life, such as changes in technology. Therefore, the effective useful life may be different from the estimated useful life. The Group periodically evaluates technological and sector changes to update the residual useful life. Any change of residual useful life could result in a change in the depreciation period and therefore in the depreciation charge in future years. In application of the new accounting standard IFRS 16, the income statement also includes the recognition of the depreciation of "Leased assets right-of-use".

(c) Provisions for risks and charges

The Group companies may be subject to legal disputes, in relation to taxation or employment issues, based on particularly complex circumstances of varying degrees of uncertainty, according to the facts and circumstances, jurisdiction and laws applicable to each case.

Considering the inexact nature of these issues, it is difficult to predict with certainty any future payments required.

Therefore Management, having consulted with its legal and tax advisers, recognises a liability against these disputes when a financial payment is considered probable and the amount of the losses arising may be reasonably estimated. In the case in which a payment is considered possible, but is not yet determinable, such is reported in the explanatory notes.

Provisions are recorded against risks of a legal and tax nature and employee disputes. The amount of the provisions recorded in the financial statements relating to these risks therefore represents the best estimate at that date made by the Directors. This estimate results in the adoption of assumptions concerning factors which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directors for the preparation of the financial statements. In addition, the restoration and replacement provision of the assets under concession, recorded in accordance with IFRIC 12, includes the best estimate of the charges matured at the balance sheet date for scheduled maintenance in future years in order to ensure the functionality, operations and security of the assets under concession. When measuring the restoration and replacement provision, the Group has taken account of expected investments and has not noted a particular impact from COVID-19.

(d) Trade receivables

The Group evaluates the expected losses on trade receivables in order to reflect, through a specific doubtful debt provision, the realisable value utilising reasonable and demonstrable information available, without excessive costs or effort at the reporting date on past events, current conditions and future economic conditions. The doubtful debt provision represents the best estimate at the reporting date made by the Directors. This estimate is based on facts and expectations which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directives for the preparation of the Group consolidated financial statements.

(e) Leases

The transition to IFRS 16 introduced certain elements of professional judgment that entail the definition of certain accounting policies and the use of assumptions and estimates with regard to the lease term and the definition of the incremental borrowing rate. The main ones are summarised below:

- The Group has decided not to apply IFRS 16 for contracts containing a lease where the underlying asset is of low value (less than Euro 5 thousand).
- *Lease term*: the Group has analysed all of its lease contract and has identified the lease term for each of them – this is the non-cancellable period together with the effects of any extension or early termination options whose exercise is considered reasonably certain.
- Definition of the incremental borrowing rate: since most rental contracts entered into by the Group do not include an implied interest rate, the discount rate to be applied to future rental payments has been taken as the average cost of medium/long term debt.

4. RISK MANAGEMENT

The risk management strategy of the Group is based on minimising potential negative effects related to the financial and operating performance. Some types of risk are offset through recourse to derivative instruments.

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 entities of the Group.

4.1 Credit risk

Credit risk represents the exposure of the SEA Group to potential losses deriving from the non-compliance of obligations by trading and financial partners.

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 SEA 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 SEA 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 2021, total receivables increased compared to 2020 following the increase in revenues. As a result, the ratio between trade receivables and security deposits/guarantees decreased.

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 prudently 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)	December 31, 2021	December 31, 2020
Trade receivables - customers	209,694	155,175
- of which overdue	146,575	125,648
Doubtful debt provision - customers	(124,149)	(110,147)
Trade receivables - associates	10,565	6,563
Doubtful debt provision - associates	(182)	(191)
Total net trade receivables	**95,928**	**51,400**

The aging of the overdue receivables is as follows:

Trade receivables

(Euro thousands)	December 31, 2021	December 31, 2020
less than 180 days	28,096	25,050
more than 180 days	118,479	100,598
Total trade receivables overdue	**146,575**	**125,648**

With regards to the Covid-19 health emergency and the consequent extraordinary situation impacting the entire air transport sector, almost all commercial partners encountered financial difficulties, resulting in an increase in overdue receivables at the end of 2021.

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 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.

In view of the particularly critical situation due to the Covid-19 outbreak, an in-depth analysis of the allocation of customers to the various ratings classes was carried out, making changes where necessary to the relative allocations according to the level of exposure and currently available information.

Trade receivables

(Euro thousands)	December 31, 2021	December 31, 2020
Customer receivables	220,259	161,738
(i) receivables from parties in administration	109,437	92,190
(ii) disputed receivables	18,958	19,159
Total trade receivables net of receivables at (i) and (ii)	**91,864**	**50,389**
Receivables due other than receivables at (i) and (ii)	18,180	14,299
Sureties and guarantee deposits	74,672	78,876
Percentage of receivables guaranteed by sureties and guarantee deposits compared to the total trade receivables net of receivables at (i) and (ii)	81.3%	156.5%

4.2 Market risks

The market risk to which the SEA Group is exposed comprises all types of risks directly and indirectly related to market prices. In 2021, 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, in SEA Energia.

a) Interest rate risk

The SEA 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 SEA Group, modifying the costs and returns on financial and investment operations.

The SEA 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). Relating to this risk, for the purposes of the relative hedging, the SEA Group typically makes recourse to derivative contracts, which converts the variable rate to a fixed rate or limits the fluctuations in variable rates over a range, in this manner reducing the risk originating from the volatility of the rates. We highlight that these derivative contracts, underwritten exclusively for the purposes of hedging market rate volatility, are recorded through the cash flow hedge method. Please note that as of December 31, 2021, the SEA Group has no derivative contracts in place, following their natural expiry during the year.

At December 31, 2021 the gross financial debt of the SEA Group was comprised of medium/long-term loans (medium/long term portions of loans) and short-term loans (exclusively the medium/long-term portion of loans maturing within 12 months). At this date, the SEA Group did not make recourse to short-term debt.

The medium/long term debt at December 31, 2021 is reported in the following table, which shows each loan at the nominal value (which includes a spread of between 0.25% and 2.50%, not considering the hedging operations and any accessory guarantees):

Medium/long-term loans at December 31, 2021 and 2020

	December 31, 2021			December 31, 2020		
(Euro thousands)	**Maturity**	**Amount**	**Average rate**	**Maturity**	**Amount**	**Average rate**
Bonds	**2025**	**300,000**	**3.500%**	**from 2021 to 2025**	**600,000**	**3.313%**
Bank loans - EIB funding	**from 2023 to 2040**	**232,946**	**0.72%**	**from 2023 to 2037**	**197,308**	**0.86%**
o/w at Fixed Rate		*43,628*	*2.54%*		*31,017*	*3.91%*
o/w at Variable Rate(*)		*189,318*	*0.30%*		*166,291*	*0.29%*
o/w at Fixed Rate	**from 2022 to 2024**	**263,782**	**0.39%**	**from 2022 to 2023**	**400,000**	**0.39%**
o/w at Fixed Rate						
o/w at Variable Rate		*263,782*	*0.39%*		400,000	*0.39%*
Medium/long-term gross financial debt		**796,728**	**1.66%**		**1,197,308**	**1.93%**

(*) Includes: (i) variable rate tranche subject to interest rate hedge (ca. 28% at 12.31.2020);
(ii) Euro 70 million of EIB loans with specific bank guarantee

The total value of medium/long-term loans at December 31, 2021 is Euro 796,728 thousand, a reduction of Euro 400,580 thousand compared to December 31, 2020. This value was impacted by: (i) the redemption of the Euro 300 million SEA 04/2021 bond in April 2021; (ii) continuation of the repayment of financing on EIB funds outstanding and a part of the 2020 term loans; and (iii) the process of strengthening and optimising SEA's financial structure, including the disbursement of new term loans during the year for Euro 110 million, of which Euro 50 million related to a new three-year term loan with Mediobanca and Euro 60 million related to a 20-year tranche of the EIB line signed in 2019, and the early repayment of Euro 180 million in 2020 term loans.

It is worth noting that the Mediobanca term loan is the Group's first sustainability-linked funding operation and has a margin level linked to the achievement of specific strategic environmental sustainability targets for SEA, i.e., the improvement of its Airport Carbon Accreditation certification.

The average cost of medium/long-term debt at the end of December 2021 came to 1.66%, down 27 bps on the end of December 2020, benefitting from the repayment of the SEA 04/2021 Bond and the favourable cost conditions on the new Term Loans disbursed in 2021. Also considering the hedging transactions against the interest rate risk concluded in the year and the cost of bank guarantees on EIB loans, the average cost of debt amounts to 1.76%, down 40 bps compared to the end of 2020.

At December 31, 2021, the Group has the following bond issue with 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%

The fair value of the overall bank and bond medium/long-term Group debt at December 31, 2021 amounts to Euro 828,246 thousand (reduction on Euro 1,232,458 thousand at December 31, 2020). 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 bonds listed on a regulated market, reference was made to the market values at December 31, 2021;
- 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).

Due to the continued COVID-19 emergency, SEA requested and obtained an extension to the covenant holiday on outstanding loans and committed lines of credit available from the lending banks for the testing dates until June 30, 2022 inclusive. As concerns the new term loans signed and disbursed in 2020, the contractual covenants, which have been determined based on scenarios that already include the impact of the COVID-19 pandemic, have been met.

Please note that as of December 31, 2021, the SEA Group has no derivative contracts in place (present however at December 31, 2020), following their natural expiry during the year.

Interest rate hedges (€/000)

	Notional at signing date	Residual Notional at 31/12/2021	Date of signing	Start	Maturity	Fair value at 31/12/2021	Fair value at 31/12/2020
IRS	10,000		18/5/2011	15/9/2012	15/9/2021		(258.4)
	5,000		18/5/2011	15/9/2012	15/9/2021		(129.2)
	15,000		18/5/2011	15/9/2012	15/9/2021		(328.1)
	10,000		6/6/2011	15/9/2012	15/9/2021		(177.3)
	11,000		6/6/2011	15/9/2012	15/9/2021		(188.0)
	12,000		6/6/2011	15/9/2012	15/9/2021		(188.2)
	12,000		6/6/2011	15/9/2012	15/9/2021		(188.2)
Collar	10,000		6/6/2011	15/9/2011	15/9/2021		(145.8)
	11,000		6/6/2011	15/9/2011	15/9/2021		(141.1)
Total	**96,000**	**0**				**0**	**(1,744.3)**

"-" indicates the cost for the SEA Group of any early closure of the operation. "+" indicates the gain for the SEA Group of any early closure of the operation

The fair value of the derivative financial instruments was determined in accordance with IFRS 9 and IFRS 13.

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

The SEA Group is exposed to changes in energy commodity prices, namely gas, electricity and thermal energy and environmental certificates relating to the company's operations and related energy requirements. The second half of 2021 saw significant increases in the price of energy commodities that could continue into 2022, exposing the Group to higher procurement costs.

During 2021, the SEA Group did not carry out any transactions to hedge this risk, while in 2019 it had made purchases of environmental and gas certificates for the 2020 requirement, thereby eliminating the impact resulting from the changes in the related price that occurred during the year under review.

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 (also following the COVID-19 pandemic), 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 December 31, 2021, the SEA Group held Euro 134 million in financial resources, despite the ongoing effects of the COVID-19 crisis on its financial performance and relative cash flows, thanks to the process to strengthen the financial structure carried out in 2020 and continued in 2021.

To this is added the irrevocable unutilised credit lines of Euro 330 million, of which Euro 260 million concerning the available revolving lines maturing between the end of 2023 and the beginning of 2024 and Euro 70 million concerning lines on EIB funds, utilisable by February 2023 and Euro 138 million 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, financial charges on derivative instruments and leasing) and trade payables at December 31, 2021, and December 31, 2020:

Liabilities at December 31, 2021

(in Euro millions)	< 1 year	>1 year < 3 years	>3 years < 5 years	> 5 years	Total
Gross financial debt	233.9	138.5	362.0	126.8	861.3
Lease liabilities (Financial Payables)	2.0	4.8	1.0	4.5	12.3
Trade payables	145.0				145.0
Total payables	**380.9**	**143.3**	**363.0**	**131.3**	**1,018.6**

Liabilities at December 31, 2020

(in Euro millions)	< 1 year	>1 year < 3 years	>3 years < 5 years	> 5 years	Total
Gross financial debt	356.3	468.1	364.8	88.8	1,278.0
Lease liabilities (Financial Payables)	1.6	2.6	1.7	3.5	9.4
Trade payables	110.5				110.5
Total payables	**468.4**	**470.7**	**366.5**	**92.3**	**1,397.9**

Due to the continued COVID-19 emergency, SEA requested and obtained an extension to the covenant holiday on outstanding loans and committed lines of credit available from the lending banks for the testing dates until June 30, 2022 inclusive. As concerns the new term loans signed and disbursed in 2020, the contractual covenants, which have been determined based on scenarios that already include the impact of the COVID-19 pandemic, have been met.

At December 31, 2021, loans due within one year relate mainly to 2020 Term Loans due by December 2022, the capital portion falling due on some of 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;
- interest risk derivative hedge instruments.

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

a) Assumptions: the effect was analysed on the SEA Group income statement for 2021 and 2020 of a change in market rates of +50 or of -50 basis points.

b) Calculation method:
   - the remuneration of the bank deposits is related to the interbank rates. In order to 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 3 months and 6 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 interest risk derivative hedge instruments were measured both in terms of cash flows and fair value (in terms of changes compared to the same period of the previous year). In both cases, the values were estimated applying the changes as per point a) to the forward curve expected for the period. Please note that as of December 31, 2021, the SEA Group has no derivative contracts in place, following their natural expiry during the year.

The results of the sensitivity analysis are reported below:

	December 31, 2021		December 31, 2020	
(Euro thousands)	**-50 bp**	**+50 bp**	**-50 bp**	**+50 bp**
Current accounts (interest income)(1)	-690.87	1.525.25	-232.74	1,414.20
Loans (interest charges)(2)	1,444.49	-2,112.56	1,001.36	-1,713.38
Derivative hedging instruments (flows)(3)	-110.79	110.79	-196.45	196.45
Derivative hedging instruments (fair value)(4)	0.00	0.00	-114.38	120.41

(1) *+ = higher interest charges; - = lower interest charges*

(2) *+ = lower interest charges; - = higher interest charges*

(3) *+ = revenue from hedge; - = cost of hedge;*

(4) *amount entirely allocated to net equity given full efficacy of hedges*

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. By applying a variation of -50 basis points to the current market interest rate curve, the cash flow 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 December 31, 2021, and at December 31, 2020, 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*.

	December 31, 2021				
(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		95,928			95,928
Tax receivables		794			794
Other current receivables		4,961			4,961
Cash and cash equivalents		134,173			134,173
Total	**1**	**235,952**	**0**	**0**	**235,953**
Non-current financial liabilities exc. leasing				573,871	573,871
- of which payables to bondholders				*298,708*	*298,708*
Non-current financial payables for leasing				10,364	10,364
Other non-current payables				84,736	84,736
Trade payables				145,040	145,040
Tax payables				8,609	8,609
Other current payables				177,234	177,234
Current financial liabilities excl. leasing				223,422	223,422
Current financial liabilities for leasing				*1,893*	*1,893*
Total	**0**	**0**		**1,225,169**	**1,225,169**

	December 31, 2020				
(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		214			214
Trade receivables		51,400			51,400
Tax receivables		1,936			1,936
Other current receivables		7,654			7,654
Cash and cash equivalents		588,313			588,313
Total	**1**	**649,517**	**0**	**0**	**649,518**
Non-current financial liabilities exc. leasing				863,339	863,339
-of which payables to bondholders				*298,490*	*298,490*
Non-current financial payables for leasing				7,763	7,763
Other non-current payables				87,808	87,808
Trade payables				110,465	110,465
Tax payables				8,351	8,351
Other current payables				154,402	154,402
Current financial liabilities excl. leasing			1,744	340,587	342,331
-of which payables to bondholders				*299,856*	*299,856*
Current financial liabilities for leasing				1,606	1,606
Total	**0**	**0**	**1,744**	**1,574,321**	**1,576,065**

The values resulting from the utilisation of the amortised cost method approximates the fair value of the category.

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.

The following table shows the Group assets and liabilities measured at fair value at December 31, 2021, and at December 31, 2020:

	December 31, 2021		
(Euro thousands)	Level 1	Level 2	Level 3
Other investments			1
Derivative financial instruments			
Total	**0**	**0**	**1**

	December 31, 2020		
(Euro thousands)	Level 1	Level 2	Level 3
Other investments			1
Derivative financial instruments		1,744	
Total	**0**	**1,744**	**1**

6.1 Assets and liabilities held-for-sale and Net result from assets held for sale

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 December 31, 2021 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 accounts included among *Assets held for sale* are attributable to the income statement of SEA Energia SpA for the full year along with the appropriate IAS/IFRS adjustments.
- The individual income statement accounts relating to *Continuing Operations* are presented without eliminating inter-company transactions between *Continuing Operations* and *Discontinued Operation*s, while the account *Net result from assets held for sale* includes the effects of the eliminations of these transactions.
- On the balance sheet, the consolidation of the *Continuing Operations* and *Discontinued Operations* implies, as previously described, the elimination of the intercompany transactions between them, in order that the amounts recorded under *Continuing Operations* and *Discontinued Operations* represent the balance of the assets and liabilities from transactions with third parties external to the Group. Consequently, these balances may not be representative of the SEA Group balance sheet post-discontinuation of the energy business. The offsets of these transactions are included among *Assets held for sale and Liabilities related to discontinued operations* in order to properly present the total assets and liabilities of the Group as a whole.
- 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. These accounts represent cash flows from transactions with third parties external to the Group. Consequently, the cash flows from *Continuing Operations* and *Discontinued Operations* may not be representative of the SEA Group cash flows post-discontinuation of the energy business. 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)	2021	2020
Operating revenues	51,351	36,551
Total revenues	**51,351**	**36,551**
Operating costs		
Personnel costs	(2,116)	(2,221)
Consumable materials	(37,464)	(26,079)
Other operating costs	(4,190)	(3,761)
Total operating costs	**(43,770)**	**(32,061)**
EBITDA	**7,581**	**4,490**
Provisions & write-downs	7	81
Amortisation & Depreciation	(3,377)	(2,834)
Operating result	**4,211**	**1,737**
Financial charges	(674)	(774)
Financial income	12	
Pre-tax result	**3,549**	**963**
Income taxes	(1,449)	(256)
Net result from assets held for sale	**2,100**	**707**

Operating revenues for 2021 total Euro 51,351 thousand, an increase of 40.5% compared to 2020.

Operating revenues include:

- “electricity” for a total of Euro 42,805 thousand (+226.1% from 2020);
- “thermal energy” totals Euro 5,639 thousand (-75.7% compared to 2020);
- “other revenues”, in the amount of Euro 2,907 thousand, mainly refer to the calculation of “white certificates” earned in 2021 following the start of operations of the new TGE turbine at the Malpensa station.

Operating costs incurred in 2021, in the amount of Euro 43,770 thousand, increased by Euro 11,709 thousand (+36.6% on 2020). Operating costs mainly include: i) the purchase of methane for Euro 26,398 thousand for electricity and thermal energy (up Euro 5,083 thousand as the combined effect of greater quantities consumed and increased per-unit costs for methane); and ii) charges related to CO_2 quotas earned in 2021 for Euro 9,265 thousand (an increase of Euro 5,804 thousand as the combined effect of greater quantities of CO_2 emitted and increased per-unit costs).

Depreciation totals Euro 3,377 thousand. Compared to 2020, this item increased by Euro 543 thousand due mainly to the start of depreciation for the new TGE turbine at the Malpensa station.

Net financial expenses total Euro 674 thousand, down Euro 100 thousand compared to 2020. This improvement is mainly attributable to the decrease in interest expense payable to the parent company SEA for centralised treasury management.

Income taxes, of Euro 1,449 thousand, consist of:

- current IRES and IRAP taxes of Euro 3,061 thousand;
- deferred taxes with a positive impact on income of Euro 1,612 thousand.

The assets and liabilities related to the *Discontinued Operations* at December 31, 2021 and December 31, 2020 – restated – are reported below:

Assets held-for-sale and discontinued operations Financial Statement

(Euro thousands)	December 31, 2021	December 31, 2020 *
Intangible assets	125	123
Property, plant & equipment	56,539	57,732
Leased assets right-of-use	54	73
Deferred tax assets	2,377	766
Other non-current receivables	12	113
Inventories	12	12
Trade receivables	15,383	10,110
Tax receivables	475	845
Other current receivables	5,111	2,260
Cash and cash equivalents	35	39
Elimination of assets held-for-sale receivables and payables	(32,611)	(36,070)
TOTAL ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS	**47,512**	**36,003**
Share capital	5,200	5,200
Other reserves	27,920	27,213
Net Result	2,100	707
Provision for risks and charges	490	490
Employee provisions	398	396
Non-current financial liabilities	38	57
Trade payables	13,153	9,393
Income tax payables	2,689	51
Other payables	7,574	305
Current financial liabilities	20,561	28,261
Elimination of assets held-for-sale receivables and payables	(32,611)	(36,070)
TOTAL LIABILITIES RELATED TO ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS AND SHAREHOLDERS' EQUITY	**47,512**	**36,003**

(*) Reported only for comparative purposes; IFRS 5 does not require restatement of the prior year balance sheet.

Property, plant and equipment decreased by Euro 1,193 thousand due mainly to depreciation in 2021, which, as mentioned, continues to be recognised, and to the disposal of assets. These effects were partially offset by capital expenditure at the Malpensa station (particularly for the balance on the new TGE turbine) and to purchase industrial assets for the Linate station.

The increase in current assets is mainly attributable to the increase in amounts receivable from the parent company for Euro 2,971 thousand and to recognition of the receivable from the Energy Services Manager related to the white certificates earned in 2021 and for a security deposit returned in January 2022.

The increase in other payables is mainly due to the recognition of the payable to the Ministry for the Environment for the estimated value of the CO_2 emission rights accrued and not entirely purchased in 2021.

Tax payables for the year increased by Euro 2,638 thousand following the recognition of IRES and IRAP payable (from a receivable balance at December 31, 2020).

Payables related to centralised treasury management for the SEA Group total Euro 20,542 thousand (Euro 28,244 thousand at December 31, 2020).

Equity related to discontinued operations increased by Euro 2,036 thousand from December 31, 2020, as a result of earnings for the year.

The cash flows relating to the Discontinued Operations were as follows:

Cash flow statement of assets held-for-sale and discontinued operations

(Euro thousands)	2021	2020
Cash flow from operating activities		
Pre-tax result	3,549	963
Adjustments:		
Amortisation, depreciation and write-downs	3,377	2,834
Net change in provisions (excl. employee provision)		(445)
Changes in employee provisions	2	(16)
Net changes in doubtful debt provision	(7)	50
Net financial charges	662	774
Other non-cash changes		(183)
Cash generated / (absorbed) from operating activities before changes in net working capital of assets held-for-sale and discontinued operations	**7,583**	**3,977**
Change in inventories		1
Change in trade and other receivables	(7,747)	8,187
Change in other non-current assets	101	1
Change in trade and other payables	9,962	(8,290)
Cash generated/(absorbed) from changes in working capital of assets held-for-sale and discontinued operations	**2,316**	**(101)**
Income taxes paid	(16)	(3)
Cash generated/(absorbed) from operating activities of assets held-for-sale and discontinued operations	**9,883**	**3,873**
Investments in fixed assets:		
- intangible assets	(2)	(123)
- tangible assets	(3,783)	(6,538)
Divestments from fixed assets:		
- tangible assets	1,618	701
Cash generated/(absorbed) from investing activities of assets held-for-sale and discontinued operations	**(2,167)**	**(5,960)**
Changes in financial assets/liabilities	(7,720)	2,090
Interest and commissions paid		(3)
Cash generated/(absorbed) from financing activities of assets held-for-sale and discontinued operations	**(7,720)**	**2,087**
Increase/(decrease) in cash and cash equivalents of assets held-for-sale and discontinued operations	**(4)**	**0**
Opening cash and cash equivalents	39	39
Closing cash and cash equivalents	35	39

In accordance with IFRS 5, the 2020 figures were reclassified.

7. DISCLOSURE BY OPERATING SEGMENT

Due to the type of activities undertaken by the Group, the factor "traffic" significantly effects the results of all activities. The SEA Group has identified three operating segments, as further described in the Directors' Report and specifically: *(i) Commercial Aviation, (ii) General Aviation, (iii) Energy*. This representation may differ at individual legal entity level. The information currently available concerning the principal business operating sectors identified is presented below.

Commercial Aviation: 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, 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.

Energy: the business includes the generation and sale of electricity and heat on the market. IFRS 5 requires that the 2021 income statement of the "Discontinued Operations" business line is not included in the 2021 results line-by-line for each cost and revenue item, but the total result of the Discontinued Operations business line is recorded on a separate line in the account "Net result from assets held for sale"; the same treatment is applied to the assets and liabilities of the Discontinued Operations, which are not included in the assets and liabilities of the continuing operations but are recorded in separate accounts under assets and liabilities. 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. The segment information illustrated below refers only to continuing operations. Similarly, the income statement and statement of financial position figures of the discontinued operations are illustrated and reported upon at paragraph "6.1 Assets and liabilities held-for-sale and Net result from assets held for sale". Consequently, the comparative segment information was restated taking account of the exit of the Group from the energy business.

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 December 31, 2021

(Euro thousands)	Commercial Aviation	General Aviation	IC Eliminations	Consolidated Financial Statements
Revenues	322,294	17,530	(14,592)	325,232
of which Intercompany	(9,794)	(4,798)	14,592	
Total operating revenues (third parties)	**312,500**	**12,732**	**0**	**325,232**
EBITDA	**23,134**	**8,607**		**31,741**
EBIT	**(87,346)**	**6,552**		**(80,794)**
Investment income/(charges)				(382)
Financial charges				(21,428)
Financial income				1,633
Pre-tax result				**(100,971)**
Fixed asset investments	**31,611**	**2,107**		**33,718**
Tangible assets	5,408	2,071		7,479
Intangible assets	26,203	36		26,239

Segment disclosure: Income statement & balance sheet at December 31, 2020 (restated)

(Euro thousands)	Commercial Aviation	General Aviation	IC Eliminations	Consolidated Financial Statements
Revenues	242,405	12,275	(8,165)	246,515
of which Intercompany	(5,606)	(2,559)	8,165	
Total operating revenues (third parties)	**236,799**	**9,716**	**0**	**246,515**
EBITDA	**(37,217)**	**6,166**		**(31,051)**
EBIT	**(138,776)**	**3,962**		**(134,814)**
Investment income/(charges)				(9,947)
Financial charges				(20,313)
Financial income				1,000
Pre-tax result				**(164,074)**
Fixed asset investments	**39,158**	**642**		**39,800**
Tangible assets	10,825	642		11,467
Intangible assets	28,333			28,333

More information on operating business activities is available in the "*Operating Performance – Sector Analysis*" section in the Directors' Report.

8. NOTES TO THE STATEMENT OF FINANCIAL POSITION

8.1 Intangible assets

The table below reports the changes in intangible assets in 2021:

Intangible assets

(Euro thousands)	December 31, 2020	(*) IFRS 5 reclassification	Increases in the year	Reclassifications /transfers	Destruct. /sales	Amortisation /write-downs	December 31, 2021
Gross value							
Rights on assets under concession	1,578,076	1,434	1,412	32,660	(2,745)		1,610,837
Rights on assets under concess. in prog. & advances	43,096		22,806	(32,209)			33,693
Patents and right to use intellectual property & others	97,968			1,569		(83)	99,454
Assets in progress and advances	1,456	(123)	2,008	(1,569)			1,772
Other	18,410		13			(159)	18,264
Total Gross Value	**1,739,006**	**1,311**	**26,239**	**451**	**(2,745)**	**(242)**	**1,764,020**
Accumulated amortisation							
Rights on assets under concession	(669,719)			3	1,408	(42,692)	(711,000)
Rights on assets under concess. in prog. & advances							
Patents and right to use intellectual property & others	(85,192)					(6,841)	(92,033)
Assets in progress and advances							
Other	(15,328)						(15,328)
Total accumulated amortisation	**(770,239)**	**0**	**0**	**3**	**1,408**	**(49,533)**	**(818,361)**
Net value							
Rights on assets under concession	908,357	1,434	1,412	32,663	(1,337)	(42,692)	899,837
Rights on assets under concess. in prog. & advances	43,096		22,806	(32,209)			33,693
Patents and right to use intellectual property & others	12,776			1,569		(6,924)	7,421
Assets in progress and advances	1,456	(123)	2,008	(1,569)			1,772
Other	3,082		13			(159)	2,936
Total net value	**968,767**	**1,311**	**26,239**	**454**	**(1,337)**	**(49,775)**	**945,659**

(*) Balance at December 31, 2020 of the energy business, whose balances were reclassified to the account "Assets held-for-sale and discontinued operations" in accordance with IFRS 5

As per IFRIC 12, rights on assets under concession, net of accumulated amortisation, amount to Euro 899,837 thousand at December 31, 2021, and Euro 908,357 thousand at December 31, 2020. 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. The amortisation for 2021 amounts to Euro 42,692 thousand, while disposals total Euro 1,337 thousand. The increases in the year, amounting to Euro 34,072 thousand, derive mainly from the entry into use of investments made in previous years and recorded under "Rights on assets under concession in progress and advances". The direct increases during the period of Euro 1,412 thousand refer above all to the purchase of new explosive detection system equipment for inspecting checked baggage and x-ray equipment used to check carry-on baggage. For assets within the concession right, SEA has the obligation to record a restoration and replacement provision, in relation to which reference should be made to Note 8.15.

The account "Rights on assets under concession in progress and advances", amounting to Euro 33,693 thousand, refers to the work in progress on concession assets, not yet completed at December 31, 2021.

It should be noted that, with the conversion into law of Legislative Decree No. 34 of May 19, 2020 ("Relaunch Decree"), Law No. 77 of July 17, 2020, published in Official Gazette No. 180 of July 18, 2020, S.O. No. 25, the extension of the existing airport concessions for a further two years was approved, according to that reported in Article 202, par. 1-bis. Consequently, the Company recalculated the amortisation from 2020 according to the new expiry of the 2001 Agreement, extended until May 4, 2043.

In 2021, the SEA Group continued its commitment to the infrastructural development of the Malpensa and Linate airports. The contingent circumstances related to the COVID emergency led to the postponement of a series of investments related, above all, to commercial initiatives, as well as other projects that were not strictly necessary given current levels of passenger traffic.

The main works done during the year by the Parent Company SEA at Malpensa amounted to Euro 16,941 thousand and primarily related to: i) at Terminal 1, the start-up of the self-service bag drop at island 10, the continuation of refurbishment and standardisation of the public toilets, the seismic upgrades to the spatial coverage, and the continuation of upgrades to the fire-detection system; ii) at Terminal 2, it is noted that, following the decision to shift all traffic to Terminal 1, investments directly related to passenger traffic were suspended, including construction of the self-service bag drop and upgrades to the BHS system to ECAC standard 3, and will be subsequently completed when levels of traffic will allow for the reopening of Terminal 2; iii) air-side infrastructures at Malpensa, which solely concerned the redevelopment of existing areas and projects related to maintaining and increasing the levels of security and operational functioning of the airport. In particular, works were carried out to improve the functionality and reliability of the luminous visual aids system (also in terms of energy efficiency), the replacement of the optical guides at satellite B with new technology that allow the correct positioning of the aircraft during the parking phase, the upgrading of all the projectors of the airside lighting towers with LED technology and the implementation of a surveillance and control system for aircraft (ASMGCS) and vehicles, in the manoeuvring and movement areas.

The main works at Linate concerned completion of the functional upgrading and restyling of the terminal. In particular, the main works regard the completion of the construction of a new building F (ground floor, second floor, second floor and roof) with the façade facing the aircraft apron, the construction of new smart security lines in the area dedicated to carry-on baggage security checks, in order to optimise flows and increase the quality of the service offered to passengers, as well as the opening of new retail areas on the second floor and a new food & beverage area on the second floor. At the same time, public toilets were built on the first and second floors of the new F building in line with the new concept. Terminal upgrades were also completed in the check-in areas, and new vertical connections with the M4 arrivals station were built, including the creation of a baggage-drop area near check-in island no. 9. Finally, the works on the Linate air-side infrastructures concerned the reconfiguration of electrical systems and the "North" substation and updates to the remote control systems for the luminous visual aids for the ENAV controller working positions at the control tower.

The reclassifications to assets under concession principally related to the gradual entry into service of the restyling works at the Linate and Malpensa Terminals.

Industrial patents and intellectual property rights and other intangible assets, amounting to Euro 7,421 thousand at December 31, 2021 (Euro 12,776 thousand at December 31, 2020), relate to the purchase of software components for the airport and operating IT systems. Specifically, the increases for Euro 1,569 thousand in 2021 principally related to the development and implementation of the administrative and airport management systems, relating to investments in previous years and recorded in the account "Assets in progress and advances" which at December 31, 2021, record a residual amount of Euro 1,772 thousand, relating to software developments in progress. The amortisation for the year 2021 amounts to Euro 6,924 thousand.

In view of the results of the impairment test at December 31, 2021, described in Note 2, the non-financial assets were not written down.

The changes in intangible assets during 2020 were as follows:

Intangible assets

(Euro thousands)	December 31, 2019	Increases in the year	Reclassifications /transfers	Destruct. /sales	Amortisation /write-downs	December 31, 2020
Gross value						
Rights on assets under concession	1,552,769	2,330	23,992	(595)	(420)	1,578,076
Rights on assets under concess. in prog. & advances	43,876	23,028	(23,808)			43,096
Patents and right to use intellectual property & others	89,098		8,959		(89)	97,968
Assets in progress and advances	7,780	3,098	(8,959)	(463)		1,456
Other	18,568			2	(160)	18,410
Total Gross Value	**1,712,091**	**28,456**	**184**	**(1,056)**	**(669)**	**1,739,006**
Accumulated amortisation						
Rights on assets under concession	(625,356)			594	(44,956)	(669,719)
Rights on assets under concess. in prog. & advances						
Patents and right to use intellectual property & others	(76,749)				(8,443)	(85,192)
Assets in progress and advances						
Other	(15,328)					(15,328)
Total accumulated amortisation	**(717,434)**	**0**	**0**	**594**	**(53,399)**	**(770,239)**
Net value						
Rights on assets under concession	927,414	2,330	23,992	(1)	(45,376)	908,357
Rights on assets under concess. in prog. & advances	43,876	23,028	(23,808)			43,096
Patents and right to use intellectual property & others	12,349		8,959		(8,532)	12,776
Assets in progress and advances	7,780	3,098	(8,959)	(463)		1,456
Other	3,240			2	(160)	3,082
Total net value	**994,659**	**28,456**	**184**	**(462)**	**(54,068)**	**968,767**

8.2 Property, plant and equipment

The following tables summarises the movements in property, plant and equipment in 2021.

Property, plant and equipment

(Euro thousands)	December 31, 2020	(*) IFRS 5 reclassification	Increases in the year	Reclassifications/ transfers	Destruct./ sales	Depreciation /write-downs	December 31, 2021
Gross value							
Property	235,542	(12,545)		8,054	(183)		230,867
Plant and machinery	106,196	(99,192)	6	33	(5)		7,038
Industrial and commercial equipment	46,572	(77)	26				46,521
Other assets	90,865	(93)	1,235	868	(155)		92,720
Assets in progress and advances	28,369	(13,241)	6,212	(9,409)			11,931
Total Gross Value	**507,543**	**(125,148)**	**7,479**	**(454)**	**(343)**	**0**	**389,077**
Accumulated depreciation & write-downs							
Property	(114,647)	4,162			171	(6,335)	(116,649)
Plant and machinery	(68,056)	63,251			5	(344)	(5,145)
Industrial and commercial equipment	(44,025)	67				(1,667)	(45,625)
Other assets	(68,225)	119			153	(7,151)	(75,104)
Assets in progress and advances							
Total accumulated depreciation & write-downs	**(294,953)**	**67,599**	**0**	**0**	**329**	**(15,497)**	**(242,523)**
Net value							
Property	120,895	(8,383)		8,054	(12)	(6,335)	114,219
Plant and machinery	38,140	(35,941)	6	33		(344)	1,894
Industrial and commercial equipment	2,547	(10)	26			(1,667)	896
Other assets	22,640	26	1,235	868	(2)	(7,151)	17,616
Assets in progress and advances	28,369	(13,241)	6,212	(9,409)			11,931
Total net value	**212,591**	**(57,549)**	**7,479**	**(454)**	**(14)**	**(15,497)**	**146,556**

(*) Balance at December 31, 2020 of the energy business, whose balances were reclassified to the account "Assets held-for-sale and discontinued operations" in accordance with IFRS 5.

The investments relate to the development of the Aviation sector which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions and those in the Non Aviation sector, amounting to Euro 8,054 thousand at December 31, 2021, principally related to the restyling work at Terminal 1 of Malpensa and the Terminal of Linate.

Increases in "Property, plant and equipment" by the Parent Company SEA include, in addition, furniture and furnishings (counters, benches, seats, etc.) for Euro 838 thousand and the purchase of new video terminals and personal computers for Euro 330 thousand.

All fixed assets, including those falling under IFRIC 12, are expressed net of those funded by State and European Union contributions. These latter at December 31, 2021, amounted to Euro 511,873 thousand and Euro 7,019 thousand respectively.

In view of the results of the impairment test at December 31, 2021, described in Note 2, the non-financial assets were not written down.

The changes in property, plant and equipment during 2020 were as follows:

Property, plant and equipment

(Euro thousands)	December 31, 2019	Increases in the year	Reclassifications/ transfers	Destruct./ sales	Depreciation /write-downs	December 31, 2020
Gross value						
Property	231,691		3,888	(37)		235,542
Plant and machinery	114,267	73	895	(9,039)		106,196
Industrial and commercial equipment	46,295	279		(2)		46,572
Other assets	79,778	1,211	9,902	(25)		90,865
Assets in progress and advances	26,796	16,442	(14,869)			28,369
Total Gross Value	**498,826**	**18,005**	**(184)**	**(9,103)**	**0**	**507,543**
Accumulated depreciation & write-downs						
Property	(107,924)			27	(6,748)	(114,647)
Plant and machinery	(73,665)			8,518	(2,909)	(68,056)
Industrial and commercial equipment	(40,554)				(3,470)	(44,025)
Other assets	(61,024)			2	(7,204)	(68,225)
Assets in progress and advances						
Total accumulated depreciation & write-downs	**(283,167)**	**0**	**0**	**8,547**	**(20,331)**	**(294,953)**
Net value						
Property	123,766		3,888	(10)	(6,748)	120,895
Plant and machinery	40,602	73	895	(521)	(2,909)	38,140
Industrial and commercial equipment	5,740	279		(2)	(3,470)	2,547
Other assets	18,753	1,211	9,902	(23)	(7,204)	22,640
Assets in progress and advances	26,796	16,442	(14,869)			28,369
Total net value	**215,657**	**18,005**	**(184)**	**(556)**	**(20,331)**	**212,591**

8.3 Leased assets rights-of-use

"Leased asset rights-of-use" concern rights-of-use recognised as per IFRS 16. As a lessee, the SEA Group identified the relevant issues, principally industrial equipment, land 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 assets right-of-use at December 31, 2021, is Euro 12,996 thousand, with depreciation in the year of Euro 2,283 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.

The following tables summarises the movements between December 31, 2020, and December 31, 2021:

Leased assets rights-of-use

(Euro thousands)	December 31, 2020	(*) IFRS 5 reclassification	Increases in the year	Destruct./ sales	Depreciation /write-downs	December 31, 2021
Gross value						
Miscellaneous & minor equipment	3,188		913			4,101
Complex equipment	188					188
Transport vehicles	5,083	(59)	3,811	(147)		8,688
EDP	862					862
Land	4,377	(29)				4,348
Total Gross Value	**13,698**	**(88)**	**4,724**	**(147)**	**0**	**18,187**
Accumulated depreciation & write-downs						
Miscellaneous & minor equipment	(1,211)				(714)	(1,925)
Complex equipment	(108)				(54)	(162)
Transport vehicles	(820)	5		113	(967)	(1,669)
EDP	(313)				(157)	(470)
Land	(585)	10			(391)	(966)
Total accumulated depreciation & write-downs	**(3,037)**	**15**	**0**	**113**	**(2,283)**	**(5,192)**
Net value						
Miscellaneous & minor equipment	1,977		913		(714)	2,176
Complex equipment	80				(54)	26
Transport vehicles	4,263	(54)	3,811	(34)	(967)	7,019
EDP	549				(157)	392
Land	3,792	(19)			(391)	3,382
Total net value	**10,662**	**(73)**	**4,724**	**(34)**	**(2,283)**	**12,996**

(*) *Balance at December 31, 2020 of the energy business, whose balances were reclassified to the account "Assets held-for-sale and discontinued operations" in accordance with IFRS 5.*

The changes in leased assets rights-of-use during 2020 were as follows:

Leased assets rights-of-use

(Euro thousands)	December 31, 2019	Increases in the year	Destruct./ sales	Depreciation /write-downs	December 31, 2020
Gross value					
Runway/Apron/Street equipment	11		(11)		0
Miscellaneous & minor equipment	3,069	208	(89)		3,188
Complex equipment	188				188
Transport vehicles	3,257	2,655	(829)		5,083
EDP	908		(46)		862
Loading and unloading vehicles	7		(7)		0
Land	4,377				4,377
Total Gross Value	**11,817**	**2,863**	**(982)**	**0**	**13,698**
Accumulated depreciation & write-downs					
Runway/Apron/Street equipment	(8)		11	(3)	0
Miscellaneous & minor equipment	(614)		89	(686)	(1,211)
Complex equipment	(54)			(54)	(108)
Transport vehicles	(668)		804	(956)	(820)
EDP	(175)		46	(184)	(313)
Loading and unloading vehicles	(5)		7	(2)	0
Land	(188)			(397)	(585)
Total accumulated depreciation & write-downs	**(1,712)**	**0**	**957**	**(2,282)**	**(3,037)**
Net value					
Runway/Apron/Street equipment	3			(3)	0
Miscellaneous & minor equipment	2,455	208		(686)	1,977
Complex equipment	134			(54)	80
Transport vehicles	2,589	2,655	(25)	(956)	4,263
EDP	733			(184)	549
Loading and unloading vehicles	2			(2)	0
Land	4,189			(397)	3,792
Total net value	**10,106**	**2,863**	**(25)**	**(2,282)**	**10,662**

8.4 Investment property

Information on investment property is provided below:

Investment property

(Euro thousands)	December 31, 2021	December 31, 2020
Gross value	4,134	4,134
Accumulated depreciation	(733)	(732)
Net total investment property	**3,401**	**3,402**

Movement Accumulated Depreciation

(Euro thousands)	December 31, 2021	December 31, 2020
Opening balance	(732)	(730)
Depreciation	(1)	(2)
Closing balance	**(733)**	**(732)**

The account includes buildings not utilised in the operated activities of the Group (apartments and garages).

In view of the results of the impairment test at December 31, 2021, described in Note 2, the non-financial assets were not written down.

8.5 Investments in associated companies

The changes in the account “investments in associated companies” at December 31, 2021 and December 31, 2020 are shown below.

Investments in associates

(Euro thousands)	December 31, 2020	Movements: Increases / (decreases)	Movements: Dividends distributed	Movements: Decreases for disposal	December 31, 2021
SACBO SpA	39,573	(2,203)			37,370
Dufrital SpA	11,100	(1,432)			9,668
Disma SpA	2,470	97			2,567
Malpensa Logistica Europa SpA	3,735	2,715			6,450
SEA Services Srl	617	494			1,111
Airport Handling SpA	8,632	(53)			8,579
Total	**66,127**	**(382)**	**0**	**0**	**65,745**

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 December 31, 2021 amounts to Euro 65,745 thousand (Euro 66,127 thousand at December 31, 2020).

See the results of the impairment tests described in Note 2 with regard to the value of the investments in associates.

8.6 Other investments

The list of “Other investments” is presented below:

Other investments

Company	% Holding: December 31, 2021	% Holding: December 31, 2020
Consorzio Milano Sistema in liquidation	10%	10%
Romairport Srl	0.227%	0.227%

The tables below report the changes in other investments in 2020:

Other investments

(Euro thousands)	December 31, 2020	Movements: Increases /revaluations	Movements: Decreases /write-downs	December 31, 2021
Consorzio Milano Sistema in liquidazione	0			0
Romairport Srl	1			1
Total	**1**	**0**	**0**	**1**

8.7 Deferred tax assets

The changes in the net deferred tax assets for the year 2021 are shown below:

Deferred tax assets

(Euro thousands)	December 31, 2020	(*) IFRS 5 reclassification	(Released) / allocated to P&L	(Released) / allocated to Equity	December 31, 2021
Restoration prov. as per IFRIC 12	33,024		5,339		38,363
Write-downs assets	724		(5)		719
Provisions for risks and charges	9,222	(180)	(530)		8,512
Non-deductible doubtful debt provision	7,286	(3)	506		7,790
Labour dispute	5,061		1		5,062
Fair value measurement of derivatives	288			(288)	0
Post-em. bens. prov. discounting (IAS 19)	1,450		(273)	346	1,523
Ord. main. on assets under concession	8,771		(4,510)		4,261
Amortisation and Depreciation	2,278	(2,108)			170
Other	4,308	1,523	(108)		5,724
SEA tax losses	33,678		22,529		56,207
Total deferred tax assets	**106,092**	**(768)**	**22,949**	**58**	**128,331**
Amortisation & Depreciation	(6,523)		1,037		(5,486)
Allocation gain acquisition SEA Prime	(4,465)		218		(4,247)
Restoration provision	(1,618)		901		(717)
Other	249	2			251
Total deferred tax liabilities	**(12,357)**	**2**	**2,156**	**0**	**(10,199)**
Total deferred tax assets, net of liabilities	**93,735**	**(766)**	**25,105**	**58**	**118,132**

(*) Balance at December 31, 2020 of the energy business, whose balances were reclassified to the account "Assets held-for-sale and discontinued operations" in accordance with IFRS 5.

The movement in deferred tax assets mainly regards the positive impact from the 24% accrual of the deferred tax asset on the 2021 tax loss, which assumes that the current situation is temporary and that a reasonable certainty therefore exists, also on the basis of the 2022-2026 Business Plan approved by SEA's Board of Directors on December 20, 2021, of generating in future periods sufficient assessable income to allow for its gradual reabsorption.

8.8 Other non-current receivables

Other non-current receivables totalling Euro 52,408 thousand at December 31, 2021 (Euro 48,651 thousand at December 31, 2020) refer mainly to the assets relating to the indemnification right to which the company is entitled, associated with the takeover value and arising from Article 703 (paragraph 5), of the Navigation Code.

Other residual receivables, finally, refer to guarantee deposits.

8.9 Inventories

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

Inventories

(Euro thousands)	December 31, 2021	December 31, 2020
Raw material, ancillary and consumables	2,909	3,291
Inventory obsolescence provision	(1,171)	(1,264)
Total Inventories	**1,738**	**2,027**

The account comprises consumable goods held for airport activities. 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 obsolescence inventory provision amounting to Euro 1,171 thousand at December 31, 2021 (Euro 1,264 thousand at December 31, 2020).

8.10 Trade receivables

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

Trade receivables

(Euro thousands)	December 31, 2021	December 31, 2020
Trade receivables - customers	85,545	45,028
Trade receivables - associates	10,383	6,372
Total net trade receivables	**95,928**	**51,400**

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" was impacted by the Covid-19 outbreak and its consequences for the air transport sector, with the generation of a severe financial impact on the entire chain. For an analysis of trade receivables in 2021, reference should be made to the Directors' Report.

The criteria for the adjustment of receivables to their realisable value takes account of valuations regarding the state of the dispute 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)	December 31, 2021	December 31, 2020
Opening provision	(110,338)	(100,673)
IFRS 5 reclassification (*)	121	
(Increases)/releases	(15,603)	(10,295)
Utilisations	1,489	630
Total doubtful debt provision	**(124,331)**	**(110,338)**

(*) Balance at December 31, 2020 of the energy business, whose balances were reclassified to the account "Assets held-for-sale and discontinued operations" and discontinued operations accordance with IFRS 5.

Allocation provisions are shown net of reversals and amount to Euro 15,603 thousand in 2021 (net provisions of Euro 10,295 thousand in 2020). The doubtful debt provision was calculated to take into account the risk in deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration, and of the risk assessed by the Group which reflects the expected loss on each receivable, as per IFRS 9.

8.11 Tax receivables and other current receivables

The following table provides the breakdown of tax receivables and other current receivables:

Tax receivables and other current receivables

(Euro thousands)	December 31, 2021	December 31, 2020
Tax receivables	794	1,936
Other current receivables	4,961	7,654
Total tax receivables and other current receivables	**5,755**	**9,590**

Tax receivables of Euro 794 thousand as at December 31, 2021 refer to VAT receivables of Euro 121 thousand (Euro 132 thousand as at December 31, 2020), current tax receivables of Euro 0 thousand (Euro 1,045 thousand as at December 31, 2020) and other tax receivables of Euro 673 thousand (Euro 759 thousand as at December 31, 2020).

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

Other current receivables

(Euro thousands)	December 31, 2021	December 31, 2020
CO2 quota receivables		1,722
Other receivables	3,279	4,220
Employee & soc. sec. receivables	231	544
Receivables from insurance companies	1,005	949
Miscellaneous receivables	438	169
Post & tax stamps	8	50
Total other current receivables	**4,961**	**7,654**

"Other current receivables" amount to Euro 4,961 thousand at December 31, 2021 (Euro 7,654 thousand at December 31, 2020) and is comprised of the accounts outlined below.

Prepayments on purchases of CO_2 quotas refer to greenhouse gas emission rights quotas purchased in advance and at December 31, 2021 concerned the energy business.

"Other receivables" of Euro 3,279 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 decreased receivables recognised due to prepayments during the year of costs set to accrue in the following year.

Miscellaneous receivables amounting to Euro 438 thousand at December 31, 2021 mainly refer to receivables from payments by Telepass, credit card and POS which have not yet been credited in the bank account.

Receivables from insurance companies, amounting to Euro 1,005 thousand at December 31, 2021 (Euro 949 thousand at December 31, 2020) relates to amounts paid on insurance policies in advance of the period to which the cost refers.

8.12 Current financial receivables

Current financial receivables totalled Euro 20,542 thousand at December 31, 2021, and included the cash-pooling receivable from SEA Energia SpA. Reference should be made to Note 10 relating to transactions with related parties.

8.13 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)	December 31, 2021	December 31, 2020
Bank and postal deposits	134,102	588,240
Cash in hand and similar	71	73
Total	**134,173**	**588,313**

Cash and cash equivalents at December 31, 2021 decreased Euro 454,140 thousand compared to the previous year. In addition to the ongoing COVID-19 crisis, this trend was affected by the redemption of the Euro 300 million bond in April 2021 and the repayment of outstanding loans, the strengthening and optimisation of SEA's financial structure during the year, including the disbursement of Euro 110 million in new term loans and the early repayment of Euro 180 million in 2020 term loans.

The account at December 31, 2021 comprises bank and postal deposits on demand for Euro 134,102 thousand (Euro 588,137 thousand at December 31, 2020), restricted bank deposits of Euro 103 thousand (in line with December 31, 2020) and cash amounts for Euro 71 thousand (Euro 73 thousand at December 31, 2020). It should be noted that, in 2021, a significant portion of this cash was in treasury accounts that generated an adequate return.

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

8.14 Shareholders' Equity

At December 31, 2021, the share capital of the Company amounted to Euro 27,500 thousand.

The par value of each share was Euro 0.11.

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, 2020	Equity movements	OCI Reserve	Net profit /(loss)	Net Equity at December 31, 2021
Parent Company Financial Statements	**158,053**	**0**	**(183)**	**(80,288)**	**77,582**
Share of net equity and net profit of the consolidated subsidiaries attributable to the Group, net of the carrying amount of the relative investments	30,475			5,307	35,782
Adjustments for measurement at equity of associates	48,160			(382)	47,778
Other consolidation adjustments	(5,451)			247	(5,204)
Consolidated Financial Statements	**231,236**	**0**	**(183)**	**(75,116)**	**155,937**

On July 29, 2021, in application of Article 6 of Law Decree No. 23 of April 8, 2020, as amended and converted into Law No. 40 of June 5, 2020, as referenced under Article 1(266) of Law No. 178 of December 30, 2020, the shareholders of the Parent Company, SEA, approved carrying forward the 2020 loss of Euro 120,366,865.50, with the obligation for the directors to specifically describe the loss in the explanatory notes, complete with tables indicating its origins and the changes that took place during the year.

8.15 Provisions for risks and charges

The breakdown of the account "provisions for risks and charges" is shown in the table below:

Provision for risks and charges

(Euro thousands)	December 31, 2020	IFRS 5 reclassification (*)	Provisions	(Utilisation)	Other movements	December 31, 2021
Restoration and replacement provision	175,952		20,499	(16,605)	3,876	183,722
Provision for future charges	26,391	(490)	8,877	(5,388)		29,390
Total provision for risks and charges	**202,343**	**(490)**	**29,376**	**(21,993)**	**3,876**	**213,112**

(*) Balance at December 31, 2020 of the energy business, whose balances were reclassified to the account "Liabilities related to assets held-for-sale and discontinued operations" in accordance with IFRS 5.

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 183,722 thousand at December 31, 2021 (Euro 175,952 thousand at December 31, 2020), 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 use for the year is mainly due to the restoration work on the air-side infrastructures at Malpensa, including the paving of certain sections of runways, taxiways, and aprons, and the completion of functional upgrades to the Linate terminal.

The movements of the future charges provision were as follows:

Provision for future charges

(Euro thousands)	December 31, 2020	IFRS 5 reclassification (*)	Provisions	(Utilisation)	December 31, 2021
Labour provisions	6,178			(5,028)	3,568
Insurance excesses	826		122	(57)	891
Tax risks	1,825			(9)	1,816
Green & white certificates	490	(490)			0
Other provisions	17,072		6,337	(294)	23,115
Total provision for future charges	**26,391**	**(490)**	**8,877**	**(5,388)**	**29,390**

(*) Balance at December 31, 2020 of the energy business, whose balances were reclassified to the account "Liabilities related to assets held-for-sale and discontinued operations" in accordance with IFRS 5.

The employee provisions relate to the expected streamlining actions to be undertaken on the Group's operations. The utilisations in the year are related to the incentivised departures for which a specific provision was made in the accounts in 2020.

"Insurance excesses" equal to Euro 891 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 SpA, to cover liabilities related to the non-payment of Group VAT by the former Parent Company for the years 2011 and 2012;
- Euro 316 thousand for the amount provisioned by the parent SEA in relation to the VAT assessment and the registration tax settlement notice (for further information, reference should be made to the Directors' Report).

The account "Other provisions" for Euro 23,115 thousand at December 31, 2021 is composed of the following items:

- Euro 11,115 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 related to charges resulting from the noise zoning of the areas surrounding the Milan airports (Law 447/95 and subsequent ministerial decrees), for which, in 2021, the technical specifications for the plan for noise containment and reduction works (pursuant to the ministerial decree of November 29, 2000) were completed for the awarding of the project. This drafting of this Plan will be completed by 2022, as the start of the bidding process has been delayed due to work slowdowns caused by the COVID-19 pandemic. For further information, reference should be made to the Directors' Report;
- Euro 3,000 thousand 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 potential liabilities.

8.16 Employee provisions

The changes in the employee provisions are shown below:

Employee provisions

(Euro thousands)	December 31, 2021	December 31, 2020
Opening provision	45,622	48,172
IFRS 5 reclassification (*)	(396)	
Financial (income)/charges	81	216
Utilisations	(2,713)	(2,972)
Actuarial losses/(profits)	1,442	206
Total employee provisions	**44,036**	**45,622**

(*) Balance at December 31, 2020 of the energy business, whose balances were reclassified to the account "Liabilities related to assets held-for-sale and discontinued operations" in accordance with IFRS 5.

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 principal actuarial assumptions, utilised for the determination of the pension obligations, are reported below:

Economic-financial technical parameters

	December 31, 2021	December 31, 2020
Annual discount rate	0.40%	0.01%
Annual inflation rate	1.75%	0.80%
Annual increase in employee leaving indemnity	2.81%	2.10%

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

The sensitivity analysis for each of the significant assumptions at December 31, 2021 is shown below, indicating the effects that would arise on the post-employment benefit provision for the Parent Company SEA.

Change

(Euro thousands)	December 31, 2021	December 31, 2020
+ 1 % on turnover rate	43,140	44,314
- 1 % on turnover rate	43,948	45,119
+ 1/4 % on annual inflation rate	44,094	45,300
- 1/4 % on annual inflation rate	42,966	44,106
+ 1/4 % on annual discount rate	42,620	43,744
- 1/4 % on annual discount rate	44,461	45,684

The average duration of the financial obligation and scheduled payments of the benefits are reported in the following tables:

Average duration of the obligation

(in years)	December 31, 2021	December 31, 2020
Duration of the plan	9,0	9,2

Expected disbursements

(Euro thousands)	December 31, 2021	December 31, 2020
Year 1	2,766	4,473
Year 2	2,384	1,996
Year 3	2,647	2,077
Year 4	2,541	2,157
Year 5	2,790	2,326

8.17 Current and non-current financial liabilities

The table below provides a breakdown of current and non-current financial liabilities at December 31, 2021 and December 31, 2020.

	December 31, 2021		December 31, 2020	
(Euro thousands)	Current portion	Non-current portion	Current portion	Non-current portion
Long-term loans	220,084	275,163	30,580	564,849
Loan charges payable	950		1,137	
Derivatives fair value			1,744	
Bank payables	**221,034**	**275,163**	**33,461**	**564,849**
Payables to bondholders		298,708	299,856	298,490
Payables for charges on bonds	2,388		9,014	
Lease liabilities (Financial Payables)	1,893	10,364	1,606	7,763
Payables to other lenders	**4,281**	**309,072**	**310,476**	**306,253**
Total current and non-current liabilities	**225,315**	**584,235**	**343,937**	**871,102**

The financial debt of the Group at December 31, 2021, 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), the residual part of the Term Loans agreed during 2020 and the EIB loans (of which 50% with maturity beyond 5 years and only 11% maturing within 12 months).

The breakdown of the Group net debt at December 31, 2021 and December 31, 2020 is reported below:

Net financial debt

(Euro thousands)		December 31, 2021	December 31, 2020
A.	Cash	(134,173)	(588,313)
B.	Cash equivalents		
C.	Other current financial assets	(20,542)	
D.	**Liquidity (A)+(B)+(C)**	**(154,715)**	**(588,313)**
E.	Current financial debt	5,231	313,357
F.	Current portion of non-current financial debt	220,084	30,580
G.	**Current financial indebtness (E + F)**	**225,315**	**343,937**
H.	**Net current financial indebtedness (G - D)**	**70,600**	**(244,376)**
I.	Non-current financial debt	285,527	572,613
J.	Debt instruments	298,708	298,490
K.	Non-current trade and other payables		
L.	**Non-current financial indebtedness (I+J+K)**	**584,235**	**871,102**
M.	**Total financial indebtedness from continuing operation (H+L)**	**654,835**	**626,726**
N.	Net financial debt from assets held-for-sale and discontinued operation	20,564	
O.	**Total financial indebtedness (M+N)**	**675,399**	

Financial receivables from assets held-for-sale and discontinued operation for Euro 20.542 thousand

At the end of December 2021, the net debt of Euro 675,399 thousand increased Euro 48,673 thousand on the end of 2020 (Euro 626,726 thousand).

The net debt of continuing operations (in accordance with IFRS 5) does not include the debt of SEA Energia and payable to the parent company.

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

a. redemption of the Euro 300 million bond upon maturing in April 2021;

b. the continuation of the repayment of part of the EIB loans (capital portions repaid in 2021 totalling Euro 24,362 thousand) and the 2020 Term Loans (Euro 6,218 thousand);

c. the strengthening and optimisation of SEA's financial structure during the year, including the disbursement of Euro 110 million in new term loans and the early repayment of Euro 180 million in 2020 term loans;

d. lower IAS adjustments for Euro 7,797 thousand deriving from: (i) lower accruals on loans for Euro 6,814 thousand, due to the repayment of the SEA Bond 04/2021; (ii) the nil balance of the fair value and accruals on derivatives for Euro 1,744 thousand following their maturity in September 2021; (iii) the negative impact for Euro 872 thousand for the continuation of the amortisation on the costs relating to the 2020 Term Loans and the SEA Bond 10/2025;

e. higher leasing payables, particularly due to the signing in 2021 of new Cobus Interpista hire 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 December 31, 2021 respectively to Euro 1,893 thousand and Euro 10,364 thousand:

Lease liabilities (Financial Payables)

	December 31, 2021		December 31, 2020	
(Euro thousands)	current	non-current	current	non-current
Miscellaneous & minor equipment	683	1,802	680	1,571
Complex equipment	37		55	37
Transport vehicles	998	6,277	678	3,727
EDP	159	273	156	432
Land	16	2,012	37	1,996
Total	**1,893**	**10,364**	**1,606**	**7,763**

For further details, reference should be made to note 8.3 "Leased assets right-of-use".

Indirect and conditional debt

In line with Recommendations ESMA/32-382-1138, a breakdown of the Group's indirect and conditional debt as at December 31, 2021 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. Other non-current payables include extraordinary dividends approved in 2019, which were reclassified by the Parent Company SEA among non-current liabilities and thus were due beyond one year. For the disbursement of the second and final tranche to be paid with effect from June 24, 2020, the Company reserved the right to re-define the date of payment of said tranche when, once the COVID-19 emergency has passed, economic and financial conditions allow it. Verification of the Company's financial equilibrium is the responsibility of the Board of Directors, which will have to approve the payment when it is deemed that the conditions have been met;

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

- the restoration and replacement fund, 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 December 31, 2021, the provision totals Euro 183,722 thousand. Further details are provided in paragraph 8.15;

- charges arising from acoustic zoning to meet the Plan of noise containment actions in accordance with Ministerial Decree 29/11/00. At December 31, 2021, the provision totals Euro 9 million. Further details are provided in paragraph 8.15;
- the employee leaving indemnity fund, which amounted to Euro 44,036 thousand at December 31, 2021. For further details, see paragraph 8.16;

iii. 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.

iv. trade payables include sums factored under indirect factoring contracts for Euro 2,097 thousand. 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 8.19;

v. the guarantees and commitments entered into by the Group at December 31, 2021 are described in paragraph 14.

The following is a breakdown of the variations of current and non-current financial assets and liabilities, with a separate indication of cash flows recorded in the year 2021 and other variations.

(Euro thousands)	Loans	Bond loans	Payables for charges on loans and bonds	Derivative liabilities	Lease payables	Financial receivables from SEA Energia	Total
December 31, 2020	**595,429**	**598,346**	**10,151**	**1,744**	**9,369**	**0**	**1,215,039**
IFRS 5 reclassification (*)					(74)	28,244	28,170
Issue new tranches of loans	110,000						110,000
Bond loans repayment		(300,000)					(300,000)
Change in cash pooling						(7,702)	(7,702)
Cash flows	(210,580)		(10,151)		(1,956)		(222,687)
Other movements							
- Amortised cost effect	399	362					761
- Fair value change				(1,744)			(1,744)
- Accrued interest on loans and bonds			3,338				3,338
- Change in finance lease obligations IFRS16					4.918		4.918
December 31, 2021	**495,248**	**298,708**	**3,338**	**0**	**12,257**	**20,542**	**830,093**

(*) Energy business balances, for which the asset and liability balances were offset pursuant to IFRS 10.

8.18 Other non-current payables

The table below reports the breakdown of the account "Other non-current payables".

Other non-current payables

(Euro thousands)	December 31, 2021	December 31, 2020
Payables to shareholders for non-current extraordinary dividends	84,736	84,737
Employee payables		2,537
Social security institutions		534
Total	**84,736**	**87,808**

Other non-current payables include extraordinary dividends approved in 2019, which were reclassified by the Parent Company SEA among non-current liabilities and thus were due beyond one year.

The change from the previous year is, therefore, entirely related to the reclassification, in the current portion, of employee payables and related withholdings, recognised following the start, on December 27, 2017, of the mobility procedure (which will be completed in 2022) related to leaving incentives for a predetermined number of employees. The agreement with Trade Unions covering this procedure was signed on January 15, 2018.

8.19 Trade payables

The breakdown of trade payables is follows.

Trade payables

(Euro thousands)	December 31, 2021	December 31, 2020
Supplier payables	131,224	98,746
Advances	2,203	4,569
Payables to associates	11,613	7,150
Total trade payables	**145,040**	**110,465**

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

The payables for advances at December 31, 2021 amounted to Euro 2,203 thousand (Euro 4,569 thousand at December 31, 2020).

In order to optimise operations with suppliers, trade payables at December 31, 2021 include sums ceded under indirect factoring contracts for Euro 2,097 thousand (Euro 1,415 thousand at December 31, 2020).

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

8.20 Income tax payables

The payables for taxes at December 31, 2021 of Euro 8,609 thousand (Euro 8,351 thousand at December 31, 2020) consisted of:

Income tax payables

(Euro thousands)	December 31, 2021	December 31, 2020
IRPEF payables on employees and sub-contractors	4,153	4,571
Direct income taxes	617	446
VAT payables	3,514	2,807
Other tax payables	325	527
Total income tax payables	**8,609**	**8,351**

8.21 Other payables

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

Other payables

(Euro thousands)	December 31, 2021	December 31, 2020
Payables to shareholders for dividends	94	96
Airport fire service	84,521	77,279
Payables for additional landing rights	42,250	26,109
Other items	12,929	11,799
Employee payables for amounts matured	11,296	12,205
Payables to the state for concession fee	9,679	10,349
Payables to social security institutions	12,003	12,110
Employee payables for vacations not taken	2,791	2,769
Third party guarantee deposits	1,331	1,379
Payables to others post-employee benefits	217	220
Payables to BoD & Boards of Statutory Auditors	64	74
Payables to the state for concession fee security service	59	13
Total	**177,234**	**154,402**

"Other payables" increased by Euro 22,832 thousand, from Euro 154,402 thousand at December 31, 2020 to Euro 177,234 thousand at December 31, 2021.

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 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.

A case is also pending before the Rome Court of Appeal which will assess the contribution obligation. Proceedings for closing arguments have been postponed until May 23, 2023. For further details and analysis, reference should be made to the Directors' Report.

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 12,929 thousand at December 31, 2021 (Euro 11,799 thousand at December 31, 2020), mainly relates to deferred income for future periods and other minor payables.

The decrease in employee payables for remuneration accrued was mainly due to the labour cost containment initiatives implemented by several Group companies.

9. INCOME STATEMENT

9.1 Operating revenues

The table below shows the breakdown of operating revenues for the years 2021 and 2020. These data, as shown in Note No.7 "Disclosure by operating segment" reflect the operational and managerial view of the businesses in which the Group operates. Therefore, these data differ with respect to those presented at the level of the individual legal entity.

Operating revenues

(Euro thousands)	2021	2020 restated	2020 approved
Commercial Aviation Operating Revenues	312,500	236,799	236,257
General Aviation Operating Revenues	12,732	9,716	9,717
Energy Operating Revenues			11,036
Total operating revenues	**325,232**	**246,515**	**257,010**

Commercial Aviation Operating Revenues

The breakdown of aviation operating revenues is reported below.

Aviation operating revenues

(Euro thousands)	2021	2020 restated	2020 approved
Fees and centralised infrastructure	171,140	127,111	127,108
Security management revenues	16,838	11,217	11,217
Use of regulated spaces	7,872	6,624	6,624
Total Aviation operating revenues	**195,850**	**144,952**	**144,949**

The increase in aviation revenues is described in detail in the Directors' Report, to which reference should be made.

Aviation revenue in 2021 increased Euro 50,898 thousand compared to the previous year. This increase is strictly related to traffic volumes, which recovered in the second half of the year thanks to the loosening of travel restrictions in Italy and Europe. Financial performance in 2021 continues to be affected by the COVID-19 health emergency, which impacted passenger traffic volumes. For further details, see the Directors' Report.

The breakdown of Non-Aviation operating revenues is reported below.

Non Aviation operating revenues

(Euro thousands)	2021	2020 restated	2020 approved
Retail	37,333	26,975	26,975
Parking	33,699	23,396	23,396
Cargo	17,824	16,644	16,644
Advertising	4,403	4,193	4,193
Premium services	6,505	4,816	4,816
Real estate	1,204	2,108	1,944
Services and other revenues	15,682	13,715	13,340
Total Non Aviation operating revenues	**116,650**	**91,847**	**91,308**

"Services and other revenues" mainly relate to income from service activities and other income.

The breakdown of retail revenues is reported below.

Retail Revenues

(Euro thousands)	2021	2020 restated	2020 approved
Shops	16,219	11,570	11,570
Food & Beverage	9,460	6,952	6,952
Car Rental	8,995	5,997	5,997
Bank services	2,659	2,456	2,456
Total Retail	**37,333**	**26,975**	**26,975**

The most significant event in 2021 was the continuance of the COVID-19 outbreak and its consequences for the air transport sector, with the generation of a serious financial impact on the air transport chain and in particular on the airport infrastructure system. For further details, reference should be made to the Directors' Report paragraph "Operating performance-sector analysis".

General Aviation Operating Revenues

As mentioned above, the General Aviation business 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. Revenues from the General Aviation business amounting to Euro 12,732 thousand increased 30% over the previous year. Reference should be made to the Directors' Report for further details.

9.2 Revenue for works on assets under concession

Revenue for works on assets under concession increased from Euro 29,024 thousand in 2020 to Euro 23,749 thousand in 2021.

These revenues, as per IFRIC 12, refer to construction work on assets under concession increased by a mark-up of 6% representing the best estimate of the remuneration of the internal cost for the management of the works and design activities undertaken by the Parent Company, which corresponds to a mark-up which a general constructor would request to undertake such activities.

This account is strictly related to investment and infrastructure upgrading activities. For further information on the principal investments, reference should be made to Note 8.1.

9.3 Personnel costs

The breakdown of personnel costs is as follows.

Personnel costs

(Euro thousands)	2021	2020 restated	2020 approved
Wages, salaries & social security charges	127,780	123,810	125,924
Post-employment benefits	7,639	7,695	7,812
Other personnel costs	3,223	2,757	2,815
Total	**138,642**	**134,262**	**136,551**

Group personnel costs, which increased Euro 4,380 thousand (+3.3%) compared to 2020 restated, rose from Euro 134,262 thousand to Euro 138,642 thousand.

The increase is largely due to the decreased use of rotating days through the Extraordinary Temporary Lay-off Scheme and to the salary increases called for under the renewed industry national collective bargaining agreement, effects which were partially offset by a reduced workforce. The average number of full-time equivalent employees decreased from 2,729 in 2020 to 2,657 in 2021.

The average number of employees by category in the two-year period (Full Time Equivalent) is as follows:

Average Full Time Equivalent

	January-December 2021	%	January-December 2020 restated	%
Executives	47	1.8%	52	1.9%
Managers	279	10.5%	284	10.4%
White-collar	1,662	62.6%	1,700	62.3%
Blue-collar	630	23.7%	636	23.3%
Total full-time employees	**2,618**	**98.5%**	**2,672**	**97.9%**
Total full-time employees	39	1.5%	57	2.1%
Total employees	**2,657**	**100.0%**	**2,729**	**100.0%**

9.4 Consumable materials

The breakdown of the account "Consumable materials" is as follows:

Consumable materials

(Euro thousands)	2021	2020 restated	2020 approved
Raw materials, ancillaries, consumables and goods	7,095	7,146	29,759
Purchase of CO2 quotas			3,461
Change in inventories	277	(179)	(178)
Total	**7,372**	**6,967**	**33,042**

Consumable materials increased from Euro 6,967 thousand in 2020 restated to Euro 7,372 thousand in 2021, an increase of Euro 405 thousand on 2020 restated, due to the change in inventories.

9.5 Other operating costs

The breakdown of "Other operating costs" is as follows:

Other operating costs

(Euro thousands)	2021	2020 restated	2020 approved
Ordinary maintenance costs	25,342	23,488	25,461
Public fees	22,257	15,884	15,884
Terminal services provided by handling company	15,146	14,536	14,536
Cleaning	13,263	12,423	12,532
Miscellaneous and local taxes	7,389	8,216	8,393
Parking management	9,949	7,063	7,063
Hardware and software fees & rental	7,891	7,735	7,785
Other costs	6,677	6,468	7,252
Utilities & security expenses	30,163	31,411	5,307
Professional services	4,082	4,328	4,565
Commercial costs	1,977	2,039	2,039
Insurance	1,578	1,537	1,840
Hire of equipment & vehicles	1,222	876	904
Disabled assistance	1,865	1,876	1,876
Emoluments & costs of Board of Statutory Auditors & BoD	896	790	855
Losses on disposal of assets	8	13	30
Total other operating costs	**149,705**	**138,681**	**116,322**

"Other operating costs" of Euro 149,705 thousand in 2021 increased Euro 11,024 thousand on the previous year restated. The higher costs reflect the higher volumes of traffic and passengers served.

The increase in concession fees to Public Entities for Euro 6,373 thousand is due to the higher concession fee which SEA must pay for the year 2021 to ENAC. This increase is strictly correlated to the traffic numbers. The "Public fees" include: i) concession fees to the State for Euro 14,402 thousand (Euro 9,327 thousand in 2020); ii) costs for fire-fighting services at the airports for Euro 7,242 thousand (Euro 6,092 thousand in 2020); iii) concession fees to the tax authorities for security services of Euro 475 thousand (Euro 317 thousand in 2020); other fees to various entities for Euro 138 thousand (Euro 148 thousand in 2020).

Finally, "Other costs" remained in line with 2020 and mainly include association dues, administrative expenses, and costs connected with food services for the VIP lounges and shuttle service.

9.6 Costs for works on assets under concession

Costs for works on assets under concession decreased from Euro 26,680 thousand in 2020 to Euro 21,521 thousand in 2021. This movement is strictly related to investment activities, for which reference should be made to Notes 8.1 and 8.2.

These costs refer to the costs for the works undertaken on assets under concession. The margin for work on assets under concession are included in the Commercial Aviation business.

9.7 Provisions and write-downs

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

Provisions and write-downs

(Euro thousands)	2021	2020 restated	2020 approved
Write-downs / (releases) of current receivables & cash and cash equivalents	15,603	10,245	10,295
Provisions/(releases) to provisions for future charges	8,877	2,474	2,343
Write down on fixed assets		420	420
Total provisions and write-downs	**24,480**	**13,139**	**13,058**

In 2021 the provisions and write-downs amount to a charge to the income statement of Euro 24,480 thousand.

The doubtful debt provisions amounted to Euro 15,603 thousand and were recorded in line with IFRS 9.

The net provisions for future risks and charges, amounting to Euro 8,877 thousand (Euro 2,474 thousand at December 31, 2020 restated), principally refers to adjustments on valuations related to legal disputes with employees and operational activities of the Milan Airports. For further information reference should be made to Note 8.15..

9.8 Restoration and replacement provision

The breakdown of the restoration and replacement provision is as follows:

Restoration and replacement provision

(Euro thousands)	2021	2020 restated	2020 approved
Total amortisation & depreciation	20,499	17,195	17,195

This account includes the provision for the year, totalling Euro 20,499 thousand, relating to the scheduled replacement and maintenance of the assets within the so-called "Concession Right".

In 2021 the utilisation of the provision amounted to Euro 16,605 thousand.

9.9 Amortisation and depreciation

The account "Amortisation and depreciation" comprises:

Amortisation & Depreciation

(Euro thousands)	2021	2020 restated	2020 approved
Amortisation of intangible assets	49,775	53,648	53,648
Depreciation of tangible assets & investment property	15,498	17,525	20,333
Depreciation Leased assets right-of-use	2,283	2,256	2,282
Total amortisation & depreciation	**67,556**	**73,429**	**76,263**

Amortisation and depreciation in the period relates to tangible and intangible assets held based on the estimated useful life by the Group, which however does not exceed the duration of the concession and the depreciation of new assets entering into service in the year.

Amortisation and depreciation decreased by Euro 5,873 thousand compared to 2020 restated, from Euro 73,429 thousand to Euro 67,556 thousand. This reduction is justified both by the effect on amortisation and depreciation of the two-year extension of the existing concession that took place in fiscal year 2020 (law converting Decree-Law No. 34 of May 19, 2020, the "Relaunch Decree", Law No. 77 of July 17, 2020), and by assets which have completed their residual useful life, only partially offset by the increase in fixed assets.

9.10 Investment income (charges)

The breakdown of investment income and charges is as follows:

Investment income (charges)

(Euro thousands)	2021	2020 restated	2020 approved
SACBO SpA	(2,203)	(6,242)	(6,242)
Dufrital SpA	(1,432)	(2,819)	(2,819)
Disma SpA	97	(251)	(251)
Malpensa Logistica Europa SpA	2,715	748	748
Sea Services Srl	494	102	102
Signature Flight Support Italy Srl		(358)	(358)
Airport Handling SpA	(53)	(1,102)	(1,102)
Valuation at equity of investments	**(382)**	**(9,922)**	**(9,922)**
Other income (charges)		**(25)**	**(25)**
Total income (charges) from investments	**(382)**	**(9,947)**	**(9,947)**

Net investment charges show a balance of Euro 382 thousand and include investments carried at equity and other income and charges. 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 international accounting principles and the measurement of investments as per IAS 28.

The improvement compared to the previous year concerned the entire SEA Group, given that all companies saw improved performance despite the negative effects of the COVID-19 pandemic.

For further details, reference should be made to that outlined above regarding the impairment process carried out by the Group at December 31, 2021 for the investments in associates.

9.11 Financial income (charges)

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

Financial income (charges)

(Euro thousands)	2021	2020 restated	2020 approved
Exchange gains	1	4	4
Bank account financial income	912	235	235
Other financial income	720	761	
Total financial income	**1,633**	**1,000**	**239**
Interest on medium/long term loans	(16,380)	(14,665)	(14,665)
Commissions on loans	(2,716)	(2,385)	(2,385)
Exchange losses	(3)	(2)	(10)
Financial charges on post-employee benefits	(81)	(216)	(216)
Financial charges on leasing	(239)	(205)	(206)
Financial charges on derivatives	(1,199)	(1,908)	(1,908)
Other	(810)	(932)	(936)
Total financial charges	**(21,428)**	**(20,313)**	**(20,326)**
Total financial income (charges)	**(19,795)**	**(19,313)**	**(20,087)**

Net financial charges in 2021 amount to Euro 19,795 thousand, an increase of Euro 482 thousand on the previous year restated. This trend was the result of the following factors:

- An increase in financial expenses due to the higher gross debt for the period, which reflects the annual impact of the 10/2025 SEA bond and of the 2020 term loans, despite a lover average cost of debt and lower charges on derivatives and post-employment benefits.
- Higher financial income of Euro 633 thousand, due to the investment of part of the available liquidity in treasury current accounts, which have assured adequate profitability.

9.12 Income taxes

The breakdown of the account is as follows:

Income taxes

(Euro thousands)	2021	2020 restated	2020 approved
Current income taxes	1,350	1,087	1,412
Deferred income taxes	(25,105)	(35,879)	(35,948)
Total	**(23,755)**	**(34,792)**	**(34,536)**

The IRES income tax rate applicable to the Parent Company for the three years concerned is therefore 27.5% for 2019, 2020 and 2021, whereas it is 24% for the companies consolidated line-by-line. The IRAP tax rate for the Parent Company SEA SpA is equivalent to 4.2%, while for the other companies fully consolidated by the Group this is 3.9%.

Reconciliation between theoretical income tax rate and effective income tax rate is shown in the table below.

(Euro thousands)	2021	%	2020 restated	%	2020 approved	%
Profit/(Loss) before taxes	**(100,971)**		**(164,074)**		**(163,111)**	
Theoretical income taxes	(24,233)	24.0%	(39,378)	24.0%	(39,147)	24.0%
Permanent tax differences effect	1,282	-1.2%	1,116	-0.7%	1,141	-0.7%
IRAP	(654)	0.8%	(412)	0.3%	(304)	0.2%
Other	(149)	0.1%	3,881	-2.4%	3,774	-2.3%
Total	**(23,755)**	**23.5%**	**(34,792)**	**21.2%**	**(34,536)**	**21.2%**

In 2021, taxes decreased as a result of the loss of Euro 23,755 thousand posted by the Group. Income taxes reduced the statutory loss for the year, as substantially comprising the allocation of the deferred tax assets on the period IRES tax loss. See Note 8.7 for further details.

9.13 Net result from assets held for sale

The net profit from assets held for sale came to Euro 2,100 thousand. This includes the result on the energy business. 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 year. 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 or loss per share.

Therefore, the basic earnings/(loss) per share in 2021 was a loss of Euro 0.30 (net loss for the year of Euro 75,119 thousand /number of shares in circulation 250,000,000).

The basic earnings/(loss) per share in 2020 was Euro 0.51 (net loss for the year of Euro 128,576 thousand/number of shares in circulation 250,000,000).

10. RELATED PARTY TRANSACTIONS

The related party transactions 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 tables show the balances with related parties at December 31, 2021 and at December 31, 2020 and the income statement amounts for the years 2021 and 2020, with indication of the percentage of the relative account.

Group transactions with related parties

	December 31, 2021					
(Euro thousands)	**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	1,805	20,542	10,264	502	26,402	673
Investments in associates						
SACBO (*)	473		2,310	427	6,424	
Dufrital	3,391		460	9,521	1	
Malpensa Logistica Europa	1,264		1,106	4,723	(10)	
SEA Services	489		759	2,042	991	
Disma	119		103	226	(3)	
Airport Handling	4,647		6,875	9,138	15,906	
Total associates	10,383		11,613	26,077	23,309	
Total related parties	**12,188**	**20,542**	**21,877**	**26,579**	**49,711**	**673**
Total book value	95,928	20,542	145,040	325,232	295,719	1,633
Total book value	**12.71%**	**100.00%**	**15.08%**	**8.17%**	**16.81%**	**41.21%**

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

	December 31, 2020 restated				
(Euro thousands)	**Trade receivables**	**Trade payables**	**Operating revenues**	**Net operating costs (excl. costs for works on assets under concession)**	**Financial income**
Subsidiary					
SEA Energia	n.a.	n.a.	504	26,101	761
Investments in associates					
SACBO (*)	433	663	523	3.588	
Dufrital	522	(15)	6.907	2	
Malpensa Logistica Europa	2,230	1,078	4,307	(40)	
SEA Services	305	9	1,298	664	
Disma	173	102	210	(5)	
Signature Flight Support Italy (**)			117	5	
Airport Handling	2,710	5,312	7,016	15,773	
Total related parties	**6,372**	**7,150**	**20,881**	**46,089**	**761**
Total book value	51,400	110,465	246,515	279,910	1,000
% on total book value	**12.40%**	**6.47%**	**8.47%**	**16.47%**	**76.10%**

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

(**) Equity investment held until June 22, 2020;

The table below shows the cash flows from the transactions of the Group with related parties for the years ended December 31, 2021 and December 31, 2020, with indication of the percentage of the relative account:

Group cash flows with related parties

(Euro thousands)	December 31, 2021 Investments in associates	Investments in other companies	Total transactions with related entities	Consolidated balance	%
A) Cash flow from operating activities	8,474	4,431	12,905	9,535	135.3%
B) Cash flow from investing activities		1,336	1,336	(34,833)	-3.8%
C) Cash flow from financing activities		7,702	7,702	(428,707)	-1.8%

Group cash flows with related parties

(Euro thousands)	December 31, 2020 restated Investments in associates	Investments in other companies	Total transactions with related entities	Consolidated balance	%
A) Cash flow from operating activities	(2,584)	2,955	371	(111,808)	-0.3%
B) Cash flow from investing activities	625		625	(43,442)	-1.4%
C) Cash flow from financing activities		(2,116)	(2,116)	656,042	-0.3%

The transactions between the Group and related parties for the year ended December 31, 2021 mainly related to:

- 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 SEA Services);
- rental of premises (Malpensa Logistica Europa);
- supply to SEA of catering services (SEA Services);
- commercial transactions deriving from the concession for the distribution of fuel (Disma);
- revenue for administration services and handling activity costs (Airport Handling).

Transactions between SEA and SEA Energia SpA concerning the supply to the Milan Airports, of electric and thermal energy produced by the Co-generation plants, located at the afore-mentioned airports, for its energy requirements, as well as the agreement for the provision, by SEA in favour of SEA Energia, of administrative services (among which legal, fiscal, planning and control); Financially, as described above, transactions between the two companies have been settled by cash pooling. The total of receivables (Euro 22,347 thousand) and payables (Euro 10,264 thousand) between the Group and assets held-for-sale at December 31, 2021, came to Euro 32,611 thousand.

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

11. DIRECTORS' FEES

In 2021, the remuneration for the Board of Directors, including social security and accessory charges, amounted to Euro 645 thousand (Euro 539 thousand in 2020 restated).

12. STATUTORY AUDITORS' FEES

In 2021, the remuneration for the Board of Statutory Auditors, including social security and accessory charges, amounted to Euro 251 thousand (Euro 251 thousand in 2020).

13. INDEPENDENT AUDIT FIRM FEES

The audit fees recognised by the company SEA SpA and its subsidiaries to the audit firm Deloitte & Touche SpA for the year 2021 amounted to Euro 204 thousand for audit services and Euro 55 thousand for other services (the audit fees for the year 2020 restated amounted to Euro 213 thousand for audit services and Euro 152 thousand for other services). The fees of the audit firm are net of Consob contributions.

14. COMMITMENTS AND GUARANTEES

14.1 Commitments and guarantees

The Group has investment contract commitments of Euro 50,783 thousand at December 31, 2021 (Euro 65,144 thousand at December 31, 2020), which are reported net of the works already realised and invoiced to the Group, as follows.

Breakdown project commitments

(Euro thousands)	December 31, 2021	December 31, 2020
Design and extraordinary maintenance civil works and plant at Linate & Malpensa	30,567	47,884
Works relating to the construction of a new hangar at the Linate Prime airport	8,535	
Design and extraordinary maintenance of Linate & Malpensa AVL plant	6,078	7,485
Design and extraordinary maintenance flight infrastructure and roadways at Linate and Malpensa	1,671	2,564
Works on electrical automation and control systems at Linate and Malpensa	2,544	3,091
Extraordinary maintenance for civil works and general aviation plant	1,389	2,952
Supply and installation of a new gas turbine for the Malpensa plant		1,168
Total project commitments	**50,783**	**65,144**

14.2 Guarantees

At December 31, 2021, the sureties in favour of third parties were as follows:

- two bank sureties, each equal to Euro 37,734 thousand, as guarantee on funds drawn down in June 2015 and June 2017 on the EIB line subscribed in December 2014;
- surety of Euro 25,000 thousand to Banca Popolare di Milano to guarantee credit lines received from companies within the centralised treasury system;
- surety of Euro 14,500 thousand in favour of ENAC, as guarantee of the concession fee;
- 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;
- surety by Banca Nazionale del Lavoro to Terna (National Electricity Grid) as guarantee of the provision of electricity for Euro 3,770 thousand;
- guarantee by Banca Nazionale del Lavoro to the Energy Market Operator for the Group's participation in the electricity market platform for Euro 3,000 thousand;
- guarantee by Banca Popolare di Milano to Unareti for the transport of energy for Euro 173 thousand;
- guarantee by Banca Popolare di Milano to ENAL Distribuzione for the transport of energy for Euro 300 thousand;
- Euro 680 thousand for other minor sureties.

15. SEASONALITY

The Group business is characterised by revenue seasonality, which are normally higher in the periods of August and December due to increased flights by the airlines at its airports. 2020 and 2021 in addition featured the COVID-19 pandemic, which resulted in a drastic reduction in passenger traffic from March 2020, affecting the usual seasonality of the business.

16. CONTINGENT LIABILITIES

Reference should be made to the explanatory notes in relation to receivables (Note 8.10) and operating risks (Note 8.15).

17. CONTINGENT ASSETS

With reference to Judgment 7241/2015 of the Milan Court, confirmed by the Milan Court of Appeal with Judgment No. 331/2017 concerning airport fees, as not all appeals have been made this contingent asset was not recognised in the income statement as per IAS 37.

For further details, reference should be made to the Directors' Report to the chapter "Main disputes outstanding at December 31, 2021".

18. TRANSACTIONS RELATING TO ATYPICAL OR UNUSUAL OPERATIONS

In accordance with Consob Communication of July 28, 2006, in 2021 the Company did not undertake any transactions deriving from atypical or unusual operations, as set out in the communication.

19. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to CONSOB Communication of July 28, 2006, in the view of the Directors, in 2021 the Group did not undertake non-recurring significant transactions.

The most significant event of 2021 was the continuation of the COVID-19 pandemic and its consequences on the air transport industry, despite the effects of the vaccine roll-out.

20. PUBLIC GRANTS (ARTICLE 1, PARAGRAPHS 125-129 OF LAW 124/2017)

Pursuant to Law No. 124/2017 and subsequent supplements, we communicate that the Group did not receive public grants during the year.

As required by Article 1 Law No. 124/2017, paragraph 126, the grants received over an amount of Euro 10 thousand are listed below.

Beneficiary	Provider	Purpose	Amount (Euro thousands)
La Scala Theatre	SEA SpA	Founding shareholder annual quota	100
Archiepiscopal Curia of Milan	SEA SpA	Contribution for the Catholic religious service offered by the Chaplaincies at Linate and Malpensa Airports	30

21. SUBSEQUENT EVENTS TO DECEMBER 31, 2021

Reference should be made to the Directors' Report.

Chairperson of the Board of Directors
Michaela Castelli

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Società per Azioni Esercizi Aeroportuali - SEA S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Società per Azioni Esercizi Aeroportuali - SEA and its subsidiaries (the "Group"), which comprise the Consolidated Statement of Financial Position as at December 31, 2021, the Consolidated Income Statement, the Consolidated Comprehensive Income Statement, Statement of Changes in Consolidated Shareholders' Equity and Consolidated Cash Flow Statement for the year then ended, and explanatory notes, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Covid-19 and potential impacts of the Russian-Ukrainian conflict	
Description of the key audit matter	The initial months of 2021 featured a resurgence of the COVID-19 pandemic, with significant negative impacts on the air transport sector. From March, Italy experienced a considerable upsurge of cases and the various regulatory measures implemented to contain this new wave, again limiting travel, followed, from May, when the number of infections began to fall, only to rise again in November 2021 as the new Omicron variant spread. The end of 2021 saw record numbers of infections across Europe, peaking in early 2022. Following the "fourth wave" of the pandemic the use of vaccines resulted in far fewer hospitalizations and deaths, allowed restrictions to be eased. The Directors indicate that in compliance with the provisions set out by Italian national and local health institutions and authorities, the Group continued to update protocols put in place at the start of the pandemic in line with new regulations and issues relating to airport operations and traffic development, thus guaranteeing the health and safety of passengers, customers, suppliers and employees, and ensuring the continuity of its operating activities. The Directors also consider that, in order to cover the financial commitments of the Group deriving from its investment plans, operating requirements (also following the COVID-19 pandemic), and contractual debt repayments, at December 31, 2021 the Group held Euro 134 million in financial resources, to this is added Euro 330 million of irrevocable unutilized credit lines and Euro 138 million of uncommitted lines utilizable for immediate cash needs. Moreover, the Group requested and obtained a covenant holiday on outstanding contracts from the lending banks for the loans signed before the COVID-19 pandemic, while as concerns the new term loans signed and disbursed in 2020, the contractual covenants, which have been determined based on scenarios that already include the impact of the COVID-19 pandemic, have been met. In addition the Directors reported that 2022 will benefit from the collection of the sale of the equity investment in the company SEA Energia, expected within the first half of the year, and from the grants allocated to airport operators for the partial compensation of the losses incurred (Budget Law 2021 - Law 178 of 30/12/2020), already partly disbursed for an amount equal to 50% of the damage presented in the application that the Company has submitted to the competent bodies. In this context, on December 20, 2021 the Directors approved a new 2022-2026 Business Plan (the "Business Plan"), that constitutes a revision of the previous 2021-2025 business plan approved in January 2021. The Business Plan is based on two different traffic scenarios, that differ mainly in expected traffic, developed on the basis of the most recent industry studies and specialist reports available.

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Moreover, due to the identification of impairment indicators, mainly related to Covid-19, the Directors conducted an impairment test, approved on February 23, 2022, based on the Business Plan and medium and long-term financial forecasts. The result of the test did not indicate any impairment loss, also in the worst-case traffic scenario, considered in the sensitivity analysis carried out by the Directors.

The Directors indicate, as a "non-adjusting event" and that did not result in any adjustments to the year-end 2021, the conflict between Russia and Ukraine, which began on February 24, 2022, as a result of which the European Union has imposed heavy sanctions on Russia. In response to these sanctions, the Russian Federation banned European carriers from flying over its airspace, thereby making the operation of routes to Asia more onerous and creating a possible obstacle to the recovery of traffic.

In addition, in order to ensure the safety of civilian flights, the European authorities Eurocontrol and EASA have declared at risk the areas affected by the conflict and have banned their overflight. The Directors, based on preliminary analysis and initial findings regarding traffic performance indicate a limited impact of these measures on passenger and cargo traffic within the Milan system, and that the high level of uncertainty regarding the evolution of the conflict makes the development of 12-month forecasts complex.

Given the macroeconomic and geo-political context, the Group is closely monitoring developments of the scenario, updating traffic projections, carrying out periodic surveys of the prices of commodities and construction materials and developing sensitivity analysis deriving from the above phenomena. Based on the scenario analysis developed, the Directors indicate that the liquidity and the credit lines available will allow the Group to guarantee current operational needs and future financial needs.

Considering the relevance of the effects deriving from the above, on the Group results and on its outlook, and the potential impacts in terms of impairment losses on assets, we considered the Covid-19 and potential impacts of the Russian-Ukrainian conflict a key audit matter for the Group consolidated financial statements.

The paragraph “Liquidity risk” of explanatory notes indicates the Group financial structure and the financial strengthening measures enacted by the Group during the year. The paragraphs “Significant events in 2021” and “Outlook” of the Management Report and paragraph “Impairments” in the explanatory notes include the information provided regarding the other aforementioned aspects.

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Audit procedures performed	The procedures performed , also through the support of Deloitte network experts, included, among others, the following: • understanding of the process carried out by the Group to manage the pandemic emergency situation, through meetings and discussion with the management and examination of the relevant documentation; • understanding of any measures taken by the competent authorities to manage Covid-19 emergency; • reading the Board of Directors meeting minutes; • understanding of the relevant controls over the impairment test process; • analysis of the reasonableness of the main assumptions underlying the Business Plan and the scenario analysis; • evaluation of the reasonableness of the discount rate (WACC) used for the impairment test; • analysis of the funding transactions implemented by the Group; • analysis of the cash requirements forecast in the 12 months following the financial statements approval and related coverage in terms of lines of credit available; • analysis of subsequent events, in particular referring to the Directors' considerations on the Russian-Ukrainian conflict; • assessment of the adequacy of the disclosure provided by the Directors in the Directors' Report and in the Notes.
Restoration and replacement provision	
Description of the key audit matter	The consolidated financial statements as at December 31, 2021 include the "Restoration and replacement provision" for Euro 184 million. The provision includes the best estimate of the present value of the charges the Group will bear to meet its contractual obligations with the Italian Civil Aviation Authority to ensure the functionality, operations and security of the assets under concession. The estimation process of the "Restoration and replacement provision" appears articulate and difficult and it is composed of different phases and based on different variables and assumptions that include the planning of the restoration and replacement operations. In particular, the main assumptions are about the assets deterioration, the useful life of the restoration and the charge estimates for operation category. Given the above, we considered the estimation process of this provision as a key audit matter as at December 31, 2021. The notes 2.7 and 8.15 of the consolidated financial statements as at December 31, 2021 highlight the accounting policies and the 2021 changes of the provision, respectively.

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Audit procedures performed	The procedures performed included, among others, the following: • understanding of the process carried out by the Group to estimate and update the provision and analysing of any difference due to the Covid-19 context and planned investments; • understanding of the key controls that the Group carries out to monitor this area and, in reference with the Company, testing of their actual implementation; • collecting of the information by periodic meetings with the Operations and Maintenance Division, sample testing of the database containing expenses included in the restoration and replacement provision as to obtain evidences regarding the adequacy of the Division expectations and of any variance from previous forecasts; • understanding of any change in the regulatory framework that could impact the estimate of the provision value; • analysis of completeness and accuracy of accruals in the consolidated financial statements, also considering the latest Business Plan updates; • sample testing of the allocation criteria underlying the restoration percentages by discussion with the business units in-charge; • analysis of data, assumptions and methods used for the purposes of the formulation of the estimations underlying the provision; • assessment of the adequacy of the disclosure provided by the Directors as reported in the financial statements notes and its compliance with the relevant accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. has appointed us on May 4, 2016 as auditors of the Company for the period 2016-2022.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. are responsible for the preparation of the report on operations including the information required by art. 123-bis, paragraph 2 (b) of the Group as at December 31, 2021, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations including the information required by art. 123-bis, paragraph. 2 (b) of Legislative Decree 58/98, with the consolidated financial statements of the Group as at December 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations including the information required by art. 123-bis, paragraph 2 (b) is consistent with the consolidated financial statements of the Group as at December 31, 2021 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

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Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of the Company are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Marco Pessina
Partner

Milan, Italy
April 12, 2022

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

SEA SPA

SEPARATE FINANCIAL STATEMENTS

SEA SpA – Separate Financial Statements

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(in euro)	Note	December 31, 2021 Total	December 31, 2021 of which related parties	December 31, 2020 Total	December 31, 2020 of which related parties
Intangible assets	6,1	918,529,927		940,236,476	
Property, plant & equipment	6,2	143,401,471		153,533,835	
Leased assets right-of-use	6,3	12,977,140		10,584,278	
Investment property	6,4	3,400,835		3,402,333	
Investments in subsidiaries and associates	6,5	50,470,566		50,445,566	
Other investments	6,6	1,133		1,133	
Deferred tax assets	6,7	119,412,545		94,318,350	
Other non-current receivables	6,8	52,402,141		48,533,653	
Total non-current assets		**1,300,595,758**	**0**	**1,301,055,624**	**0**
Inventories	6,9	1,738,310		2,015,128	
Trade receivables	6,10	97,998,321	16,513,240	49,124,426	9,618,417
Current financial receivables	6,11	20,542,388	20,542,388	28,244,140	28,244,140
Tax receivables	6,12	791,642		1,089,821	
Other current receivables	6,13	4,935,905		5,361,099	
Cash and cash equivalents	6,14	134,129,979		588,249,544	
Total current assets		**260,136,545**	**37,055,628**	**674,084,158**	**37,862,557**
TOTAL ASSETS		**1,560,732,303**	**37,055,628**	**1,975,139,782**	**37,862,557**
Share capital	6,15	27,500,000		27,500,000	
Other reserves	6,15	130,369,831		250,919,793	
Net Result	6,15	(80,287,615)		(120,366,865)	
SHAREHOLDERS' EQUITY		**77,582,216**	**0**	**158,052,928**	**0**
Provision for risks and charges	6,16	210,721,271		199,494,389	
Employee provisions	6,17	43,525,713		44,697,742	
Other non-current payables	6,21	84,736,246		87,808,329	
Non-current financial liabilities	6,18	584,221,572		871,043,088	
Total non-current liabilities		**923,204,802**	**0**	**1,203,043,548**	**0**
Trade payables	6,19	145,280,467	22,447,095	109,919,564	15,172,386
Income tax payables	6,20	7,524,724		7,722,000	
Other current payables	6,21	170,315,023		147,854,454	
Current financial liabilities	6,18	236,825,071	11,517,214	348,547,288	4,631,922
Total current liabilities		**559,945,285**	**33,964,309**	**614,043,306**	**19,804,308**
TOTAL LIABILITIES		**1,483,150,087**	**33,964,309**	**1,817,086,854**	**19,804,308**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**1,560,732,303**	**33,964,309**	**1,975,139,782**	**19,804,308**

INCOME STATEMENT

		2021		2020	
(in euro)	Note	Total	of which related parties	Total	of which related parties
Operating revenues	7.1	319,260,549	36,372,264	240,837,887	26,351,590
Revenue for works on assets under concession	7.2	23,748,828		29,023,864	
Total revenues		**343,009,377**	**36,372,264**	**269,861,751**	**26,351,590**
Personnel costs	7.3	(136,311,258)	666,521	(132,172,983)	685,087
Consumable materials	7.4	(7,352,783)		(6,954,164)	
Other operating costs	7.5	(152,566,067)	(54,401,148)	(139,329,056)	(48,605,233)
Costs for works on assets under concession	7.6	(21,520,649)		(26,679,969)	
Total operating costs		**(317,750,757)**	**(53,734,627)**	**(305,136,172)**	**(47,920,146)**
Gross Operating Margin / EBITDA*		**25,258,620**	**(17,362,363)**	**(35,274,421)**	**(21,568,556)**
Provisions & write-downs	7.7	(24,584,875)		(13,073,000)	
Restoration and replacement provision	7.8	(20,467,137)		(17,150,463)	
Amortisation & depreciation	7.9	(65,841,332)		(71,714,884)	
Operating Result		**(85,634,724)**	**(17,362,363)**	**(137,212,768)**	**(21,568,556)**
Investment income/(charges)	7.10			600,000	600,000
Financial charges	7.11	(21,427,007)		(20,312,925)	
Financial income	7.11	1,632,941	672,831	998,568	761,157
Pre-tax Profit/(Loss)		**(105,428,790)**	**(16,689,532)**	**(155,927,125)**	**(20,207,399)**
Income taxes	7.12	25,141,175		35,560,260	
Net Profit/(Loss)		**(80,287,615)**	**(16,689,532)**	**(120,366,865)**	**(20,207,399)**

(*) 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.

COMPREHENSIVE INCOME STATEMENT

(in euro)	2021	2020
Net Profit/(Loss)	**(80,287,615)**	**(120,366,865)**
Other comprehensive income statement items		
- Items reclassifiable in future periods to the net result:		
Profit/(Loss) on fair value measurement of derivative financial instruments cash flow hedge	1,201,756	1,772,026
Tax effect relating to Profit/(Loss) on fair value measurement of derivative financial instruments cash flow hedge	(288,423)	(425,286)
Total items reclassifiable, net of tax effect	**913,333**	**1,346,740**
- Items not reclassifiable in future periods to the net result:		
Actuarial gains/(losses) on post-employment benefits	(1,442,669)	(205,534)
Tax effect relating to actuarial gains/(losses) on post-employment benefits	346,239	49,328
Profit/(Loss) on other investments		(1)
Total items not reclassifiable, net of tax effect	**(1,096,430)**	**(156,207)**
Total other comprehensive income statement items	**(183,097)**	**1,190,533**
Total comprehensive Profit /(Loss)	**(80,470,712)**	**(119,176,332)**

CASH FLOW STATEMENT

(in euro)	**2021**	**2020**
Pre-tax Profit/(Loss)	(105,428,790)	(155,927,125)
Adjustments:		
Amortisation, depreciation and write-downs	65,841,332	72,134,828
Net accruals to provisions & write-downs (including personnel provision)	21,352,109	11,141,875
Net financial charges	19,794,066	19,314,357
Investment charges (income)		(600,000)
Other non-monetary changes	(2,896,492)	(3,101,270)
Cash flow from operating activities before changes in working capital	**(1,337,775)**	**(57,037,335)**
Change in inventories	369,890	(160,656)
Change in trade and other receivables	(63,884,130)	61,874,663
Change in trade and other payables	55,127,427	(117,645,223)
Cash flow from changes in working capital	**(8,386,813)**	**(55,931,216)**
Income taxes paid	0	(5,795,725)
Cash flow from operating activities	**(9,724,588)**	**(118,764,276)**
Investments in fixed assets:		
- intangible assets (*)	(26,317,486)	(31,983,293)
- tangible assets	(5,429,020)	(10,816,678)
- financial assets	(25,000)	
Divestments from fixed assets:		
- tangible assets and property	1,338,800	24,480
Dividends received		625,000
Cash received from for the construction of the extension of the Milan-Malpensa railway line from Terminal 1 to Terminal 2		5,306,691
Cash flow from investing activities	**(30,432,706)**	**(36,843,800)**
Change in gross financial debt:		
- net increase short & medium-long term debt	(400,580,186)	676,497,646
Net increase / (decrease) in other financial assets and liabilities	12,638,260	(1,586,137)
Dividends distributed	(2,318)	(6,211)
Interest and commissions paid	(27,161,962)	(18,511,320)
Interest received	1,143,935	294
Cash flow from financing activities	**(413,962,271)**	**656,394,272**
Increase/(decrease) in cash and cash equivalents	**(454,119,565)**	**500,786,196**
Opening cash and cash equivalents	588,249,544	87,463,348
Closing cash and cash equivalents	134,129,979	588,249,544

(*) The investments in intangible assets are net of the utilisation of the restoration provision, which in 2021 amounted to Euro 16,589 thousand (Euro 13,158 thousand in 2020).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in euro)	Share capital	IFRS initial conversion reserve (exc. OCI)	Other Eq. investments reserve	Cash Flow Hedge reserve	Actuarial gains/ (losses) reserve	Extraordinary reserve	Retained losses L.178 December 30, 2020	Legal reserve	Other reserves	Total reserves	Net Profit/ (Loss)	Total shareholders' equity
January 1, 2020	**27,500,000**	**14,813,951**	**1**	**(2,260,073)**	**(3,261,836)**	**63,083,460**		**5,500,000**	**60,288,176**	**138,163,679**	**111,565,581**	**277,229,260**
Transactions with shareholders												
Allocation of 2019 net result						111,565,581				111,565,581	(111,565,581)	0
Other movements												
Other comprehensive income statement items result			(1)	1,346,740	(156,206)					1,190,533		1,190,533
Net Profit/(Loss)											(120,366,865)	(120,366,865)
December 31, 2020	**27,500,000**	**14,813,951**	**0**	**(913,333)**	**(3,418,042)**	**174,649,041**		**5,500,000**	**60,288,176**	**250,919,793**	**(120,366,865)**	**158,052,928**
Transactions with shareholders												
Allocation of 2020 net result							(120,366,865)			(120,366,865)	120,366,865	0
Other movements												
Other comprehensive income statement items result				913,333	(1,096,430)					(183,097)		(183,097)
Net Profit/(Loss)											(80,287,615)	(80,287,615)
December 31, 2021	**27,500,000**	**14,813,951**	**0**	**0**	**(4,514,472)**	**174,649,041**	**(120,366,865)**	**5,500,000**	**60,288,176**	**130,369,831**	**(80,287,615)**	**77,582,216**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The Company 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). This concession extended by an additional two years the conversion into law of Legislative Decree No. 34 of May 19, 2020 ("Relaunch Decree"), Law No. 77 of July 17, 2020, published in Official Gazette No. 180 of July 18, 2020, S.O. No. 25.

At December 31, 2021, SEA does not hold treasury shares and the ownership is presented in the following table:

	Holding
Municipality of Milan	54.81%
Municipality of Busto Arsizio	0.06%
Other public shareholders	0.08%
Total public shareholders	**54.95%**
2i-Aeroporti SpA	36.39%
F2i Sgr SpA	8.62%
Other private shareholders	0.04%
Total private shareholders	**45.05%**
Total	**100.00%**

Following the issuance of the bond designated "SEA 3 1/2 2020-2025" and the admission to listing of the notes on the regulated market organised and managed by the Irish Stock Exchange, the Company maintained its classification as a Public Interest Entity (PIE) as defined in Article 16, paragraph 1, letter a) of Legislative Decree No. 39/2010.

In 2021, the beginning of a recovery emerged from the air transport sector-wide crisis stemming from the COVID-19 outbreak which shaped 2020. The loosening of restrictions, although varying from country to country and possible thanks to the vaccine campaign uptake, led to improved traffic figures, although performances were continually impacted by the cyclical emergence of variants. For further information, reference should be made to the Directors' Report.

2. SUMMARY OF ACCOUNTING PRINCIPLES ADOPTED

The main accounting principles adopted in the preparation of the separate financial statements of SEA for the year ended December 31, 2021 are reported below.

The financial statements are presented in Euro while the tables included in the explanatory notes are presented in thousands of Euro.

2.1 Basis of preparation

European Regulation (EU) No. 1606/2002 of July 19, 2002 introduced the obligation, from the year 2005, to apply International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union for the preparation of the consolidated financial statements of companies listed on regulated European markets. Following the above-mentioned European Regulation, Legislative Decree No. 38 was enacted on February 28, 2005 which governs the option to apply IFRS for the preparation of the consolidated financial statements of non-listed companies. SEA decided to apply this option for the preparation of the consolidated financial statements for the year end December 31, 2006. The same Legislative Decree (fourth paragraph of Article 4) also governs the option to apply IFRS for the preparation of standalone statutory financial statements included in the consolidated financial statements in accordance with

IFRS. SEA decided to apply this option from the financial statements for the year ended December 31, 2011. For these separate financial statements the transition date to IFRS was identified as January 1, 2010.

"IFRS" refers to the International Accounting Standards ("IAS") in force, as well as those of the IFRS Interpretation Committee, previously known as the International Financial Reporting Interpretations Committee ("IFRIC"), and before that the Standing Interpretations Committee ("SIC").

The financial statements were prepared in accordance with IFRS in force at the approval date of the financial statements and the provisions enacted as per Article 9 of Leg. Decree No. 38/2005.

In particular the IFRS were applied in a consistent manner for the periods presented in the document. The financial statements were prepared on the basis of the best information on the IFRS and taking into account best practice; any further orientations and interpretative updates will be reflected in subsequent years, in accordance with the provisions of the accounting standards, as detailed below.

The separate Financial Statements were prepared in accordance with the going concern concept, therefore utilising the accounting principles of an operating business. Company management evaluated that, although within a difficult economic and financial environment, there are no significant uncertainties concerning the capacity of the Company to meet its obligations in the foreseeable future, and in particular in the 12 months subsequent to approval of this report. In this regard, please refer to the observations in the Directors' Report.

Law No. 178 of December 30, 2020

It should also be noted that Law 178 of December 30, 2020, "Government budget for fiscal year 2021 and spending plan for 2021-2023", paragraphs 714-720, which to mitigate the economic effects of the COVID-19 epidemic emergency on the entire airport sector, established a fund with assets of Euro 500 million, intended to provide compensation, with the limit of Euro 450 million, for the damages suffered by airport operators possessing the prescribed valid certificate issued by ENAC.

With Decree-Law No. 73 of May 25, 2021, paragraph 2, the fund was increased by Euro 300 million, of which 285 million allocated to airport operators, bringing the portion of the fund allocated to compensate the losses suffered by management companies to Euro 735 million.

On July 26, 2021, the European Commission issued a press release announcing that it had approved the above aid scheme pursuant to Article 107 2b of the TFEU.

The implementing decree establishing the procedures and criteria for determining and disbursing the grant in accordance with the limits and guidelines of the European Commission went into effect with its publication in the Italian Official Journal on December 28, 2021.

SEA has determined that the grant pursuant to Law No. 178 of December 30, 2020, falls within the scope of IAS 20.3, which states: "Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity." Therefore, we have adopted the guidelines of this standard in recognising the grant. More specifically, IAS 20.8 states that "a government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled."

In accordance with this standard, which states that grants are to be recognised in profit or loss in the year in which they become collectable, and associating the concept of collectability with completion of the process[1] defined under Articles 4 and 5 of the implementing decree, not as a mere formality but with the substantial validity of all obligations specified above, the Company has decided not to recognise this grant in profit or loss in 2021, but to postpone its recognition to the year in which it will become collectable, i.e. when the procedures described in the implementing decree are completed, which is expected to be in 2022.

The implementing decree describes the procedures to follow to ensure collectability, but this does not, on its own, establish the right for the entity to collect the grant.

[1] *1) Presentation of the application within 30 days following publication of the implementing decree;*

2) Processing of the applications received handled by ENAC, which communicates with the General Department of Airports, Air Transport & Satellite Services;

3) Adoption by the competent department of the measures accepting or rejecting the applications received;

4) Communication of these measures to the applicants;

5) Presentation of formal acceptance of the measure by the applicants.

Supporting this assumption is also the fact that ENAC, when conducting its procedures, can recalculate the amount to be granted to each applicant. For this reason, the amount set prior to completion of the process described in the implementing decree is merely an estimate and, by definition, uncertain, even if supported by independently verified calculations. These estimates are also related to construction of the "counterfactual" scenario used in the analysis, which includes certain specific adjustments to the circumstances of SEA SpA in order to approximate what would have happened in the absence of the pandemic during the period analysed and so is, by definition, hypothetical.

Therefore, the Company has assessed that the requirement of collectability, and consequent recognition of the grant, can not be achieved prior to 2022.

Presentation of the financial statements

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 the indirect method for the cash flow statement. Where present the balances and transactions with related parties are reported.

The financial statement presentations utilised, as outlined above, are those which best represent the equity and financial position of the company.

For a better presentation of the financial statements, the income statement was presented in two separate statements: a) the income statement and b) the comprehensive income statement.

The 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.

The Company, following the "SEA 3 1/8 2014-2021" and "SEA 3 1/2 2020-2025" bond issue on the regulated market, adopted the accounting standards IFRS 8 "Operating Segments" and IAS 33 "Earnings per share", to which reference should be made to the Consolidated Financial Statements Notes 7 and 9.13.

The present financial statements were audited by the independent audit firm Deloitte & Touche S.p.A..

2.2 Accounting standards, amendments and interpretations adopted from January 1, 2021

The International Accounting Standards and amendments which must be obligatory applied from January 1, 2021, following completion of the relative approval process by the relevant authorities, are illustrated below.

Description	Date approved	Publication in the Official Gazette	Effective date as per the standard	Effective date applied by SEA
Amendments to IFRS 4 Insurance Contracts-deferral of IFRS 9	Dec 15, 2020	Dec 16, 2020	Periods which begin from Jan 1, 2020	Jan 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2	Jan 13, 2021	Jan 14, 2021	Periods which begin from Jan 1, 2020	Jan 1, 2021
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions	Aug 30, 2021	Aug 31, 2021	Periods which begin from Jan 1, 2020	Jan 1, 2021

The adoption of these amendments and interpretations, where applicable, has not had any significant impact on the balance sheet or on the result of the Company.

2.3 Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Company

Below we report the International Accounting Standards, interpretations and amendments to existing accounting standards and interpretations, or specific provisions within the standards and interpretations approved by the IASB which have not yet been approved for adoption in Europe, or where adopted in Europe, at the approval date of the present document were not adopted in advance by the Company:

Description	Approved at the date of the present document	Effective date as per the standard
Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements 2018-2020	YES	Periods which begin from Jan 1, 2022
IFRS 17 Insurance Contracts	YES	Periods which begin from Jan 1, 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	NO	Periods which begin from Jan 1, 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	NO	Periods which begin from Jan 1, 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	NO	Periods which begin from Jan 1, 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (	NO	Periods which begin from Jan 1, 2023
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	NO	Periods which begin from Jan 1, 2023

No accounting standards and/or interpretations were applied in advance whose application is obligatory for periods commencing after December 31, 2021, and the directors no not expect any material effects.

2.4 Accounting policies

Business combinations and goodwill

In the case of the acquisition from third parties of businesses or business combinations, the assets, the liabilities and the contingent liabilities acquired and identifiable are recorded at their fair value at the date of acquisition.

The positive difference between the acquisition cost and the present value of these assets and liabilities are recognised as goodwill and classified in the financial statements as an intangible asset with indefinite life.

Any negative difference ("badwill") is recognised in the income statement at the date of acquisition.

The costs related to business combinations are recognised in the income statement.

Goodwill is initially recorded at cost and subsequently reduced only for loss in value.

Annually, or more frequently if specific events or circumstances indicate the possibility of having incurred a loss in value, the goodwill is subject to an impairment test to identify any loss in value, in accordance with IAS 36 (Impairments); the original value is however not restored if the reasons for the write-down no longer exist.

The goodwill is not revalued, even in application of specific legislation.

Any liabilities related to business combinations for payments subject to conditions are recognised at the acquisition date of the businesses and business units relating to the business combination.

Where all or part of a previously acquired company (whose acquisition produced goodwill) is sold, the corresponding residual value of goodwill is considered when calculating the capital gains or losses generated by such sale.

Intangible assets

An intangible asset is a non-monetary asset, identifiable and without physical substance, controllable and capable of generating future economic benefits. With the exception of "Rights on assets under concession", intangible assets are recorded at purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortisation, and any loss in value. The intangible assets are as follows:

(a) Rights on assets under concession

The "Rights on assets under concession" represent the right of the Lessee to utilise the asset under concession (so-called intangible asset method) in consideration of the costs incurred for the design and construction of the asset with the obligation to return the asset at the end of the concession. The value corresponds to the "fair value" of the design and construction assets increased by the financial charges capitalised, in accordance with IAS 23, during the construction phase. The fair value of the construction work is based on the costs actually incurred increased by 6%, representing the remuneration of the internal costs for the management of the works and design activities undertaken by the Company which is a mark-up a third party general contractor would request for undertaking the same activities, in accordance with IFRIC 12. The leasee must recognise and measure service revenues in accordance with IFRS 15. If the fair value of the services received (specifically the usage right of the asset) cannot be determined reliably, the revenue is calculated based on the fair value of the construction work undertaken. The subsequent accounting of the amount received as financial asset and as intangible asset is described in detail in paragraphs 23-26 of IFRIC 12.

The construction work in progress at the balance sheet date is measured based on the state of advancement of the work in accordance with IFRS 15 and this amount is reported in the income statement line "Revenues for works on assets under concession'.

Restoration or replacement works are not capitalised and are included in the estimate of the restoration and replacement provision as outlined below.

Assets under concession are amortised over the duration of the concession on a straight-line basis in accordance with the expiry of the concession, as it is expected that the future economic benefits of the asset will be utilised by the lessee. Amortisation begins where the rights in question begin to produce the relative economic benefits.

The accumulated amortisation provision and the restoration and replacement provision ensure the adequate coverage of the costs of restoration and replacement of the components subject to wear and tear of the assets under concession.

Reference should be made to the subsequent paragraph "Provision for risks and charges – Restoration and replacement provision of assets under concession".

Where events arise which indicate a reduction in the value of these intangible assets, the difference between the present value and the recovery value is recognised in the income statement.

(b) Industrial patents and intellectual property rights

Patents, concessions, licenses, brands and similar rights

Trademarks and licenses are amortised on a straight-line basis over the estimated useful life.

Computer software

Software costs are amortised on a straight-line basis over three years, while software programme maintenance costs are charged to the income statement when incurred.

Intangible assets with definite useful life are annually tested for losses in value or where there is an indication that the asset may have incurred a loss in value. Reference should be made to the paragraph below "Impairments".

Property, plant & equipment

Tangible fixed assets includes property, part of which under the scope of IFRIC 12, and plant and equipment.

Property

Property, in part financed by the State, relates to tangible assets acquired by the Company in accordance with the 2001 Agreement (which renewed the previous concession of May 7, 1962). The 2001 Agreement provides for the obligation of SEA to maintain and manage airport assets for the undertaking of such activities and the right to undertake structural airport works, which remain the property of SEA until the expiry of the 2001 Agreement, i.e. May 4, 2043. The fixed assets in the financial statements are reported net of State grants.

Depreciation of property is charged based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Where this latter is beyond the date of the end of the concession, the amount is amortised on a straight-line basis until the expiry of the concession. Applying the principle of the component approach, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

For land, a distinction is made between land owned by the Company, classified under property, plant and equipment and not subject to depreciation and expropriated areas necessary for the extension of the Malpensa Terminal, classified under "Assets under concession" and amortised over the duration of the concession.

The free granting of assets is recognised at market value, according to independent technical expert opinions.

Plant & Equipment

These are represented by tangible fixed assets acquired by the Company which are not subject to the obligation of return.

Plant and equipment are recorded at purchase or production cost and, only with reference to owned assets, net of accumulated depreciation and any loss in value. The cost includes charges directly incurred for bringing the asset to their condition for use, as well as dismantling and removal charges which will be incurred consequent of contractual obligations, which require the asset to be returned to its original condition.

The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach, in which case the useful life and the relative value of each component is measured separately.

Depreciation is charged to the income statement based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Where this latter is beyond the date of the end of the concession, the amount is amortised on a straight-line basis until the expiry of the concession. Applying the principle of the component approach, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

The depreciation rates for owned assets, where no separate specific components are identified are reported below:

Category	% depreciation
Loading and unloading vehicles	10.0%
Runway equipment	31.5%
Minor equipment	25.0%
Furniture and fittings	12.0%
Transport vehicles	20.0%
Motor vehicles	25.0%
EDP	20.0%

The useful life of property, plant and equipment and their residual value are reviewed and updated, where necessary, at least at the end of each year.

Tangible assets are annually tested for losses in value or where there is an indication that the asset may have incurred a loss in value. Reference should be made to the paragraph below "Impairments".

Leased assets right-of-use

This account includes the recognition and measurement of lease contracts, accounted for in accordance with IFRS 16. This accounting treatment involves recognising an asset representative of the right-of-use of the leased asset and a current and non-current financial liability representative of the obligation to be discharged.

Depreciation of such assets is charged to the income statement on a straight-line, monthly basis, according to rates that allow the right to be amortised over the term of the lease contract.

The interest charges accrued on the financial liability are taken monthly to the account of the income statement "Financial charges".

The IFRS 16 contracts entered into by SEA essentially concern equipment, electronic machines and lease contracts for motor vehicles and apron vehicles.

Lease contracts with short terms or values of less than Euro 5 thousand are expensed directly to the account of the income statement "Other operating costs"; cost is represented by the rentals provided for in the contract.

Investment property

This account includes owned buildings not for operational use. Investment property is initially recognised at cost and subsequently measured utilising the amortised cost criteria, net of accumulated depreciation and losses in value.

Depreciation is calculated on a straight-line basis over the useful life of the building.

Investments in subsidiaries and associates

The investments in subsidiaries and associated companies are measured at purchase cost (including any direct accessory costs), reduced for impairments in accordance with IAS 36.

Any positive difference, arising on acquisition from third parties, between the purchase cost and fair value of net assets acquired in an investee company is included in the carrying amount of the investment.

Investments in subsidiaries and associates are tested annually for impairment or more frequently if evidence of impairment exists. Where an impairment loss exists, it is recognised immediately through the income statement. Where the share of losses pertaining to the company in the investment exceeds the carrying value of the investment, and the company has an obligation to cover such losses, the investment is written down and the share of further losses is recorded as a provision for risks and charges under liabilities in the balance sheet. If an impairment loss is subsequently reversed, the increase in carrying amount (up to a maximum of purchase cost) is recognised through the income statement.

Impairments

At each balance sheet date, the property, plant and machinery, intangible assets and investments in subsidiaries and associated companies are analysed in order to identify any indications of a reduction in value. Where these indications exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write down compared to the relative book value in the income statement. 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.

Impairment test

Although the situation of both the Company and the industry as a whole has improved compared to the previous year, certain indicators of impairment remained when preparing the financial statements for the year. Therefore, the Company has conducted impairment testing in order to determine if any assets have suffered impairment losses.

The trigger events that required the carrying out of an impairment test were the following:

- passenger traffic improving from 2020, but still impacted by ongoing government restrictions on travel in order to contain the spread of new variants (e.g. delta and omicron) and by a slower-than-expected recovery in international traffic;
- airlines experiencing financial difficulties despite public stimulus policies;
- structural re-sizing by many airlines in terms of fleet size, crews, destinations served, and operating hubs;
- termination of operations by Alitalia and the launch of a new Italian carrier with a reduced fleet;
- tension in the price of commodities.

The impairment test, approved at the March 23, 2022 Board of Directors meeting, was performed based on the 2022-2026 Budget and Business Plan approved by the Board of Directors on December 20, 2021 and the 2027-2043 projections prepared by the Companies.

The long-term (beyond 2026) forecasts were made based on the following:

- the estimate of the expected traffic was made on the basis of the most recent industry studies and specialist reports available. In this regard, the Company developed two distinct scenarios, a best-case and a worst-case, that differ mainly in expected traffic.
- the investment plan has been prepared (with regard to years beyond 2026) by taking account of

actions needed to maintain infrastructures and of the development investments under the Linate and Malpensa master plan;

- aviation revenues were calculated based on recent ART models;
- non-aviation revenues were calculated based on expected traffic and planned infrastructure-development investment;
- costs were modelled based on expected air traffic and planned investments;
- a portion of the restoration fund is expected to be recognised in 2022 to cover losses incurred due to the COVID-19 crisis, following submission of the application by SEA SpA in January 2022 in accordance with the guidelines of the implementing decree published in the Official Journal on December 28, 2021.

The impairment test was carried out considering SEA as a single CGU, as:

- the generation of cash flows by the two airports is mainly based on the collection of aviation fees, including passenger fees set at airport "system" level and considering consolidated costs and investments;
- the new ART tariff models allow the operator to break down tariffs by product/terminal, with the only restriction being the maintenance of a correlation to airport system level costs;
- Linate and Malpensa represent from an industrial point two products with separate pricing and market positioning, although jointly constitute the SEA offer;
- SEA over the years has found a close link from an industrial viewpoint between the development of traffic at the two airports. This link also emerged in conjunction with the "bridge" with the closure of Linate for three months in 2019 and, in 2020, with the flexible use of the terminal by SEA and by the airlines.

The value in use of the CGU was calculated through discounting future cash flows at December 31, 2021. This value in use was thereafter compared with the total value at December 31, 2021, of tangible and intangible assets, rights-of-use and property investments.

The value in use of the CGU was greater than net capital employed, both in the "best" case and the "worst" case scenarios, so the impairment test did not indicate any loss in value. Under both traffic scenarios, we also verified that the value in use of the CGU was greater than the carrying amount in the event of significant increases in the discount rate.

Impairment tests were also conducted on the investments in associates, which, given the type of activities conducted at the airports, have been impacted by the described market dynamics in the same manner as SEA. The investments tested were Sacbo, Dufrital, SEA Services, and Airport Handling, whereas no indicators of impairment have arisen for Malpensa Logistica Europa or Disma.

In order to determine the value in use of the equity investments, the most recently approved financial statements, the financial forecasts provided by the companies, where available, and the main drivers of operations based on the Company's 2022-2026 Business Plan were taken into account. Based on this information, financial forecasts were made for each company involved in the impairment test. The value in use of each associated company tested was determined using the unlevered discounted cash flows (DCFs) method, with the related discount rates in line with test flows and compared against their carrying value. In order to corroborate the results of the main method described above, an analysis of market multiples was also conducted, and this confirmed the results.

The impairment tests were carried out on these investees, indicating no impairment losses at December 31, 2021.

Considering that the recoverable value of the net capital employed by the SEA CGU and that the carrying value of the investments was calculated on the basis of estimates, SEA does not guarantee the non-emergence of a loss in future periods. Given the current market crisis, in fact, various factors used to draw up the estimates may be revised amid conditions not in line with forecasts.

In light of the results of these impairment tests at December 31, 2021, it has not been necessary to recognise impairment losses on property, plant and equipment, on intangible assets, on rights-of-use, on investment property, or on investments in associates.

Financial assets

On initial recognition, the financial assets are classified, in accordance with IFRS 9, in one of the following categories based on the business model of the Company for the management of the financial assets and the characteristics relating to the contractual cash flows of the financial assets.

Class	Business Model	Characteristics of the cash flows
Amortised cost	The financial asset is held in order to collect the contractual cash flows.	The cash flows are exclusively represented by payments of interest and the repayment of principal.
Fair value through other comprehensive income (also "FVOCI")	The financial asset is held to collect the contractual cash flows, both deriving from sale and operating activities.	The cash flows are exclusively represented by payments of interest and the repayment of principal.
Fair value through profit or loss (also "FVTPL")	Differing from that under amortised cost and FVOCI.	Differing from that under amortised cost and FVOCI.

The financial assets represented by equity instruments of other entities (i.e. investments in companies other than subsidiaries, associates and joint control companies), not held for trading purposes, may be classified in the category FVOCI. This choice, made instrument by instrument, requires that the fair value changes are recognised under "Other items of the comprehensive income statement" and are not subsequently recognised through profit or loss either on sale or on its impairment.

Despite that reported above, on initial recognition it is possible to irrevocably designate the financial asset as measured at fair value recognised through profit or loss if this eliminates or significantly reduces an incoherence in the measurement or in the recognition (sometimes defined as "accounting asymmetry") which would otherwise result in a measurement on another basis.

Derivative financial instruments

Derivative financial instruments are classified as hedging instruments, in accordance with paragraph 6.4 of IFRS 9, when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high.

The hedging relations are of three types:

1. fair value hedge in the case of hedging the exposure against changes in the fair value of assets or liabilities recorded which is attributable to a risk which could impact the result for the year. The profit or losses on the hedging instrument are recorded in the income statement (or in "Other items of the comprehensive income statement", if the hedging instrument hedges an equity instrument for which the Company has chosen to present the changes in fair value under "Other items of the comprehensive income statement");
2. cash flow hedge in the case of hedging the exposure against changes in the cash flows attributable to a particular risk associated with all the assets or liabilities recorded or one of their components or a highly probable scheduled transaction and which could impact on the result for the year. The hedging is recorded as follows: a) the net equity reserve for the hedging of the cash flows is adjusted to the lower between the cumulative profit or loss on the hedging instrument from the commencement of the hedge and the cumulative change in the fair value of the item hedged from the commencement of the hedge; b) the part of the profit or loss on the hedging instrument which is an effective hedge is recorded in a net equity reserve (and in specifically under "Other items of the comprehensive income statement"). Any residual profit or loss on the hedge instrument represents the ineffective part of the hedge which is recorded in the income statement in the account "Financial income/charges";
3. hedges of a net investment in a foreign operation (as defined in IAS 21), recognised in a similar manner to the hedging of financial cash flows.

The Company's hedging relationships qualify for hedge accounting under IFRS 9. Since the fundamental elements of the hedging instruments correspond to those of the hedged items, all hedging relationships are effective based on the evaluation of the effectiveness criteria of IFRS 9. When the option contracts are utilised to hedge highly probable scheduled transactions, the Company only designates the intricate value of the options as hedging instruments. Based on IFRS 9, the changes in the time value of options relating to the item hedged are recognised in the other items of the comprehensive income statement and are accumulated in the hedge reserve under net equity. IFRS 9 requires that the accounting treatment relating to the time value of an option not designated is applied in retrospective manner. Reference should be made to Note 4.2 for further information in relation to the management of the risk of the Company.

Trade and other receivables

The trade and other receivables which do not have a significant financing component (determined in accordance with IFRS 15) are initially recognised at transaction price, adjusted to take into account expected losses over the duration of the receivable. The transaction price is the amount of the payment which the entity considers it is entitled to in exchange for transferring the promised goods or services to the client, excluding payments on behalf of third parties. The payment promised in the contract with the client may include fixed amounts, variable amounts or both.

The reduction in value for the recognition and measurement of the doubtful debt provision follows the criteria indicated in paragraph 5.5 of IFRS 9. The objective is to recognise the expected losses over the entire duration of the receivable considering all reasonable and demonstrable information, including indications of expected developments.

Receivables are therefore reported net of the provision for doubtful debts. If in subsequent periods the reduction in the value of the asset is confirmed, the doubtful debt provision is utilised against charges; otherwise, where the reasons for the previous write-down no longer exist, the value of the asset is reversed up to the transaction price. For further information, reference should be made to Note 4.1.

Inventories

Inventories are measured at the lower of average weighted purchase and/or production cost and net realisable value or replacement cost. The valuation of inventories does not include financial charges.

Inventories are shown net of the obsolescence provision to adjust inventories to their realisable or replacement value.

Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits, and other short-term forms of investment readily available, due within three months. At the reporting date, bank overdrafts are classified as financial payables under current liabilities. Cash and cash equivalents are recorded at fair value.

Provisions for risks and charges

The provisions for risks and charges are recorded to cover known or likely losses or liabilities, the timing and extent of which are not known with certainty at the balance sheet date. They are recorded only when there exists a current obligation (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate less the expenses required to settle the obligation.

Possible risks that may result in a liability are disclosed in the notes under the section on commitments and risks without any provision.

Restoration and replacement provision of assets under concession

The accounting treatment of the works undertaken by the lessee on the assets under concession, as per IFRIC 12, varies depending on the nature of the work: normal maintenance on the asset is considered ordinary maintenance and therefore recognised in the income statement; replacement work and programmed maintenance of the asset at a future date, considering that IFRIC 12 does not provide for the recognition of a physical asset but a right, must be recognised in accordance with IAS 37 - "Provisions and potential liabilities" – which establishes recognition to the income statement of a provision and the recording of a provision for charges in the balance sheet.

The restoration and replacement provision of the assets under concession include, therefore, the best estimate of the present value of the charges matured at the balance sheet date for the programmed maintenance in the coming years and until the end of the concession and undertaken in order to ensure the functionality, operations and security of the assets under concession.

It should be noted that the restoration and replacement provision of the assets refers only to fixed assets within the scope of IFRIC 12 (assets under concession classified to intangible assets).

Employee provisions

Pension provisions

The company has both defined contribution plans (National Health Service Contributions and INPS pension plan contributions) and defined benefit plans.

A defined contribution plan is a plan in which SEA participates through fixed payments to third party fund operators, and in relation to which there are no legal or other obligation to pay further contributions where the fund does not have sufficient assets to meet the obligations of the employees for the period in course and previous periods. For the defined contribution plans, SEA pays contributions, voluntary or established contractually, to public and private pension funds. The contributions are recorded as personnel costs in accordance with the accruals principle. The advanced contributions are recorded as an asset which will be repaid or offset against future payments where due.

A defined benefit plan is a plan not classified as a contribution plan. In the defined benefit programmes, the amount of the benefit to be paid to the employee is quantifiable only after the termination of the employment service period, and is related to one or more factors such as age, years of service and remuneration; therefore the relative charge is recognised to the income statement based on actuarial calculations. The liability recorded in the accounts for defined benefit plans corresponds to the present value of the obligation at the balance sheet date, net, where applicable, of the fair value of the plan assets. The obligations for the defined benefit plans are determined annually by an independent actuary utilising the projected unit credit method. The present value of the defined benefit plan is determined discounting the future cash flows at an interest rate equal to the obligations (high-quality corporate) issued in the currency in which the liabilities will be settled and takes into account the duration of the relative pension plan.

The actuarial gains and losses, in accordance with IAS 19R, are recorded directly under equity in a specific reserve account "Reserve for actuarial gains/loss".

We report that, following amendments made to the leaving indemnity regulations by Law No. 296 of December 27, 2006 and subsequent Decrees and Regulations issued in the first half of 2007, the leaving indemnity provision due to employees in accordance with Article 2120 Civil Code is classified as defined benefit plans for the part matured before application of the new legislation and as defined contribution plans for the part matured after the application of the new regulation.

Post-employment benefits

Post-employment benefits are paid to employees when the employee terminates his employment service before the normal pension date, or when an employee accepts voluntary termination of the contract. The Company records post-employment benefits when it is demonstrated that the termination of the employment contract is in line with a formal plan which determines the termination of the employment service, or when the provision of the benefit is a result of a leaving indemnity programme.

Financial liabilities

Financial liabilities and other commitments to be paid, with the exclusion of the categories indicated in paragraph 4.2 of IFRS 9, are initially measured at amortised cost, using the effective interest rate. When there is a change in the expected cash flows and it is possible to estimate them reliably, the value of the payables are recalculated to reflect this change, based on the new present value of the expected cash flows and on the internal yield initially determined. The financial liabilities are classified under current liabilities, except when the Company has an unconditional right to defer their payment for at least 12 months after the balance sheet date.

Purchases and sales of financial liabilities are recognised at the valuation date of the relative transaction.

Financial liabilities are derecognised from the balance sheet when they expire and the Company has transferred all the risks and rewards relating to the instrument.

As a result of the application of IFRS 16, with effect from January 1, 2019, the balance sheet includes current and non-current financial liabilities ("lease liabilities") representative of the obligation to make the payments provided for in the contract. As permitted by the Standard, the lease liability is not taken to a separate account but included amongst "Current financial liabilities" and "Non-current financial liabilities".

Trade and other payables

Trade and other payables are initially recognised at amortised cost.

Reverse factoring transactions - indirect factoring

In order to ensure easy access to credit for its suppliers, the Company has entered into reverse factoring or indirect factoring agreements (with recourse). Based on the contractual structures in place, the supplier has the possibility to assign the receivables claimed from the Company at its own discretion to a lending institution and cash in the amount before maturity.

Invoice payment terms are non-interest bearing as they do not involve further extensions agreed upon between the supplier and the Company.

In this context, the relationships for which the primary obligation is maintained with the supplier and any extension, where granted, do not involve a change in payment terms, retain their nature and therefore remain classified as commercial liabilities.

Revenue recognition

Revenues are recognised when the transfer to the client of the goods or services promised is expressed in an amount (expressed net of value added taxes and discounts) which reflects the expected consideration to be received in exchange for the goods or services.

Recognition occurs when (or over time) the Company complies with the obligation to transfer to the client the goods or service (or the asset) promised. The asset is transferred when (or over time) the client acquires control. Control of the asset is the capacity to decide upon the use of the asset and to obtain substantially all the remaining benefits. Control includes the capacity to prevent other entities to use the asset and obtain benefits. The benefits of the assets are the potential cash flows (cash inflows or savings on outflows) which may be obtained directly or indirectly.

For each obligation to be complied with over time, the revenues are recognised over the time period, evaluating the progression towards complete compliance with the obligation.

The revenues generated by the company concern the sale of goods and services during the period, for which reference should be made to Note 7.1; as per IFRS 15, paragraph 114, the company aggregates the revenues recorded deriving from contracts with customers into categories which illustrate how the economic factors impact upon the nature, the amount, the timing and the level of uncertainty of the revenues and of the cash flows.

The revenues are recorded net of the incentives granted to airlines, based on the number of passengers transported and invoiced by the airlines to the Company for i) the maintenance of traffic at the airport or ii) the development of traffic through increasing existing routes or launching new routes.

Revenue for works on assets under concession

Revenues on construction work are recognised in relation to the state of advancement of works in accordance with the percentage of completion method and on the basis of the costs incurred for these activities increased by a mark-up of 6% representing the best estimate of the remuneration of the internal costs of the management of the works and design activities undertaken by SEA, the mark-up which would be applied by a general contractor (as established by IFRIC 12).

Government grants

Public grants, in the presence of a formal resolution from the issuer, are recorded on an accrual basis in direct correlation to the costs incurred (IAS 20). Public grants, including non-monetary grants measured at fair value, do not need to be recognised until there is reasonable certainty that: (a) the entity will comply with the conditions; and (b) the contributions will be received.

A government grant received to offset costs or losses that have already been incurred or to provide immediate financial support to the entity without related future costs must be recognised in profit or loss in the year in which it is collectable.

Capital grants

Capital public grants relating to property, plant and equipment are recorded as a reduction in the acquisition value of the assets to which they refer.

Operating grants

Operating grants are recorded in the income statement in the account "Operating income".

Recognition of costs

Costs are recognised when relating to assets or services acquired or consumed in the year or by systematic allocation.

Financial income

Financial income is recognised on an accruals basis and includes interest income on funds invested, foreign currency gains and income deriving from financial instruments, when not offset by hedging operations. Interest income is recorded in the income statement at the moment of maturity, considering the effective yield.

Financial charges

Financial charges are recorded on an accrual basis and include interest on financial payables calculated using the effective interest method and currency losses. The financial charges incurred on investments in assets for which a significant period of time is usually needed to render the assets available for use or sale (qualifying assets) are capitalised and amortised over the useful life of the class of the assets to which they refer in accordance with the provisions of the new version of IAS 23.

Income taxes

Current IRES and IRAP income taxes are calculated based on the assessable income for the year, applying the current tax rates at the balance sheet date.

Deferred taxes are calculated on all differences between the assessable income of an asset or liability and the relative book value, with the exception of goodwill. Deferred tax assets for the portion not compensated by deferred tax liabilities are recognised only for those amounts for which it is probable there will be future assessable income to recover the amounts. The deferred taxes are calculated utilising the tax rates which are expected to be applied in the years when the temporary differences will be realised or settled. Deferred tax assets are recorded when their recovery is considered probable. These assets and liabilities are not recognised if the temporary differences deriving from the goodwill or the initial recognition (not in business combination) of other assets or liabilities in operations do not have an impact on the accounting result or on the assessable fiscal result.

The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

Current and deferred income taxes are recorded in the income statement, except those relating to accounts directly credited or debited to equity, in which case the fiscal effect is recognised directly to equity and to the Comprehensive Income Statement. Income taxes are offset when applied by the same fiscal authority, there is a legal right for offsetting and the payment of the net balance is expected.

Other taxes not related to income, such as taxes on property, are included under "Other operating expenses".

Dividends

Payables for dividends to shareholders are recorded in the year in which the distribution is approved by the Shareholders' Meeting.

Translation of foreign currency transactions

The transactions in currencies other than the operational currency of the company are converted into Euro using the exchange rate at the transaction date.

The foreign currency gains and losses generated from the closure of the transaction or from the translation at the balance sheet date of the assets and liabilities in foreign currencies are recognised in the income statement.

3. ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements require the Directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic under the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts.

The accounting principles which, relating to the Company, require greater subjectivity by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the financial statements are briefly described below:

(a) Impairments

The tangible and intangible assets and investments in subsidiaries and associated companies and property investments are verified to ascertain if there has been a loss in value which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. The verification of the existence of the above-mentioned indicators requires the Directors to make valuations based on the information available internally and from the market, as well as historical experience. In addition, when it is determined that there may be a potential impairment loss, the Company determines this through using the most appropriate technical valuation methods available. The correct identification of the indicators of the existence of a potential reduction in value as well as the estimates for their determination depends on factors which may vary over time impacting upon the valuations and estimates made by the Directors. Due to the major uncertainties linked to the COVID-19 emergency, both in the duration of the restrictions and in the structural macro-economic impacts, an accurate forecast process for the current year is extremely difficult. The Company is carefully monitoring the development of the situation and is updating the sensitivity analyses on the effects of the epidemic and has, in order to mitigate uncertainty, prepared impairment tests that take account of separate scenarios and specific sensitivity analyses. Reference should be made in addition to the paragraph below "Impairments".

(b) Amortisation & depreciation

Depreciation represents a significant cost for the Company. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the relative assets and components. The useful life of the fixed assets is determined by the Directors when the fixed assets are purchased. This is based on the historical experiences for similar fixed assets, market conditions and considerations relating to future events which could have an impact on the useful life, such as changes in technology. Therefore, the effective useful life may be different from the estimated useful life. The Company periodically evaluates technological and sector changes to update the residual useful life. This periodic update could result in a change in the depreciation period and therefore in the depreciation charge in future years. In application of the new accounting standard IFRS 16, the income statement also includes the recognition of the depreciation of "Leased assets right-of-use".

(c) Provisions for risks and charges

The Company may be subject to legal disputes, in relation to taxation or employment issues, based on particularly complex circumstances of varying degrees of uncertainty, according to the facts and circumstances, jurisdiction and laws applicable to each case.

Considering the inexact nature of these issues, it is difficult to predict with certainty any future payments required.

Therefore, Management, having consulted with its legal and tax advisers, recognises a liability against these disputes when a financial payment is considered probable and the amount of the losses arising may be reasonably estimated. In the case in which a payment is considered possible, but is not yet determinable, such is reported in the explanatory notes.

Provisions are recorded against risks of a legal and tax nature and employee disputes. The amount of the provisions recorded in the financial statements relating to these risks therefore represents the best estimate at that date made by the Directors. This estimate results in the adoption of assumptions concerning factors which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directors for the preparation of the financial statements. In addition, the restoration and replacement provision of the assets under concession, recorded in accordance with IFRIC 12, includes the best estimate of the charges matured at the balance sheet date for scheduled maintenance in future years in order to ensure the functionality, operations and security of the assets under concession. When measuring the restoration and replacement provision, the Company has taken account of expected investments and has not noted a particular impact from COVID-19.

(d) Trade receivables

Company evaluates the expected losses on trade receivables in order to reflect, through a specific doubtful debt provision, the realisable value utilising reasonable and demonstrable information available, without excessive costs or effort at the reporting date on past events, current conditions and future economic conditions.

The doubtful debt provision represents the best estimate at the reporting date made by the Directors. This estimate is based on facts and expectations which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directives for the preparation of the separate financial statements.

(e) Leases

IFRS 16 introduced certain elements of professional judgment that entail the definition of certain accounting policies and the use of assumptions and estimates with regard to the lease term and the definition of the incremental borrowing rate. The main ones are summarised below:

- The Company has decided not to apply IFRS 16 for contracts containing a lease where the underlying asset is of low value (less than Euro 5 thousand).
- Lease term: the Company has analysed all of its lease contracts and has identified the lease term for each of them – this is the non-cancellable period together with the effects of any extension or early termination options whose exercise is considered reasonably certain.
- Definition of the incremental borrowing rate: since most rental contracts entered into by the Company do not include an implied interest rate, the discount rate to be applied to future rental payments has been taken as the average cost of medium/long term debt.

4. RISK MANAGEMENT

The risk management strategy of the Company is based on minimising potential negative effects related to the financial and operating performance. Some types of risk are offset through recourse to derivative instruments.

The management of the above-mentioned risks is undertaken through identifying, evaluating and undertaking the hedging of financial risks.

4.1 Credit risk

The credit risks represent the exposure of SEA to potential losses deriving from the non-compliance of obligations by trading and financial partners.

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 SEA, 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.

In order to control this risk, SEA 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.

The overall receivable, compared to 2020, increased following the improved revenues, with a consequent reduction in the ratio between trade receivables and sureties/deposits, substantially in line with pre-COVID levels.

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 prudently made based on the rating grade and underlying disputes at the reporting sheet date. The doubtful debt provision necessary to adjust the nominal value to the realisable value is determined analysing all receivables and utilising all available information on the debtor.

A summary of trade receivables with third parties and the relative doubtful debt provisions is reported below.

(Euro thousands)	December 31, 2021	December 31, 2020
Trade receivables - customers, gross of doubtful debt provision	203,851	147,456
- of which overdue	144,524	121,200
Doubtful debt provision - customers	(122,366)	(107,951)
Trade trade receivables - customers	**81,485**	**39,505**

Receivables transferred following factoring operations are eliminated from the balance sheet only when the related risks and benefits of ownership have been substantially transferred. Non-recourse receivables which do not satisfy these requisites remain on the balance sheet of the company, even if legally transferred. In this case a financial liability of a similar amount is recorded under liabilities against advances received.

The breakdown of overdue receivables at December 31, 2021 and the previous year is shown below:

Trade receivables - customers

(Euro thousands)	December 31, 2021	December 31, 2020
Trade receivables - customers	203,851	147,456
Of which overdue	144,524	121,200
less than 180 days	27,878	22,929
over 180 days	116,646	98,271
% overdue receivables	70.9%	82.2%
% overdue receivables of less than 180 days	13.7%	15.5%
% overdue receivables of more than 180 days	57.2%	66.6%

With regards to the Covid-19 health emergency and the consequent extraordinary situation impacting the entire air transport sector, almost all commercial partners encountered financial difficulties, resulting in an increase in overdue receivables at the end of 2021.

The table below illustrates the gross trade receivables at December 31, 2021 and for the comparative year, as well as the breakdown of receivables from counterparties under administration and in dispute, with indication of the bank and insurance sureties and deposit guarantees provided.

In view of the particularly critical situation due to the Covid-19 outbreak, an in-depth analysis of the allocation of customers to the various ratings classes was carried out, making changes where necessary to the relative allocations according to the level of exposure and currently available information.

Trade receivables - customers

(Euro thousands)	December 31, 2021	December 31, 2020
Trade receivables - customers	203,851	147,456
(i) receivables from parties subject to administration procedures	107,989	90,672
(ii) receivables subject to dispute	18,809	18,809
Total trade receivables, net of the receivables at points (i) and (ii)	**77,053**	**37,975**
Overdue receivables, other than at points (i) and (ii)	17,726	11,719
Sureties and deposits	55,712	59,131
% of receivables guaranteed by sureties and deposits vs total trade receivables, net of the receivables at points (i) and (ii)	72.3%	155.7%

The doubtful debt provision, in line with the methods outlined in IFRS 9, whose key element is the move from the previous concept of "incurred loss" to the "expected loss" concept, was calculated by taking into consideration non-collection risks, relating not only to overdue receivables, but also those falling due, determining 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). The write-down of receivables is therefore made through the use of a provision matrix which presents rating classes in rows and the different bands of past-due or 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 Company.

4.2 Market risks

The market risk to which SEA is exposed comprises all types of risks directly and indirectly related to market prices. In 2021, the market risks to which SEA were subject were:

a) interest rate risk;

b) currency risk;

c) price risk of commodities.

a) Interest rate risk

SEA 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 Company, modifying the costs and returns on financial and investment operations.

SEA 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 expose the Company to a risk originating from the volatility of the interest rates (cash flow risk). Relating to this risk, for the purposes of the relative hedging, SEA typically makes recourse to derivative contracts, which converts the variable rate to a fixed rate or limits the fluctuations in variable rates over a range, in this manner reducing the risk originating from the volatility of the rates. We highlight that these derivative contracts, underwritten exclusively for the purposes of hedging market rate volatility, are recorded through the cash flow hedge method. Please note that as of December 31, 2021, the Company has no derivative contracts in place, following their natural expiry during the year.

At December 31, 2021 the gross financial debt of SEA was comprised of medium/long-term loans (medium/long term portions of loans) and short-term loans (exclusively medium/long-term portion of loans maturing within 12 months). At the reporting date, the company does not hold any short term debt.

The medium/long term debt at December 31, 2021 is reported in the following table, which shows each loan at the nominal value (which includes a spread of between 0.25% and 2.5%, not considering the effect of the hedging operations and the cost of the relative guarantees).

Medium/long-term loans at December 31, 2021 and 2020

	December 31, 2021			December 31, 2020		
(Euro thousands)	**Maturity**	**Amount**	**Average rate**	**Maturity**	**Amount**	**Average rate**
Bonds	**2025**	**300,000**	**3.500%**	**from 2021 to 2025**	**600,000**	**3.313%**
Bank loans - EIB funding	**from 2023 to 2040**	**232,946**	**0.72%**	**from 2023 to 2037**	**197,308**	**0.86%**
o/w at Fixed Rate		43,628	2.54%		31,017	3.91%
o/w at Variable Rate (*)		189,318	0.30%		166,291	0.29%
Other bank loans	**from 2022 to 2024**	**263,782**	**0.39%**	**dal 2022 al 2023**	**400,000**	**0.39%**
o/w at Fixed Rate						
o/w at Variable Rate		263,782	0.39%		400,000	0.39%
Medium/long-term gross financial debt		**796,728**	**1.66%**		**1,197,308**	**1.93%**

(*) Includes: (i) variable rate tranche subject to interest rate hedge (ca. 28% at 31.12.2020);

'(ii) Euro 70 million of EIB loans with specific bank guarantee.

The total value of medium/long-term loans at December 31, 2021 amounts to Euro 796,728 thousand, a reduction of Euro 400,580 thousand compared to the previous year. This value was impacted by: (i) the redemption of the Euro 300 million SEA 04/2021 bond in April 2021; (ii) continuation of the repayment of financing on EIB funds outstanding and a part of the 2020 term loans; and (iii) the process of strengthening and optimising SEA's financial structure, including the disbursement of new term loans during the year for Euro 110 million, of which Euro 50 million related to a new three-year term loan with Mediobanca and Euro 60 million related to a 20-year tranche of the EIB line signed in 2019, and the early repayment of Euro 180 million in 2020 term loans.

It is worth noting that the Mediobanca term loan is the Company's first sustainability-linked funding operation and has a margin level linked to the achievement of specific strategic environmental sustainability targets for SEA, i.e., the improvement of its Airport Carbon Accreditation certification.

The average cost of medium/long-term debt at the end of December 2021 came to 1.66%, down 27 bps on the end of December 2020, benefitting from the repayment of the SEA 04/2021 Bond and the favourable cost conditions on the new Term Loans disbursed in 2021. Also considering the hedging transactions against the interest rate risk concluded in the year and the cost of bank guarantees on EIB loans, the average cost of debt amounts to 1.76%, down 40 bps compared to the end of 2020.

At December 31, 2021, SEA has the following bond issue with 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	09/10/25	300	Fixed annual	3,50%

The fair value of the overall SEA bank and bond medium/long-term debt at December 31, 2021 amounts to Euro 828,246 thousand (reduction on Euro 1,232,458 thousand at December 31, 2020). 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 bonds listed on a regulated market, reference was made to the market values at December 31, 2021;
- 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).

Due to the continued COVID-19 emergency, SEA requested and obtained an extension to the covenant holiday on outstanding loans and committed lines of credit available from the lending banks for the testing dates until June 30, 2022 inclusive. As concerns the new term loans signed and disbursed in 2020, the contractual covenants, which have been determined based on scenarios that already include the impact of the COVID-19 pandemic, have been met.

The following table reports the derivative instruments utilised by SEA to hedge the interest rate risk (measured based on the cash flow hedge method).

Please note that as of December 31, 2021, the Company has no derivative contracts in place (present however at December 31, 2020), following their natural expiry during the year.

Interest rate hedges (Euro/000)

	Notional at signing date	Residual Notional at 31/12/2020	Date of signing	Start	Maturity	Fair value at 31/12/2021	Fair value at 31/12/2020
IRS	10,000		18/5/2011	15/9/2012	15/9/2021		(258.4)
	5,000		18/5/2011	15/9/2012	15/9/2021		(129.2)
	15,000		18/5/2011	15/9/2012	15/9/2021		(328.1)
	10,000		6/6/2011	15/9/2012	15/9/2021		(177.3)
	11,000		6/6/2011	15/9/2012	15/9/2021		(188.0)
	12,000		6/6/2011	15/9/2012	15/9/2021		(188.2)
	12,000		6/6/2011	15/9/2012	15/9/2021		(188.2)
Collar	10,000		6/6/2011	15/9/2011	15/9/2021		(145.8)
	11,000		6/6/2011	15/9/2011	15/9/2021		(141.1)
Total	**96,000**	**0**				**0**	**(1,744.3)**

"-" indicates cost for the SEA Group of any early closure of the operation

"+" indicates gain for the SEA Group of any early closure of the operation

The fair value of the derivative financial instruments was determined in accordance with the new IFRS 9 and IFRS 13.

b) Currency risk

SEA, 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, SEA 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 the changes of the prices and the relative exchange rates of the energy commodities, or rather gas, electricity and thermal energy and environment certificates related to the operations of the company, utilised by SEA Energia for the procurement of the electricity, heating and air-conditioning service on behalf of the parent company. These variations directly impact on the final price which SEA pays for the supply from the subsidiary SEA Energia. The second half of 2021 saw significant increases in the price of energy commodities that could continue into 2022, exposing the Company to higher procurement costs.

During 2021, SEA Group did not carry out any transactions to hedge this risk, while in 2019 the subsidiary SEA Energia had already made purchases of environmental and gas certificates for the 2020 requirement, thereby eliminating the impact resulting from the changes in the related price that occurred during the year under review.

4.3 Liquidity risk

The liquidity risk for SEA 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 SEA are managed through policies and processes with the objective to minimise the risk. More specifically, SEA 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 Company deriving from its investment plans, operating requirements (also following the COVID-19 pandemic), 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 December 31, 2021, the Company held Euro 134 million in financial resources, despite the ongoing effects of the COVID-19 crisis on its financial performance and relative cash flows, thanks to the process to strengthen the financial structure carried out in 2020 and continued in 2021.

To this is added the irrevocable unutilised credit lines of Euro 330 million, of which Euro 260 million concerning the available revolving lines maturing between the end of 2023 and the beginning of 2024 and Euro 70 million concerning lines on EIB funds, utilisable by February 2023 and Euro 138 million uncommitted lines utilisable for immediate cash needs.

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

Trade payables are guaranteed by SEA 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 SEA the breakdown and maturity of the financial debt (capital, medium/long-term interest, financial charges on derivative instruments and leasing) and trade payables at December 31, 2021 and December 31, 2020.

Liabilities at December 31, 2021

(Euro millions)	**< 1 year**	**> 1 year < 3 years**	**> 3 years < 5 years**	**> 5 years**	**Total**
Liabilities at December 31, 2021	233.9	138.5	362.0	126.8	861.2
Gross financial debt	2.0	4.8	1.0	4.4	12.2
Leasing	145.3				145.3
Trade payables	**381.2**	**143.3**	**363.0**	**131.2**	**1,018.7**

Liabilities at December 31, 2020

(Euro millions)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Liabilities at December 31, 2020	356.3	468.1	364.8	88.8	1,278.0
Gross financial debt	1.6	2.6	1.7	3.5	9.4
Leasing	109.9				109.9
Trade payables	**467.8**	**470.7**	**366.5**	**92.3**	**1,397.3**

The table does not include the short-term Group cash pooling debt, amounting to Euro 11.5 million at the end of 2021 (Euro 4.6 million at the end of 2020), against which a receivable of a similar nature existed of Euro 20.5 million (Euro 28.2 million at the end of 2020).

Due to the continued COVID-19 emergency, SEA requested and obtained an extension to the covenant holiday on outstanding loans and committed lines of credit available from the lending banks for the testing dates until June 30, 2022 inclusive. As concerns the new term loans signed and disbursed in 2020, the contractual covenants, which have been determined based on scenarios that already include the impact of the COVID-19 pandemic, have been met.

At the end of 2021, loans due within one year relate mainly to 2020 Term Loans due by December 2022, the capital portion falling due on some of the EIB loans and interest due on the total debt. The financial resources available ensure coverage of the Company's financial debt maturities, also ensuring coverage of the medium/long-term requirements.

4.4 Sensitivity

In consideration of the fact that for the Company 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 debt and cash pooling position;
- loans;
- interest risk derivative hedge instruments.

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

a. Assumptions:

   - the effect was analysed on the SEA income statement for the years 2021 and 2020 of a change in market rates of +50 or of -50 basis points.

a. Calculation method:

   - the remuneration of the bank deposits and the cash pooling positions is related to the interbank rates. In order to 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 SEA;
   - the loans measured were those at variable interest rates, which incur interest payable linked to the Euribor at 3 and 6 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 interest risk derivative hedge instruments were measured both in terms of cash flows and fair value (in terms of changes compared to the same period of the previous year). In both cases, the values were estimated applying the changes as per point a) to the forward curve expected for the period. Please note that as of December 31, 2021, the Company has no derivative contracts in place, following their natural expiry during the year.

The results of the sensitivity analysis are reported below:

(Euro thousands)	December 31, 2021 -50 bp	December 31, 2021 +50 bp	December 31, 2020 -50 bp	December 31, 2020 +50 bp
Current accounts (interest income) [1]	-690.87	1,087.79	-232.74	1,089.16
Cash pooling position (interest income) [1]	-133.32	133.32	-147.05	147.05
Loans (interest charges) [2]	1,444.49	-2,112.56	1.001.36	-1,713.38
Cash pooling position (interest charges) [2]		-43.56		-17.98
Derivative hedging instruments (flows) [3]	-110.79	110.79	-196.45	196.45
Derivative hedging instruments (fair value) [4]			-114.38	120.41

[1] *+ = higher interest charges; - = lower interest charges*

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

[3] *+ = revenue from hedge; - = cost of hedge;*

[4] *amount entirely allocated to net equity given full efficacy of hedges*

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. By applying a variation of -50 basis points to the current market interest rate curve, the cash flow 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 table provides a breakdown of the financial assets and liabilities by category at December 31, 2021 and at December 31, 2020.

The values resulting from the utilisation of the amortised cost method approximates the fair value of the category. The figures were reclassified in accordance with the categories of IFRS 9 - Financial Instruments applied by SEA from January 1, 2018.

	December 31, 2021				
(Euro thousands)	Financial assets and liabilities measured at Fair Value to the Income Statement	Financial assets measured at amortised cost	Financial assets and liabilities measured at Fair Value to the Comprehensive Income Statement	Financial liabilities measured at amortised cost	Total
Other investments	1				1
Other non-current receivables		90			90
Trade receivables		97,998			97,998
Current financial receivables		20,542			20,542
Tax receivables		792			792
Other current receivables		4,936			4,936
Cash and cash equivalents		134,130			134,130
Total	**1**	**258,488**	**0**	**0**	**258,489**
Non-current financial liabilities exc. leasing				573,871	573,871
-of which payables to bondholders				*298,708*	*298,708*
Non-current financial payables for leasing				10,351	10,351
Trade payables				145,280	145,280
Tax payables				7,525	7,525
Other current and non-current payables				255,051	255,051
Current financial liabilities excl. leasing				234,940	234,940
Current financial liabilities for leasing				1,885	1,885
Total	**0**	**0**	**0**	**1,228,903**	**1,228,903**

	December 31, 2020				
(Euro thousands)	Financial assets and liabilities measured at Fair Value to the Income Statement	Financial assets measured at amortised cost	Financial assets and liabilities measured at Fair Value to the Comprehensive Income Statement	Financial liabilities measured at amortised cost	Total
Other investments	1				1
Other non-current receivables		97			97
Trade receivables		49,124			49,124
Current financial receivables		28,244			28,244
Tax receivables		1,090			1,090
Other current receivables		5,361			5,361
Cash and cash equivalents		588,250			588,250
Total	**1**	**672,166**	**0**	**0**	**672,167**
Non-current financial liabilities exc. leasing				863,339	863,339
- of which payables to bondholders				*298,490*	*298,490*
Non-current financial payables for leasing				7,704	7,704
Trade payables				109,919	109,919
Tax payables				7,722	7,722
Other current and non-current payables				235,663	235,663
Current financial liabilities excl. leasing			1,744	345,219	346,963
- of which payables to bondholders				*299,856*	*299,856*
Current financial liabilities for leasing				1,584	1,584
Total	**0**	**0**	**1,744**	**1,571,150**	**1,572,894**

5.1 Disclosure on fair value

In relation to financial instruments measured at fair value, the table below reports information on the method chosen 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.

The following tables present the Company assets and liabilities measured at fair value at December 31, 2021 and at December 31, 2020:

	December 31, 2021		
(Euro thousands)	Level 1	Level 2	Level 3
Other investments			1
Derivative financial instruments			
Total	**0**	**0**	**1**

	December 31, 2020		
(Euro thousands)	Level 1	Level 2	Level 3
Other investments			1
Derivative financial instruments		1.744	
Total	**0**	**1.744**	**1**

6. NOTES TO THE STATEMENT OF FINANCIAL POSITION

6.1 Intangible assets

The table below reports the changes in intangible assets in 2021:

Intangible assets

(Euro thousands)	December 31, 2020	Increases in the year	Reclassifications/ transfers	Destruct./ sales	Amortisation	December 31, 2021
Gross value						
Rights on assets under concession	1,540,335	2,847	32,369	(2,745)		1,572,806
Rights on assets under concess. in prog. & advances	43,096	22,806	(32,209)			33,693
Patents and right to use intellectual property & others	94,654		1,569			96,223
Assets in progress and advances	558	1,985	(1,569)			974
Total Gross Value	**1,678,643**	**27,638**	**160**	**(2,745)**	**0**	**1,703,696**
Accumulated amortisation						
Rights on assets under concession	(654,830)			1,408	(41,327)	(694,749)
Rights on assets under concess. in prog. & advances						
Patents and right to use intellectual property & others	(83,577)				(6,840)	(90,417)
Assets in progress and advances						
Total accumulated amortisation	**(738,407)**	**0**	**0**	**1,408**	**(48,167)**	**(785,166)**
Net value						
Rights on assets under concession	885,505	2,847	32,369	(1,337)	(41,327)	878,057
Rights on assets under concess. in prog. & advances	43,096	22,806	(32,209)			33,693
Patents and right to use intellectual property & others	11,077		1,569		(6,840)	5,806
Assets in progress and advances	558	1,985	(1,569)			974
Total net value	**940,236**	**27,638**	**160**	**(1,337)**	**(48,167)**	**918,530**

As per IFRIC 12, rights on assets under concession, net of accumulated amortisation, amount to Euro 878,057 thousand at December 31, 2021 and Euro 885,505 thousand at December 31, 2020. These assets are amortised on a straight-line basis over the duration of the concession from the State. The amortisation for the year 2021 amounts to Euro 41,327 thousand. The increases in the year, amounting to Euro 35,216 thousand, derive mainly for Euro 32,369 thousand from the entry into use of investments made in previous years and recorded under "Rights on assets under concession in progress and advances" and for Euro 2,847 thousand from the purchase of new explosive detection system equipment for checked baggage control, x-ray equipment to screen carry-on baggage and heating network investments for the Malpensa and Linate airports.

For assets within the concession right, SEA has the obligation to record a restoration and replacement provision, in relation to which reference should be made to Note 6.16.

The account "Rights on assets under concession in progress and advances", amounting to Euro 33,693 thousand, refers to the work in progress on concession assets, not yet completed at December 31, 2021.

In 2021, SEA continued its commitment to the infrastructural development of the Malpensa and Linate airports. The contingent circumstances related to the COVID emergency led to the postponement of a series of investments related, above all, to commercial initiatives, as well as other projects that were not strictly necessary given current levels of passenger traffic.

The main works done during the year at Malpensa amounted to Euro 16,941 thousand and primarily related to: i) at Terminal 1, the start-up of the self-service bag drop at island 10, the continuation of refurbishment and standardisation of the public toilets, the seismic upgrades to the spatial coverage, and the continuation of upgrades to the fire-detection system; ii) at Terminal 2, it is noted that, following the decision to shift all traffic to Terminal 1, investments directly related to passenger traffic were suspended, including construction of the self-service bag drop and upgrades to the BHS system to ECAC standard 3, and will be subsequently completed when levels of traffic will allow for the reopening of Terminal 2; iii) air-side infrastructures at Malpensa, which solely concerned the redevelopment of existing areas and projects related to maintaining and increasing the levels of security and operational functioning of the airport. In particular, works were carried out to improve the functionality and reliability of the luminous visual aids system (also in terms of energy efficiency), the replacement of the optical guides at satellite B with new technology that allow the correct positioning of the aircraft during the parking phase, the upgrading of all the projectors of the airside lighting towers with LED technology and the implementation of a surveillance and control system for aircraft (ASMGCS) and vehicles, in the manoeuvring and movement areas.

At Linate, amounting to Euro 5,865 thousand, works principally concerned the completion of the functional upgrading and restyling of the terminal. In particular, the main works regard the completion of the construction of a new building F (ground floor, second floor, second floor and roof) with the façade facing the aircraft apron, the construction of new smart security lines in the area dedicated to carry-on baggage security checks, in order to optimise flows and increase the quality of the service offered to passengers, as well as the opening of new retail areas on the second floor and a new food & beverage area on the second floor. At the same time, public toilets were built on the first and second floors of the new F building in line with the new concept. Terminal upgrades were also completed in the check-in areas, and new vertical connections with the M4 arrivals station were built, including the creation of a baggage-drop area near check-in island no. 9. Finally, the works on the Linate air-side infrastructures concerned the reconfiguration of electrical systems and the "North" substation and updates to the remote control systems for the luminous visual aids for the ENAV controller working positions at the control tower.

The reclassifications to assets under concession principally related to the gradual entry into service of the restyling works at the Linate and Malpensa Terminals.

Industrial patents and intellectual property rights and other intangible assets, amounting to Euro 5,806 thousand at December 31, 2021 (Euro 11,077 thousand at December 31, 2020), relate to the purchase of software components for the airport and operating IT systems. Specifically, the increases for Euro 1,569 thousand principally related to the development and implementation of the administrative and airport management systems, relating to investments in previous years and recorded in the account "Assets in progress and advances" which at December 31, 2021 record a residual amount of Euro 974 thousand, relating to software developments in progress. The amortisation for the year 2021 amounts to Euro 6,840 thousand.

In view of the results of the impairment test at December 31, 2021, described in Note 2, it was not necessary to write-down the non-financial assets.

The changes in intangible assets during 2020 were as follows:

Intangible assets

(Euro thousands)	December 31, 2019	Increases in the year	Reclassifications/ transfers	Destruct./ sales	Amortisation	Write - downs	December 31, 2020
Gross value							
Rights on assets under concession	1,514,694	2,330	23,807	(76)		(420)	1,540,335
Rights on assets under concess. in prog. & advances	43,876	23,027	(23,807)				43,096
Patents and right to use intellectual property & others	85,694		8,960				94,654
Assets in progress and advances	6,543	2,975	(8,960)				558
Total Gross Value	**1,650,807**	**28,332**	**0**	**(76)**	**0**	**(420)**	**1,678,643**
Accumulated amortisation							
Rights on assets under concession	(611,306)			74	(43,598)		(654,830)
Rights on assets under concess. in prog. & advances							
Patents and right to use intellectual property & others	(75,133)				(8,444)		(83,577)
Assets in progress and advances							
Total accumulated amortisation	**(686,439)**	**0**	**0**	**74**	**(52,042)**	**0**	**(738,407)**
Valore netto							
Net value	903,388	2,330	23,807	(2)	(43,598)	(420)	885,505
Rights on assets under concession	43,876	23,027	(23,807)				43,096
Rights on assets under concess. in prog. & advances	10,561		8,960		(8,444)		11,077
Patents and right to use intellectual property & others	6,543	2,975	(8,960)				558
Total net value	**964,368**	**28,332**	**0**	**(2)**	**(52,042)**	**(420)**	**940,236**

6.2 Property, plant and equipment

The following tables summarises the movements in property, plant and equipment in 2021.

Property, plant and equipment

(Euro thousands)	December 31, 2020	Increases in the year	Reclassifications/ transfers	Destruct./ sales	Depreciation	December 31, 2021
Gross value						
Property	222,113		8,071	(183)		230,001
Plant and machinery	6,544	5		(5)		6,544
Industrial and commercial equipment	46,400	26				46,426
Other assets	90,043	1,263	868	(155)		92,019
Assets in progress and advances	14,521	4,141	(9,099)			9,563
Total Gross Value	**379,621**	**5,435**	**(160)**	**(343)**	**0**	**384,553**
Depreciation provision and write-downs						
Property	(110,080)			175	(6,310)	(116,215)
Plant and machinery	(4,508)			5	(334)	(4,837)
Industrial and commercial equipment	(43,896)				(1,662)	(45,558)
Other assets	(67,603)			153	(7,092)	(74,542)
Assets in progress and advances						
Total accum. deprec. & write-downs	**(226,087)**	**0**	**0**	**333**	**(15,398)**	**(241,152)**
Net value						
Property	112,033		8,071	(8)	(6,310)	113,786
Plant and machinery	2,036	5			(334)	1,707
Industrial and commercial equipment	2,504	26			(1,662)	868
Other assets	22,440	1,263	868	(2)	(7,092)	17,477
Assets in progress and advances	14,521	4,141	(9,099)			9,563
Total net value	**153,534**	**5,435**	**(160)**	**(10)**	**(15,398)**	**143,401**

The investments relate to the development of the Aviation sector which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions and those in the Non Aviation sector, amounting to Euro 8,071 thousand at December 31, 2021, principally related to the continuation of the restyling work at Terminal 1 of Malpensa.

Increases in "Property, plant and equipment" include, in addition, furniture and furnishings (counters, benches, seats, etc.) for Euro 838 thousand and the purchase of new video terminals and personal computers for Euro 330 thousand.

In view of the results of the impairment test at December 31, 2021, described in Note 2, it was not necessary to write-down the non-financial assets.

All fixed assets, including those falling under IFRIC 12, are expressed net of those funded by State and European Union contributions. These latter at December 31, 2021, amounted to Euro 509,660 thousand and Euro 7,019 thousand respectively.

The changes in property, plant and equipment during 2020 were as follows:

Property, plant and equipment

(Euro thousands)	December 31, 2019	Increases in the year	Reclassifications/ transfers	Destruct./ sales	Depreciation	December 31, 2020
Gross value						
Property	218,302		3,848	(37)		222,113
Plant and machinery	6,471	73				6,544
Industrial and commercial equipment	46,127	275		(2)		46,400
Other assets	78,962	1,204	9,901	(24)		90,043
Assets in progress and advances	18,997	9,273	(13,749)			14,521
Total Gross Value	**368,859**	**10,825**	**0**	**(63)**	**0**	**379,621**
Depreciation provision and write-downs						
Property	(103,664)			26	(6,442)	(110,080)
Plant and machinery	(4,133)				(375)	(4,508)
Industrial and commercial equipment	(40,436)				(3,460)	(43,896)
Other assets	(60,462)			2	(7,143)	(67,603)
Assets in progress and advances						
Total accum. deprec. & write-downs	**(208,695)**	**0**	**0**	**28**	**(17,420)**	**(226,087)**
Net value						
Property	114,638		3,848	(11)	(6,442)	112,033
Plant and machinery	2,338	73			(375)	2,036
Industrial and commercial equipment	5,691	275		(2)	(3,460)	2,504
Other assets	18,500	1,204	9,901	(22)	(7,143)	22,440
Assets in progress and advances	18,997	9,273	(13,749)			14,521
Total net value	**160,164**	**10,825**	**0**	**(35)**	**(17,420)**	**153,534**

6.3 Leased assets right-of-use

The following table presents the movement in 2021 for leased assets right-of-use:

Leased assets right-of-use

(Euro thousands)	December 31, 2020	Increases in the year	Destruct./sales	Depreciation /write-downs	December 31, 2021
Gross value					
Miscellaneous and minor equipment	3,187	913			4,100
Complex equipment	188				188
Transport vehicles	5,009	3,790	(142)		8,657
EDP	862				862
Land	4,348				4,348
Total Gross Value	**13,594**	**4,703**	**(142)**	**0**	**18,155**
Accumulated depreciation & write-downs					
Miscellaneous and minor equipment	(1,212)			(715)	(1,927)
Complex equipment	(107)			(54)	(161)
Transport vehicles	(804)		107	(958)	(1,655)
EDP	(314)			(156)	(470)
Land	(573)			(392)	(965)
Total accum. deprec. & write-downs	**(3,010)**	**0**	**107**	**(2,275)**	**(5,178)**
Net value					
Miscellaneous and minor equipment	1,975	913		(715)	2,173
Complex equipment	81			(54)	27
Transport vehicles	4,205	3,790	(35)	(958)	7,002
EDP	548			(156)	392
Land	3,775			(392)	3,383
Total net value	**10,584**	**4,703**	**(35)**	**(2,275)**	**12,977**

"Leased asset rights-of-use" concern rights-of-use recognised as per IFRS 16. As a lessee, the Company identified the relevant issues, principally industrial equipment, land 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 assets right-of-use at December 31, 2021, is Euro 12,977 thousand, with depreciation in the year of Euro 2,275 thousand. For the calculation of these amounts, the Company availed of an exemption permitted under IFRS 16 and which resulted in a single discount rate for each leasing portfolio.

The changes in leased assets rights-of-use during 2020 were as follows:

Leased assets right-of-use

(Euro thousands)	December 31, 2019	Increases in the year	Destruct./sales	Depreciation /write-downs	December 31, 2020
Gross value					
Runway/Apron/Street equipment	11		(11)		0
Miscellaneous and minor equipment	3,068	207	(88)		3,187
Complex equipment	188				188
Transport vehicles	3,207	2,586	(784)		5,009
EDP	908		(46)		862
Land	4,348				4,348
Total Gross Value	**11,730**	**2,793**	**(929)**	**0**	**13,594**
Accumulated depreciation & write-downs					
Runway/Apron/Street equipment	(8)		11	(3)	-
Miscellaneous and minor equipment	(614)		88	(686)	(1,212)
Complex equipment	(54)			(53)	(107)
Transport vehicles	(649)		777	(932)	(804)
EDP	(175)		46	(185)	(314)
Land	(181)			(392)	(573)
Total accum. deprec. & write-downs	**(1,681)**	**0**	**922**	**(2,251)**	**(3,010)**
Net value					
Runway/Apron/Street equipment	3			(3)	0
Miscellaneous and minor equipment	2,454	207		(686)	1,975
Complex equipment	134			(53)	81
Transport vehicles	2,558	2,586	(7)	(932)	4,205
EDP	733			(185)	548
Land	4,167			(392)	3,775
Total net value	**10,049**	**2,793**	**(7)**	**(2,251)**	**10,584**

6.4 Investment property

The breakdown of investment property at December 31, 2021 is shown below:

Investment property

(Euro thousands)	December 31, 2021	December 31, 2020
Gross value	4,134	4,134
Accumulated depreciation	(733)	(732)
Total investment property	**3,401**	**3,402**

The changes in the accumulated depreciation provision of the property investments in 2021 is shown below:

Movement accumulated depreciation investment property

(Euro thousands)	December 31, 2021
Opening balance	(732)
Depreciation	(1)
Final value accumulated depreciation investment property	**(733)**

The account includes buildings not utilised in the operated activities (apartments and garages).

In view of the results of the impairment test at December 31, 2021, described in Note 2, it was not necessary to write-down the non-financial assets.

6.5 Investments in subsidiaries and associates

The breakdown of the account "Investments in subsidiaries and associates" at December 31, 2021 and at December 31, 2020 are shown below:

Investments in subsidiaries and associates

(Euro thousands)	December 31, 2021	December 31, 2020
SEA Energia SpA	7,026	7,026
SEA Prime SpA	25,451	25,451
Airport ICT Services Srl	25	
Investments in subsidiaries	**32,502**	**32,477**
Airport Handling SpA	7,190	7,190
SACBO SpA	4,562	4,562
Dufrital SpA	3,822	3,822
Malpensa Logistica Europa SpA	1,674	1,674
Disma SpA	421	421
SEA Services Srl	300	300
Investments in associates	**17,969**	**17,969**
Investments in subsidiaries and associates	**50,471**	**50,446**

"Investments in subsidiaries and associates" amount to Euro 50,471 thousand at December 31, 2021 (Euro 50,446 thousand at December 31, 2020).

On December 28, 2021, the company Airport ICT Services Srl was established with share capital of Euro 25 thousand, which was wholly subscribed and paid in by the sole shareholder, SEA.

See the results of the impairment tests described in Note 2 with regard to the value of the investments in subsidiaries and associates.

The key financial highlights at December 31, 2021 and for the previous year of the subsidiaries and associated companies are shown below.

	December 31, 2021						
(Euro thousands)	Assets	Liabilities	Revenues	Profit/(loss)	Share. Equity	Pro-quota Shareholders' Equity	% held
Subsidiaries							
SEA Energia SpA	76,488	45,162	52,035	2,205	31,326	31,326	100.00%
SEA Prime SpA	37,873	15,918	12,790	3,782	21,955	21,935	99.91%
Associates							
Airport Handling SpA							30.00%
Dufrital SpA							40.00%
SACBO SpA							30.979%
SEA Services Srl (*)	5,590	3,142	6,213	1,035	2,448	979	40.00%
Malpensa Logistica Europa SpA							25.00%
Disma SpA	5,927	1,347	4,768	1,032	4,580	859	18.75%

	December 31, 2020						
(Euro thousands)	Assets	Liabilities	Revenues	Profit/(loss)	Share. Equity	Pro-quota Shareholders' Equity	% held
Subsidiaries							
SEA Energia SpA	68,146	39,026	37,772	1,256	29,120	29,120	100.00%
SEA Prime SpA	30,801	12,628	9,775	1,789	18,173	18,157	99.91%
Associates							
Airport Handling SpA	40,983	12,052	57,146	(3,552)	28,931	8,679	30.00%
Dufrital SpA	42,125	14,469	42,815	(7,063)	27,656	11,062	40.00%
SACBO SpA	301,532	158,621	53,691	(19,058)	142,911	44,272	30.979%
SEA Services Srl (**)	4,088	2,674	8,709	639	1,414	566	40.00%
Malpensa Logistica Europa SpA	30,385	13,444	50,424	5,047	16,941	4,235	25.00%
Disma SpA	4,757	1,209	2,853	(870)	3,548	665	18.75%

(*) *Financial Statements at 30/09/2021*

(**) *Financial Statements at 30/09/2020*

6.6 Other investments

The breakdown of the "Other investments" at December 31, 2021 and at December 31, 2020 are shown below:

	% held	
Company	**December 31, 2021**	**December 31, 2020**
Consorzio Milano Sistema in liquidation	10%	10%
Romairport Srl	0.227%	0.227%

The following table presents for the years 2021 and 2020 other investments:

Other investments

(Euro thousands)	December 31, 2021	December 31, 2020
Consorzio Milano Sistema in liquidation		
Romairport Srl	1	1
Total other investments	**1**	**1**

The investment held in Consorzio Milano Sistema in liquidation was fully written down. .

6.7 Deferred tax assets

The changes in the net deferred tax assets for the year 2021 are shown below:

Net deferred tax assets

(Euro thousands)	December 31, 2020	Released / allocated to P&L	Released / allocated to Equity	December 31, 2021
Restoration prov. as per IFRIC 12	32,940	5,334		38,274
Write-downs Tan. assets	539			539
Provisions for risks and charges	9,250	(533)		8,717
Non-deductible doubtful debt provision	6,944	579		7,523
Other receivables provision	319			319
Inventory obsolescence provision	356	(26)		330
Fair value measurement of derivatives	289		(289)	0
Post-em. bens. prov. discounting (IAS 19)	1,450	(273)	347	1,524
Ord. main. on assets under concession	13,840	(4,510)		9,330
Tax loss	33,678	22,529		56,207
Other	171	(1)		170
Total deferred tax assets	**99,776**	**23,099**	**58**	**122,933**
Accelerated depreciation and lower depreciation on initial application IFRS	3,839	(1,037)		2,802
Restoration provision	1,619	(901)		718
Total deferred tax liabilities	**5,458**	**(1,938)**	**0**	**3,520**
Total deferred tax assets, net of liabilities	**94,318**	**25,037**	**58**	**119,413**

The movement in "Deferred tax assets" mainly regards the positive impact from the accrual of the deferred tax asset on the 2021 tax loss, which assumes that the current situation is temporary and that a reasonable certainty therefore exists, also on the basis of the 2022-2026 Business Plan approved by SEA's Board of Directors on December 20, 2021, of generating in future periods sufficient assessable income to allow for its gradual reabsorption.

Deferred taxation 2021 does not include the effects of the increase in the IRES rate by 3.5 percentage points for public service concessionaires, in force from 2019 to 2021 and not reproposed; these effects, in the absence of the possibility of repayment in the three-year period given the tax losses for the period, had already been entirely neutralised in the 2020 period.

6.8 Other non-current receivables

The breakdown of the "Other non-current receivables" is shown below:

Other non-current receivables

(Euro thousands)	December 31, 2021	December 31, 2020
Receivables from the state for contributions as per Law 449/85		
Other receivables	52,402	48,534
Total other non-current receivables	**52,402**	**48,534**

"Other non-current receivables" amount to Euro 52,402 thousand at December 31, 2021 (Euro 48,534 thousand at December 31, 2020).

The account concerns mainly the assets relating to the indemnification right, connected with the sub-entry value and resulting from Article 703 (paragraph 5) of the Navigation Code.

Other residual receivables, finally, refer to guarantee deposits.

Receivables from the State for grants under Law 449/85, equal to Euro 1,328 thousand (Euro 1,328 thousand at December 31, 2020), are entirely covered by the doubtful debt provision and concern receivables based on the "Regulatory Agreement" between ENAC and SEA in January 1995 and revised in December 2004, which establishes the partial funding, pursuant to Law 449/85, of some infrastructure projects at Malpensa Airport.

6.9 Inventories

The table below reports the breakdown of "Inventories":

Inventories

(Euro thousands)	December 31, 2021	December 31, 2020
Raw material, ancillary and consumables	2,909	3,279
Inventory obsolescence provision	(1,171)	(1,264)
Total inventories	**1,738**	**2,015**

The account includes consumable materials for airport activities; no goods held in inventories comprised guarantees on loans or concerning other commitments.

Inventories were adjusted to their realisable or replacement value through an obsolescence provision which at December 31, 2021 amounts to Euro 1,171 thousand.

Utilisation of the inventory obsolescence provision amounted to Euro 186 thousand in 2021.

6.10 Trade receivables

The breakdown of "Trade receivables" at December 31, 2021 and for the previous year are shown below:

Trade receivables

(Euro thousands)	December 31, 2021	December 31, 2020
Trade receivables - customers	81,485	39,505
Trade receivables - subsidiaries	6,131	3,245
Trade receivables - associates	10,382	6,374
Total trade receivables	**97,998**	**49,124**

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 prior year balance was impacted by the partial interruption to business operations, related to the implementation of COVID-19 containment measures and the significant reduction in business volumes in 2020. For further details on traffic volumes, reference should be made to the Directors' Report.

The criteria for the adjustment of receivables to their realisable value will take account of valuations regarding the state of the dispute and are subject to estimates which are described in the previous Note 3, to which reference should be made.

The changes in the doubtful debt provision were as follows:

Doubtful debt provision

(Euro thousands)	December 31, 2021	December 31, 2020
Opening provision	108,142	98,577
Net increases (decreases)	15,758	10,194
Utilisations	(1,352)	(629)
Final value doubtful debt provision	**122,548**	**108,142**

The net increases in the provision of Euro 15,758 thousand in 2021 (against net increases of Euro 10,194 thousand in 2020) were made to take into account the risk in deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration and the risk assessed by the Company of the expected losses on each receivable, in accordance with IFRS 9.

The utilisations relating to the year 2021, amounting to Euro 1.352 thousand, refer to the closure during the year of disputes in which the provisions were accrued to cover such risks in previous years.

For details on the aging of the receivables reference should be made to Note 4.1.

For receivables from subsidiaries and associated companies reference should be made to Note 8, relating to transactions with related parties.

6.11 Current financial receivables

The account "Current financial receivables" amounts to Euro 20,542 thousand at December 31, 2021 (Euro 28,244 thousand at December 31, 2020) and relates entirely to financial receivables from subsidiaries. In particular the balance at December 31, 2021 is comprised of cash pooling receivables from SEA Energia SpA. Reference should be made to Note 8 relating to transactions with related parties.

6.12 Tax receivables

"Tax receivables" of Euro 792 thousand at December 31, 2021 (Euro 1,090 thousand at December 31, 2020) mainly concern receivables on withholding taxes on interest income for Euro 298 thousand (Euro 60 thousand at December 31, 2020), tax receivables recorded following the liquidators distribution plan of the subsidiary SEA Handling SpA in liquidation and various receivables related to reimbursement applications.

The 2020 balance included the IRAP and IRES receivables for Euro 635 thousand (entirely utilised in 2021 through the "horizontal" offsetting mechanism for tax receivables), deriving from the increased advances paid in 2019 compared to the IRAP and IRES payable for 2019.

6.13 Other current receivables

The breakdown of "Other current receivables" is shown below:

Other current receivables

(Euro thousands)	December 31, 2021	December 31, 2020
Other receivables	3,269	3,715
Receivables from insurance companies	1,005	947
Employee & soc. sec. receivables	226	530
Miscellaneous receivables	436	169
Total other current receivables	**4,936**	**5,361**

"Other current receivables" amount to Euro 4,936 thousand at December 31, 2021 (Euro 5,361 thousand at December 31, 2020) and is comprised of the accounts outlined below.

Other receivables, amounting to Euro 3,269 thousand at December 31, 2021 (Euro 3,715 thousand at December 31, 2020), includes miscellaneous receivables (reimbursements, supplier advances, arbitrations with subcontractors and other minor positions). The change during the year was mainly due to the decreased receivables recognised due to prepayments during the year of costs set to accrue in the following year.

Receivables from insurance companies, amounting to Euro 1,005 thousand at December 31, 2021 (Euro 947 thousand at December 31, 2020) relates to amounts paid on insurance policies in advance of the period to which the cost refers.

Receivables from employees and social security entities, amounting to Euro 226 thousand at December 31, 2021 (Euro 530 thousand at December 31, 2020), did not change significantly and mainly relates to INPS and INAIL receivables.

Miscellaneous receivables amounting to Euro 436 thousand at December 31, 2021 (Euro 169 thousand at December 31, 2020) mainly refer to receivables from payments by Telepass, credit card and POS which have not yet been credited in the bank account.

6.14 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)	December 31, 2021	December 31, 2020
Bank and postal deposits	134,077	588,204
Cash in hand and similar	53	46
Total cash and cash equivalents	**134,130**	**588,250**

The account at year end comprises bank and postal deposits on demand for Euro 133,974 thousand (Euro 587,926 thousand at December 31, 2020), restricted bank deposits of Euro 103 thousand (Euro 103 thousand at December 31, 2020) and cash amounts for Euro 53 thousand (Euro 46 thousand at December 31, 2020). In the previous year, the company in addition held receivables for interest on current accounts matured in the year for Euro 175 thousand, entirely collected in 2021. For further information on the movements to cash and cash equivalents, reference should be made to the Cash Flow Statement.

6.15 Shareholders' Equity

Share capital

At December 31, 2021, the share capital of SEA is comprised of 250,000,000 shares of a value of Euro 0.11 each, with a total value of Euro 27,500 thousand.

Legal and extraordinary reserve

At December 31, 2021 the legal reserve of SEA amounts to Euro 5,500 thousand, while the extraordinary reserve amounts to Euro 174,649 thousand (Euro 174,649 thousand at December 31, 2020).

Actuarial gain/loss reserve

The balance of the reserve at December 31, 2021, equal to Euro -4,514 thousand (Euro -3,418 thousand at December 31, 2020), represents the actuarial losses matured at the balance sheet date on the Post-Employment Benefits provision.

Cash Flow Hedge Reserve

Following the natural maturity of the derivative contracts which the company had in place to hedge interest rate risk, the value of the cash flow hedge reserve at December 31, 2021 reduced to nil (Euro -913 thousand at December 31, 2020).

Other reserves

The other reserves, amounting to Euro 60,288 thousand at December 31, 2021, refer entirely to the reserves recorded in accordance with the revaluation laws 576/75, 72/83 and 413/91.

Allocation of the result for the year

On July 29, 2021, the Shareholders' Meeting resolved to carry forward the loss for 2020 of Euro 120,367 thousand, fully neutralising it for the purposes of protecting the share capital in accordance with the provisions of Law No. 178 of December 30, 2020.

For the net equity movements, reference is made to the "Statement of changes in Shareholders' Equity".

Available reserves

In accordance with Article 2427, No. 7-bis of the Civil Code, the equity accounts and their availability and possibility for distribution are reported below.

Available reserves

(Euro thousands)	Amount at 31/12/2021	Possibility of use (*)	Quota available	Summary of utilisations over last 3 years
Available reserves	27,500			
Legal reserve	5,500	B		
Extraordinary reserve	174,649	B		124,600
IFRS initial conversion reserve	14,814			
Actuarial gain/loss reserve	(4,514)			
Other Reserves[1]:				
- as per revaluation law 576/75	3,649	A,B,C	3,649	
- as per revaluation law 72/83	13,557	A,B,C	13,557	
- as per revaluation law 413/91	17,076	A,B,C	17,076	
- as per revaluation law 413/91	26,006	B		
Net Result	(80,288)			
Retained losses L.178 December 30, 2020	(120,367)			
Total	**77,582**		**34,282**	**124,600**

[*] *A: for share capital increase; B: for coverage of losses; C: for distribution to shareholders*

[1] *Suspension of taxes reserve*

The table above indicates the possibility of using equity reserves, as altered as a result of the neutralisation through 2025 of the loss of Euro 120,367 thousand, relating to the 2020 financial year.

6.16 Provisions for risks and charges

The changes in the "Provisions for risks and charges" in the year are reported below:

Provisions for risks and charges

(Euro thousands)	December 31, 2020	Provisions/ Increases	Utilisations/ Decreases	Other movements	December 31, 2021
Restoration and replacement provision	175,651	20,467	(16,589)	3,876	183,405
Provision for future charges	23,843	8,827	(5,354)		27,316
Total provision for risks & charges	**199,494**	**29,294**	**(21,943)**	**3,876**	**210,721**

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 183,405 thousand at December 31, 2021 (Euro 175,651 thousand at December 31, 2020), 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 use for the year is mainly due to the restoration work on the air-side infrastructures at Malpensa, including the paving of certain sections of runways, taxiways, and aprons, and the completion of functional upgrades to the Linate terminal.

The movements of the future charges provision were as follows:

Provision for future charges

(Euro thousands)	December 31, 2020	Provisions/ Increases	Utilisations/ Decreases	December 31, 2021
Labour provisions	6,115	2,378	(4,995)	3,498
Tax risks	325		(9)	316
Other provisions	17,403	6,449	(350)	23,502
Total provision for future charges	**23,843**	**8,827**	**(5,354)**	**27,316**

The employee provisions relate to the expected streamlining actions to be undertaken on operations. The utilisations in the year are related to the incentivised departures for which a specific provision was made in the accounts in 2020.

The "Tax risks" provision of Euro 316 thousand is related to the provision for disputes currently underway with the competent tax judicial bodies over VAT resulting from the tax audit by the Customs Agency in respect of the resale of electricity and registration tax applied on the transactions in accordance with a number of civil judgments.

The account "Other provisions" for Euro 23,502 thousand at December 31, 2021 (Euro 17,403 thousand at December 31, 2020) is mainly composed of the following items:

- Euro 9,819 thousand for legal disputes related to the operational management of the Milan Airports;
- Euro 875 thousand relating to disputes with insurance companies for requests for indemnities;
- 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). During 2021, technical specifications were completed in order to assign preparation of the noise containment action plan pursuant to Ministerial Decree 29/11/00. This drafting of this Plan will be completed by 2022, as the start of the bidding process has been delayed due to work slowdowns caused by the COVID-19 pandemic. For further information, reference should be made to the Directors' Report;
- Euro 3,000 thousand for various legal disputes.

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

6.17 Employee provisions

The changes in the employee provisions in 2021 and in the previous year are shown below:

Employee provisions

(Euro thousands)	December 31, 2021	December 31, 2020
Opening provision	44,698	47,215
Financial (income)/charges	81	216
Utilisations	(2,696)	(2,939)
Actuarial losses / (profits) rec. to equity reserve	1,443	206
Total employee provisions	**43,526**	**44,698**

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 principal actuarial assumptions, utilised for the determination of the pension obligations, are reported below:

Economic-financial technical parameters

	December 31, 2021	December 31, 2020
Annual discount rate	0.40%	0.01%
Annual inflation rate	1.75%	0.80%
Annual increase in employee leaving indemnity	2.81%	2.10%

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

The sensitivity analysis for each of the significant assumptions at December 31, 2021 and the previous year is shown below, indicating the effects that would arise on the post-employment benefit provision.

Change

(Euro thousands)	December 31, 2021	December 31, 2020
+ 1 % on turnover rate	43,140	44,314
- 1 % on turnover rate	43,948	45,119
+ 1/4 % on annual inflation rate	44,094	45,300
- 1/4 % on annual inflation rate	42,966	44,106
+ 1/4 % on annual discount rate	42,620	43,744
- 1/4 % on annual discount rate	44,461	45,684

The average duration of the financial obligation and scheduled payments of the benefits are reported in the following tables:

Average duration of the obligation

(in years)	December 31, 2021	December 31, 2020
Duration of the plan	9.0	9.2

Expected disbursements

(Euro thousands)	December 31, 2021	December 31, 2020
Year 1	2,766	4,473
Year 2	2,384	1,996
Year 3	2,647	2,077
Year 4	2,541	2,157
Year 5	2,790	2,326

6.18 Current and non-current financial liabilities

The breakdown of current and non-current financial liabilities at December 31, 2021 and at the end of the previous year is reported below:

	December 31, 2021		December 31, 2020	
(Euro thousands)	Current	Non-Current	Current	Non-Current
Bank payables	221,035	275,163	33,461	564,849
Payables to other lenders	15,790	309,059	315,086	306,194
Total financial liabilities	**236,825**	**584,222**	**348,547**	**871,043**

The breakdown of the accounts is shown below:

	December 31, 2021		December 31, 2020	
(Euro thousands)	Current portion	Non-current portion	Current portion	Non-current portion
Long-term loans	220,085	275,163	30,580	564,849
Loan charges payable	950		1,137	
Derivatives fair value			1,744	
Bank payables	**221,035**	**275,163**	**33,461**	**564,849**
Payables to bondholders		298,708	299,856	298,490
Payables for charges on bonds	2,388		9,014	
Leased liabilities (Financial Payables)	1,885	10,351	1,584	7,704
Financial payable to subsidiaries	11,517		4,632	
Payables to other lenders	**15,790**	**309,059**	**315,086**	**306,194**
Total current and non-current liabilities	**236,825**	**584,222**	**348,547**	**871,043**

As indicated in the table above, the Company's financial debt exclusively comprises medium/long-term debt - mainly concerning the "SEA 3 1/2 2020-2025" bond (expressed at amortised cost), the residual part of the Term Loans agreed during 2020 and 2021 the EIB loans (of which 50% with maturity beyond 5 years and only 11% maturing within 12 months).

For further information on bank loans and derivative contracts underwritten reference should be made to Note 4.

The following is a breakdown of the Company's net debt at December 31, 2021, and the comparative for fiscal year 2020, in accordance with European Securities and Markets Authority Recommendations dated 04/03/2021, ESMA/32-382-1138:

Net financial debt

	(Euro thousands)	December 31, 2021	December 31, 2020
A.	Cash	(134,130)	(588,250)
B.	Cash equivalents		
C.	Other current financial assets	(20,542)	(28,244)
D.	**Liquidity (A)+(B)+(C)**	**(154,672)**	**(616,494)**
E.	Current financial debt	16,740	317,967
F.	Current portion of non-current financial debt	220,085	30,580
G.	**Current financial indebtness (E + F)**	**236,825**	**348,547**
H.	**Net current financial indebtedness (G - D)**	**82,153**	**(267,947)**
I.	Non-current financial debt	285,514	572,553
J.	Debt instruments	298,708	298,490
K.	Non-current trade and other payables		
L.	**Non-current financial indebtedness (I+J+K)**	**584,222**	**871,043**
M.	**Total financial indebtedness (H+L)**	**666,375**	**603,096**

At the end of December 2021, the net financial debt amounted to Euro 666,375 thousand, increasing by Euro 63,279 thousand compared to the end of 2020 (Euro 603,096 thousand).

As evident from the cash flow statement, the net debt was impacted by the cash flow absorbed from operations of Euro 9,725 thousand, which therefore could not even partially offset the cash flow absorbed from investment activities (Euro 30,433 thousand) and that absorbed by financing activities for the payment of interest and commissions (Euro 27,162 thousand); 2021 in fact was again impacted significantly by the absorption of cash flow, particularly related to the COVID-19 emergency; the following main factors were evident from a financial viewpoint: *i)* the repayment on maturity of the Euro 300 million Bond in April 2021; *ii)* the continued repayment of a portion of the EIB loans (capital portions repaid in 2021 totalling Euro 24,362 thousand) and of the Term Loan 2020 (Euro 6,218 thousand); *iii)* the strengthening and optimisation of the financial structure, with the disbursement of Euro 110 million of new Term Loans and the early repayment for Euro 180 million of the 2020 Term Loans.

"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 December 31, 2021 respectively to Euro 1,885 thousand and Euro 10,351 thousand.

Lease liabilities (Financial Payables)

	December 31, 2021		December 31, 2020	
(Euro thousands)	current	non-current	current	non-current
Miscellaneous & minor equipment	683	1,802	680	1,571
Complex equipment	37		55	37
Transport vehicles	990	6,264	662	3,679
EDP	159	273	156	432
Land	16	2,012	31	1,985
Total	**1,885**	**10,351**	**1,584**	**7,704**

Indirect and conditional debt

In line with Recommendations ESMA/32-382-1138, a breakdown of the Company's indirect and conditional debt as at December 31, 2021 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 Company may have to meet:

i. Other non-current payables include extraordinary dividends approved in 2019, which were reclassified by the Company among non-current liabilities and thus were due beyond one year. For the disbursement of the second and final tranche to be paid with effect from June 24, 2020, the Company reserved the right to re-define the date of payment of said tranche when, once the COVID-19 emergency has passed, economic and financial conditions allow it. Verification of the Company's financial equilibrium is the responsibility of the Board of Directors, which will have to approve the payment when it is deemed that the conditions have been met;

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

   - the restoration and replacement fund, 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 December 31, 2021, the provision totals Euro 183,405 thousand. Further details are provided in paragraph 6.16;
   - charges arising from acoustic zoning to meet the Plan of noise containment actions in accordance with Ministerial Decree 29/11/00. At December 31, 2021, the provision totals Euro 9 million. Further details are provided in paragraph 6.16;
   - the employee leaving indemnity fund, which amounted to Euro 43,526 thousand at December 31, 2021. For further details, see paragraph 6.17;

iii. 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;

iv. trade payables include sums factored under indirect factoring contracts for Euro 2,097 thousand. Invoice payment terms are non-interest bearing as they do not involve further extensions agreed upon between the supplier and the Company. For further details, see paragraph 6.19;

v. the guarantees and commitments entered into by the Company at December 31, 2021 are described in paragraph 12.

The following is a breakdown of the variations of current and non-current financial assets and liabilities, with a separate indication of cash flows recorded in the year 2021 and other variations.

Current & non-current financial assets & liabilities

(Euro thousands)	Med./long-term bank loans (current and non-current portion)	Bond loans	Payables for charges on loans and bonds	Lease payables	Derivative liabilities	Financial receivables / payables to subsidiaries	Total
December 31, 2020	**595,429**	**598,346**	**10,151**	**9,288**	**1,744**	**(23,612)**	**1,191,346**
Cash flows:							
- *Issue new tranches of Term loans*	110,000						110,000
- *Bond loan repayment*		(300,000)					(300,000)
- *Repayments (capital portion)*	(210,580)						(210,580)
- *Cash pooling changes*						14,587	14,587
- *Payment interest on bank loans and bond loans recognised to FY 2020*			(10,151)				(10,151)
- *Repayment of principal and interest on finance leases IFRS16*				(1,949)			(1,949)
Total Cash flows	**(100,580)**	**(300,000)**	**(10,151)**	**(1,949)**	**0**	**14,587**	**(398,093)**
Other changes:							
- *Amortised cost effect*	399	362					761
- *Fair value change*					(1,744)		(1,744)
- *Accrued interest on loans and bonds*			3,338				3,338
- *Change in finance lease obligations IFRS16*				4,897			4,897
Total other changes	**399**	**362**	**3,338**	**4,897**	**(1,744)**	**0**	**7,252**
December 31, 2021	**495,248**	**298,708**	**3,338**	**12,236**	**0**	**(9,025)**	**800,505**

6.19 Trade payables

The breakdown of the "Trade payables" is shown below:

Trade payables

(Euro thousands)	December 31, 2021	December 31, 2020
Supplier payables	118,342	88,194
Advances	4,491	6,553
Payable to subsidiaries	10,834	8,022
Payables to associates	11,613	7,150
Total trade payables	**145,280**	**109,919**

Trade payables of Euro 145,280 thousand at December 31, 2021 refers to the purchase of goods and services relating to the operating activity and investments. In order to optimise operations with suppliers, trade payables at December 31, 2021 include sums ceded under indirect factoring contracts for Euro 2,097 thousand (Euro 1,415 thousand at December 31, 2020).

Payables on account at December 31, 2021 of Euro 4,491 thousand decreased Euro 2,062 thousand on the previous year, mainly due to the changes in advances from clients against reduced funding advances.

For payables from subsidiaries and associated companies reference should be made to Note 8, relating to transactions with related parties.

6.20 Income tax payables

Income taxes payables amounting to Euro 7,525 thousand at December 31, 2021 (Euro 7,722 thousand at December 31, 2020) mainly relate to employee and consultant's withholding taxes for Euro 4,124 thousand (Euro 4,516 thousand at December 31, 2020) and the VAT payable for Euro 3,199 thousand (Euro 2.741 thousand at December 31, 2020).

6.21 Other current and non-current payables

The breakdown of the account "Other current and non-current payables" at December 31, 2021 is shown below:

Other current payables

(Euro thousands)	December 31, 2021	December 31, 2020
Payables to social security institutions	11,908	11,889
Employee payables for amounts matured	11,216	12,049
Employee payables for vacations not taken	2,783	2,712
Payables to the State for airport fire services	84,521	77,279
Payables to the State for concession fee	9,679	10,349
Payables to the state for concession fee security service	59	13
Payables for additional landing rights	42,250	26,109
Third party guarantee deposits	1,151	1,198
Payables to the Board of Directors and Board of Statutory Auditors	55	55
Payables to shareholders for dividends	94	96
Payables to others post-em. ben.	217	218
Other	6,382	5,887
Total other current liabilities	**170,315**	**147,854**

"Other current payables" increased by Euro 22,461 thousand, from Euro 147,854 thousand at December 31, 2020 to Euro 170,315 thousand at December 31, 2021.

This movement is principally due to the opposing effect of the following developments: i) increase in payables for Euro 16,141 thousand concerning the boarding fee surtax imposed by Laws No. 350/2003, No. 43/2005, No. 296/2006, No. 166/2008, No. 92/2012 and No. 357/2015; ii) higher charges for Euro 7,242 thousand concerning the charge borne by the company for the airport fire protection services provisions set up by Law No. 296 of December 27, 2006; iii) lower employee payables for amounts accrued for Euro 833 thousand, principally due to the personnel cost containment initiatives adopted by the Company; iv) reduction in the payables to the State regarding the charges related to the payment of the concession fee, for Euro 670 thousand. At December 31, 2020, this included the fee for the full-year 2020 and the 2019 balance, whose maturity was extended to April 30, 2021, the date by which the company made the relative payments. In 2021, the company paid the initial instalment of the annual fee, with scheduled maturity of July 31, 2021.

The account "Other", amounting to Euro 6,382 thousand (Euro 5,887 thousand at December 31, 2020), mainly relates to deferred income for future periods and other minor payables.

"Payables for additional landing rights" include the amounts recharged to airlines (and not yet received) and those already received and reversed to the INPS/Tax Agency in the initial months of 2022.

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.

A case is also pending before the Rome Court of Appeal which will assess the contribution obligation. Proceedings for closing arguments have been postponed until May 23, 2023. For further details and analysis, reference should be made to the Directors' Report.

The breakdown of the account "Other non-current payables" at December 31, 2021 is shown below:

Other non-current payables

(Euro thousands)	December 31, 2021	December 31, 2020
Payables to shareholders for non current dividends	84,736	84,737
Employee payables		2,538
Payables to social security institutions		533
Total other non-current liabilities	**84,736**	**87,808**

The balance of "Other non-current payables" includes extraordinary dividends, resolved in 2019, which have been reclassified to non-current liabilities and are therefore due beyond the next financial year.

The change from the previous year is, therefore, entirely related to the reclassification, in the current portion, of employee payables and related withholdings, recognised following the start, on December 27, 2017, of the mobility procedure (which will be completed in 2022) related to leaving incentives for a predetermined number of employees. The agreement with Trade Unions covering this procedure was signed on January 15, 2018.

6.22 Payables and receivables beyond five years

There are no receivables over five years.

Financial payables above five years amount to Euro 116,932 thousand relating to the repayment of principal on medium/long-term loans at December 31, 2021 and for Euro 4,549 thousand relating to the finance lease payable.

7. INCOME STATEMENT

7.1 Operating revenues

The breakdown of operating revenues by business unit is reported below:

Operating revenues by Business Unit

(Euro thousands)	2021	2020
Aviation	202,531	148,158
Non Aviation	116,730	92,680
Total operating revenues	**319,261**	**240,838**

The breakdown of Aviation operating revenues is reported below.

Aviation operating revenues

(Euro thousands)	2021	2020
Fees and centralised infrastructure	175,798	129,538
Security management revenues	16,869	11,246
Use of regulated spaces	9,864	7,374
Total Aviation operating revenues	**202,531**	**148,158**

Aviation revenue in 2021 increased Euro 54,373 thousand compared to the previous year, from Euro 148,158 thousand in 2020 to Euro 202,531 thousand in 2021. This increase is strictly related to traffic volumes, which recovered in the second half of the year thanks to the loosening of travel restrictions in Italy and Europe. Financial performance in 2021 continues to be affected by the COVID-19 health emergency, which impacted passenger traffic volumes. For further details, see the Directors' Report.

The breakdown of Non Aviation operating revenues is reported below.

Non Aviation operating revenues

(Euro thousands)	2021	2020
Retail	34,802	24,930
Parking	34,039	23,741
Cargo spaces	16,243	15,567
Advertising	4,537	4,125
Premium services	4,174	3,568
Real Estate	153	1,302
Services and other revenues	22,782	19,447
Total Non Aviation operating revenues	**116,730**	**92,680**

The breakdown of retail revenues is reported below.

Retail Revenues

(Euro thousands)	2021	2020
Shops	14,943	10,571
Food & beverage	8,358	6,040
Car rental	8,898	5,905
Banking activities	2,603	2,414
Total Retail	**34,802**	**24,930**

Non Aviation revenues grew Euro 24,050 thousand compared to the previous year, from Euro 92,680 thousand in 2020 to Euro 116,730 thousand in 2021. This performance is mainly due to the increasing passenger traffic volumes.

"Services and other revenues" mainly relate to income from the design services, service activities and other income.

7.2 Revenue for works on assets under concession

Revenue for works on assets under concession increased from Euro 29,024 thousand in 2020 to Euro 23,749 thousand in 2021.

These revenues, as per IFRIC 12, refer to construction work on assets under concession increased by a mark-up of 6%, representing the best estimate of 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.

This account is strictly related to investment and infrastructure upgrading activities. For further information on the principal investments, reference should be made to Note 6.1.

The account "Costs for work on assets under concession" (Note 7.6) reflects the increase in the year due to lower work on assets under concession.

7.3 Personnel costs

The breakdown of personnel costs is as follows:

Personnel costs

(Euro thousands)	2021	2020
Wages and salaries	96,496	92,361
Social security charges	29,110	29,475
Severance provisions	7,547	7,607
Other personnel costs	3,158	2,730
Personnel costs	**136,311**	**132,173**

Personnel costs increased Euro 4,138 thousand, from Euro 132,173 thousand in 2020 to Euro 136,311 thousand in 2021 (3.1%).

This increase is largely due to the decreased use of rotating days through the Extraordinary Temporary Lay-off Scheme and to the salary increases called for under the renewed industry national collective bargaining agreement, effects which were partially offset by a reduced workforce. For further information, reference should be made to the Directors' Report.

The average number of FTE employees by category compared to the previous year is reported below:

Average Full Time Equivalent

	January - December 2021	%	January - December 2020	%
Executives	46	2%	51	2%
Managers	276	11%	281	10%
White-collar	1,644	63%	1,682	63%
Blue-collar	612	23%	617	23%
Total full-time employees	**2,578**	**99%**	**2,631**	**98%**
Temporary workers	35	1%	54	2%
Total employees	**2,613**	**100%**	**2,685**	**100%**

The employee Head-count (HDC) at year-end in the parent company was as follows:

No. HDC (Headcount) Employees (at period end)

	December 31, 2021	December 31, 2020	change
HDC Employees (at period end)	2,642	2,720	(78)

7.4 Consumable materials

The breakdown of "Consumable materials" is as follows:

Consumable materials

(Euro thousands)	2021	2020
Raw materials, ancillaries, consumables and goods	7,076	7,139
Change in inventories	277	(185)
Total consumable materials	**7,353**	**6,954**

The account "Consumable materials" mainly includes the purchase of goods for airport activities (chemical products for de-icing and de-snowing, clothing, spare parts, etc).

7.5 Other operating costs

The table below reports the breakdown of the account "Other operating costs":

Other operating costs

(Euro thousands)	2021	2020
Utilities & security expenses	29,610	30,866
Ordinary maintenance costs	25,106	23,271
Public entity fees	22,255	15,882
Terminal services provided by handling company	14,081	13,937
Cleaning	13,263	12,417
Parking management	10,281	7,424
Hardware & software use licenses	7,574	7,512
Miscellaneous and local taxes	6,729	7,537
Professional legal, administrative and strategic services	3,986	4,276
Disabled assistance and passenger support	2,926	2,446
Commercial costs	1,964	2,028
Insurance	1,556	1,516
Hire of equipment & vehicles	1,197	854
Emoluments & costs of Board of Statutory Auditors & BoD	839	731
Rental charges	304	211
Losses on disposal of assets	8	13
Other costs	10,887	8,408
Total other operating costs	**152,566**	**139,329**

In 2021, the account "Other operating costs" increased by Euro 13,237 thousand compared to the previous year. The movement is mainly related to the traffic volume performance, recovering from the second half of the year thanks to the easing of the domestic and European movement restrictions; in 2021, actions continued to streamline costs (initiated in March 2020) which resulted in the renegotiation of the main service contracts and the containment of not strictly necessary expenses. Financial performance in 2021 continues to be affected by the COVID-19 health emergency, which impacted passenger traffic volumes. For further details, see the Directors' Report.

The residual account "Other costs" mainly includes fees recognised by SEA for the collection of airport fees related to general aviation for Euro 4,793 thousand (Euro 2,528 thousand in 2020), catering service costs for the VIP lounges of Euro 940 thousand (Euro 662 thousand in 2020), commission and brokerage costs of Euro 758 thousand (Euro 639 thousand in 2020), other industrial and administration costs (principally certification and authorisation charges, reception and welcoming passengers and losses on receivables) of Euro 1.199 thousand (Euro 833 thousand in 2020), landside transportation services of Euro 635 thousand (Euro 750 thousand in 2020), association contributions paid by the Company of Euro 1,018 thousand (Euro 1,227 thousand in 2020), purchase and subscription of newspapers and magazines of Euro 348 thousand (Euro 365 thousand in 2020) and office running expenses and administration costs.

7.6 Costs for works on assets under concession

Costs for works on assets under concession increased from Euro 26,680 thousand in 2020 to Euro 21,521 thousand in 2021. The change in the account is related to the investment activities (Note 7.2).

7.7 Provisions and write-downs

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

Provisions and write-downs

(Euro thousands)	2021	2020
Provisions / (releases) of current receivables & cash and cash equivalents	15,758	10,194
Provisions/(releases) to provisions for future charges	8,827	2,459
Write down of fixed assets		420
Total provisions and write-downs	**24,585**	**13,073**

In 2021, "Provisions and write-downs" increased Euro 11,512 thousand on the previous year (from Euro 13,073 thousand in 2020 to Euro 24,585 thousand in 2021).

The doubtful debt provision in the year was calculated to take into account the risk in deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration and the risk of non-receipt concerning not only overdue receivables but also those with upcoming maturity. For further information on the method to calculate and manage the doubtful debt provision, reference should be made to Note 4.1.

The net provisions for future risks and charges, amounting to Euro 8,827 thousand mainly refers to provisions for personnel and adjustments on valuations related to legal disputes concerning the operational management of the Milan Airports. For further information, reference should be made to the Directors' Report.

7.8 Restoration and replacement provision

The breakdown of the restoration and replacement provision is as follows:

Restoration and replacement provision

(Euro thousands)	2021	2020
Accrual/(release) restoration and replacement provision	20,467	17,150
Total accrual to restoration and replacement provision	**20,467**	**17,150**

This account includes the provision for the year relating to the scheduled replacement and maintenance of the assets within the so-called "Concession Right".

The company annually undertakes a multi-year update to the scheduled replacement and maintenance plan for assets covered by the "Concession right".

7.9 Amortisation and depreciation

The account "Amortisation and depreciation" comprises:

Amortisation and depreciation

(Euro thousands)	2021	2020
Amortisation of intangible assets	48,167	52,042
Depreciation of property, plant and equipment	15,398	17,420
Depreciation of real estate investments	1	2
Depreciation Leased assets right-of-use	2,275	2,251
Total amortisation & depreciation	**65,841**	**71,715**

The depreciation of tangible fixed assets reflects the estimated useful life made by the company while, for the intangible assets within the "Concession Right", consideration is taken of the concession duration.

With the conversion into law of Legislative Decree No. 34 of May 19, 2020 ("Relaunch Decree"), Law No. 77 of July 17, 2020, published in Official Gazette No. 180 of July 18, 2020, S.O. No. 25, the extension of the existing airport concessions for a further two years was approved, according to that reported in Article 202, paragraph 1-bis. Consequently, the Company re-calculated the amortisation from H2 2020 according to the new expiry of the 2001 Agreement, extended until May 4, 2043.

7.10 Investment income (charges)

The breakdown of investment income and charges is as follows:

Investment income (charges)

(Euro thousands)	2021	2020
Dividends from Malpensa Logistica Europa SpA		625
(Write-downs) / releases of Consorzio Milano Sistema in liquidation		(25)
Total income (charges) from investments	**0**	**600**

In 2021, the company did not record net income from investments. The value of the previous year mainly concerned dividends distributed by the investees.

7.11 Financial income (charges)

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

Financial income (charges)

(Euro thousands)	2021	2020
Exchange gains	1	2
Other financial income	1,632	997
Total financial income	**1,633**	**999**
Interest charges on medium/long-term loans	(16,380)	(14,665)
Exchange losses	(2)	(2)
Other interest charges	(5,045)	(5,646)
Total financial charges	**(21,427)**	**(20,313)**
Total financial income (charges)	**(19,794)**	**(19,314)**

Net financial charges increased Euro 480 thousand (from Euro 19,314 thousand in 2020 to Euro 19,794 thousand in 2021). Against an improvement of Euro 634 thousand in financial income, financial charges saw an increase of Euro 1,114 thousand.

The increase in financial charges of Euro 1,114 thousand is mainly due to the higher interest charges, related to the Euro 300 million bond issue, completed in October 2020, only partially offset by lower interest charges on derivative contracts maturing in September 2021.

Higher financial income of Euro 634 thousand is strictly related to use of part of the available liquidity in treasury current accounts, which have assured adequate profitability.

For further information on the change in the financial liabilities, reference should be made to Note 6.18.

7.12 Income taxes

The breakdown of the account "Income taxes" is shown below:

Income taxes

(Euro thousands)	2021	2020
Current income taxes	(104)	192
Deferred tax charge/(income)	(25,037)	(35,752)
Total income taxes	**(25,141)**	**(35,560)**

The reconciliation between the theoretical and effective tax rate for 2021 is shown below:

(Euro thousands)	2021	%
Profit/(Loss) before taxes	**(105,429)**	
Theoretical income taxes	(25,303)	24.0%
Permanent tax differences effect	1,225	-1.2%
IRAP	(836)	0.8%
Other	(227)	0.2%
Effective taxes	**(25,141)**	**23.8%**

The main permanent tax differences are related to the non-deductible portion of the Single Municipal Tax and other costs that are wholly or partly non-deductible; this effect is partially offset by the accelerated-depreciation tax break on capital goods purchased between 2016 and 2019.

The "Other" account principally includes tax adjustments concerning both current and deferred taxes of previous years.

8. RELATED PARTY TRANSACTIONS

The table below shows the balances and transactions of the company with related parties for the years 2021 and 2020 and an indication of the percentage of the relative account:

Transactions with Related Parties

	December 31, 2021			
(Euro thousands)	Trade receivables	Current financial receivables	Trade payables	Current financial liabilities
Subsidiaries				
SEA Energia SpA	1,804	20,542	10,034	
SEA Prime SpA	4,327		800	11,517
Associates				
Aiport Handling SpA	4,646		6,875	
SACBO SpA	473		2,310	
Dufrital SpA	3,391		460	
Malpensa Logistica Europa SpA	1,264		1,105	
SEA Services Srl	489		759	
Disma SpA	119		104	
Total related parties	**16,513**	**20,542**	**22,447**	**11,517**
Total book value	97,998	20,542	145,280	236,825
% on total book value	**16.85%**	**100.00%**	**15.45%**	**4.86%**

	Year ended December 31, 2021			
(Euro thousands)	Operating revenues	Other operating costs	Personnel costs	Net financial income (charges)
Subsidiaries				
SEA Energia SpA	502	26,240	(37)	673
SEA Prime SpA	9,794	4,797	(573)	
Associates				
Airport Handling SpA	9,138	15,945	(40)	
SACBO SpA (*)	427	6,427	(3)	
Dufrital SpA	9,521	1		
Malpensa Logistica Europa SpA	4,723		(10)	
SEA Services Srl	2,042	991		
Disma SpA	225		(3)	
Total related parties	**36,372**	**54,401**	**(666)**	**673**
Total book value	319,261	152,566	136,311	(19,794)
% on total book value	**11.39%**	**35.66%**	**-0.49%**	**-3.40%**

(*) The account "Other operating costs" relating to transactions with SACBO, equivalent to Euro 6,427 thousand, does not include that invoiced by SEA to the final clients and transferred to the associate.

Transactions with Related Parties

	December 31, 2020			
(Euro thousands)	Trade receivables	Current financial receivables	Trade payables	Current financial liabilities
Subsidiaries				
SEA Energia SpA	569	28,244	7,069	
SEA Prime SpA	2,676		953	4,632
Associates				
Aiport Handling SpA	2,710		5,313	
SACBO SpA	433		664	
Dufrital SpA	522		(15)	
Malpensa Logistica Europa SpA	2,230		1,078	
SEA Services Srl	304		8	
Disma SpA	175		102	
Total related parties	**9,619**	**28,244**	**15,172**	**4,632**
Total book value	49,124	28,244	109,919	348,547
% on total book value	**19.58%**	**100.00%**	**13.80%**	**1.33%**

	Year ended December 31, 2020				
(Euro thousands)	Operating revenues	Other operating costs	Personnel costs	Net financial income (charges)	Investment income (charges)
Subsidiaries					
SEA Energia SpA	504	25,985	(69)	761	
SEA Prime SpA	5,662	2,550	(529)		
Associates					
Airport Handling SpA	7,016	15,813	(40)		
SACBO SpA (*)	523	3,591	(2)		
Dufrital SpA	6,812	2			
Malpensa Logistica Europa SpA	4,307		(40)		625
SEA Services Srl	1,298	664			
Disma SpA	209		(5)		
Signature Flight Support Italy Srl (**)	21				
Other associates					
Consorzio Milano Sistema in liquidation					(25)
Total related parties	**26,352**	**48,605**	**(685)**	**761**	**600**
Total book value	240,838	139,329	132,173	(19,314)	600
% on total book value	**10.94%**	**34.89%**	**-0.52%**	**-3.94%**	**100.00%**

(*) The account "Other operating costs" relating to transactions with SACBO, equivalent to Euro 3,591 thousand, does not include that invoiced by SEA to the final clients and transferred to the associate.

(**) On June 22, 2020, Sea Prime SpA sold its minority holding in Signature Flight Support Italy S.r.l. Therefore, the data shown in the table refers to the period January 1, 2020 - June 22, 2020.

8.1 Transactions with subsidiary companies

Commercial transactions between SEA and subsidiary companies are as follows:

- transactions between SEA and SEA Energia SpA concerning the supply to the Milan Airports, of electric and thermal energy produced by the Co-generation plants, located at the afore-mentioned airports, for its energy requirements, as well as the agreement for the provision, by the Company in favour of SEA Energia, of administrative services (among which legal, fiscal, planning and control);
- the transactions with SEA Prime SpA concern the sub-concession contract for the General Aviation management operations, at Linate airport, extended by SEA on May 26, 2008 and expiring on April 30, 2041 for the utilisation of the general aviation infrastructure and the verification and collection, on behalf of SEA, of airport and security fees. An agreement is also in place between the company and SEA Prime SpA for administration services (including legal, tax and accounting services);

Financial receivables and payables relate to centralised treasury services (cash pooling) which SEA undertakes on behalf of the subsidiaries.

8.2 Transactions with associated companies

The transactions between the Company and the associated companies, in the periods indicated below:

- commercial 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 SEA Services);
- rental of premises (Malpensa Logistica Europa);
- supply to SEA of catering services (SEA Services);
- commercial transactions deriving from the concession for the distribution of fuel (DISMA);
- revenue for administration services and handling activity costs (Airport Handling SpA).

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

9. DIRECTORS' FEES

In 2021, the remuneration for the Board of Directors, including social security contributions and accessory charges, amounted to Euro 621 thousand (Euro 514 thousand in 2020).

10. STATUTORY AUDITORS' FEES

In 2021, the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 217 thousand (Euro 217 thousand in 2020).

11. INDEPENDENT AUDIT FIRM FEES

The fees for the audit of the statutory financial statements of SEA recognised to the independent audit firm Deloitte & Touche SpA for the year 2021 amounted to Euro 175 thousand and Euro 55 thousand for other activities (the audit fees for the year 2020 amounted to Euro 184 thousand for audit services and Euro 152 thousand for other services). The Fees of the Audit Firm are net of Consob contributions.

12. COMMITMENTS AND GUARANTEES

12.1 Investment commitments

The principal commitments for investment contracts under Consortium Regroupings are shown below net of works already realised:

Breakdown project commitments

(Euro thousands)	December 31, 2021	December 31, 2020
Design and extraordinary maintenance civil works and plant at Linate & Malpensa	30,567	47,884
Design and extraordinary maintenance flight infrastructure and roadways at Linate and Malpensa	1,671	2,564
Works on electrical automation and control systems at Linate and Malpensa	2,544	3,091
Design and extraordinary maintenance of Linate & Malpensa AVL plant	6,078	7,485
Total project commitments	**40,860**	**61,024**

12.2 Guarantees

At December 31, 2021, the sureties in favour of third parties were as follows:

- two bank sureties, each equal to Euro 37,734 thousand, as guarantee on funds drawn down in June 2015 and June 2017 on the EIB line subscribed in December 2014;
- surety of Euro 25,000 thousand to Banca Popolare di Milano to guarantee credit lines received from companies within the centralised treasury system;
- surety of Euro 14,500 thousand in favour of ENAC, as guarantee of the concession fee;
- bank sureties of Euro 2,200 thousand and 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 "Italian Army Training Area" in Lonate Pozzolo and "Cascina Malpensa" area;
- bank surety of Euro 2,000 thousand in favour of SACBO as guarantee for the parking management at Bergamo airport;
- Euro 530 thousand for other minor sureties.

13. SEASONALITY

The business is characterised by revenue seasonality, which are normally higher in the periods of August and December due to increased flights by the airlines at its airports. It should be noted that the airports of Milan Malpensa and Milan Linate are to a certain degree complementary from a seasonality viewpoint, in view of the different profile of the indirect customers (i.e. leisure vs. business). This feature limits the seasonal peaks from an overall consolidated operational and financial viewpoint.

Again in 2021, in particular in the initial and closing months of the year with the emergence of variants, the COVID-19 pandemic was the main development, impacting usual business seasonality.

14. CONTINGENT LIABILITIES

Reference should be made to the explanatory notes in relation to disputes on receivables (Note 6.10) and operating risks (Note 6.16). For further information, reference should be made to the Directors' Report.

15. CONTINGENT ASSETS

With reference to Judgment 7241/2015 of the Milan Court, confirmed by the Milan Court of Appeal with Judgment No. 331/2017, as not all appeals have been made this contingent asset was not recognised in the income statement as per IAS 37. For further details, reference should be made to the Directors' Report.

16. TRANSAZIONI DERIVANTI DA OPERAZIONI ATIPICHE E/O INUSUALI

In accordance with Consob Communication of July 28, 2006, in 2021 the Company did not undertake any transactions deriving from atypical or unusual operations, as set out in the communication.

17. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to CONSOB Communication of July 28, 2006, in the view of Directors, in 2021 the Company did not undertake non-recurring significant operations.

The most significant event of 2021 was the continuation of the COVID-19 pandemic and its consequences on the air transport industry, despite the effects of the vaccine roll-out.

Reference should be made to the "Significant events in 2021" paragraph of the Directors' Report.

18. PUBLIC GRANTS (ARTICLE 1, PARAGRAPHS 125-129 OF LAW 124/2017)

Pursuant to Law No. 124/2017 and subsequent supplements, we communicate that the Company did not receive public grants during 2021.

As required by Article 1 Law No. 124/2017, paragraph 126, the grants received over an amount of Euro 10 thousand are listed below.

Beneficiary	Provider	Purpose	(Euro thousands)
La Scala Theatre	SEA SpA	Founding shareholder annual quota	100
Archiepiscopal Curia of Milan	SEA SpA	Contribution for the Catholic religious service offered by the Chaplaincies at Linate and Malpensa Airports	30

19. SUBSEQUENT EVENTS TO DECEMBER 31, 2021

Reference should be made to the Directors' Report.

Chairperson of the Board of Directors
Michaela Castelli

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' AGM OF SEA – SOCIETÀ ESERCIZI AEROPORTUALI S.P.A.

as per Article 2429, second paragraph, of the Civil Code

Dear Shareholders,

The Board of Statutory Auditors in office at the date of this report was appointed by the Shareholders' Meeting of SEA S.p.A. of April 19, 2019 for the three-year period 2019-2020-2021 and comprises:

- Rosalba Cotroneo: (Chairperson);
- Statutory Auditors[1]: Daniele Discepolo, Stefano Giuseppe Giussani, Stefano Pozzoli and Valeria Scuteri;
- Alternate Auditors: Antonia Coppola and Daniele Angelo Contessi[2].

The mandate of the Board of Statutory Auditors concludes at the Shareholders' Meeting called to approve the 2021 Annual Accounts.

During the year ended December 31, 2021, the Board of Statutory Auditors carried out its supervisory duties as set out by current legislation and took into account the conduct rules of the "Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili" (National Council of Accountants).

The Board of Statutory Auditors also executed the role set out under Article 19 of Legislative Decree No. 39 of January 27, 2010, as the Internal Control and Audit Committee, with SEA qualifying as an Entity of Public Interest (EIP), as per Article 16, paragraph 1, letter a) of the stated Legislative Decree No. 39/2010, as an issuer of securities, i.e. the "SEA 3 1/8 2014-2021" bond listed on the market regulated and managed by the Irish Stock Exchange and as a company adopting a traditional governance model.

The Board of Statutory Auditors in this Report refers to the activities carried out during the year, broken down by each category of oversight under the applicable rules for Boards of Statutory Auditors, and regarding the result for the year ended December 31, 2021.

The Board of Directors at its meeting of March 23, 2022 approved the separate financial statements at December 31, 2021 on a going concern basis, as outlined in the "notes to the financial statements".

The Board of Directors evaluated that, although within a difficult economic and financial environment, there are no significant uncertainties concerning the capacity of the Company to meet its obligations in the foreseeable future, and in particular in the 12 months subsequent to approval of this report.

The Board of Directors carefully monitors the developing economic and industrial environment in which the SEA Group operates, which still features a high degree of uncertainty, updating the sensitivity analyses on the effects of the pandemic, the ongoing conflict between Russia and Ukraine and the increase in the costs of raw materials and energy commodities, identifying the measures to contain the possible operating/financial impacts.

Oversight upon legal, regulatory and By-Law compliance

The Board of Statutory Auditors in 2021 met to carry out its periodic checks. During this supervisory activity, the required information was acquired through frequent meetings with the heads of the relative company units, and specifically those concerning controls, through the participation of the statutory auditors at the Board of Directors' and subcommittee meetings, ensuring the attendance of at least one member at the meetings of the Committees, while also meeting the Supervisory Board as per Legislative Decree 231/2001.

The Board of Statutory Auditors held during the year 8 verification meetings and attended all of the meetings of the Board of Directors and the Shareholders' AGM and (12 meetings of the Board of Directors and 1 Shareholders' AGM), in addition to the meetings of the

[1] *Mr. Daniele Discepolo and Mr. Stefano Giuseppe Giussani were appointed Statutory Auditors at the Shareholders' Meeting of July 29, 2021 following the resignations of the Statutory Auditor Mr. Andrea Manzoni and of the Statutory Auditor Ms. Rosalba Casiraghi.*

[2] *Mr. Daniele Angelo Contessi is appointed as an Alternate Auditor.*

Control, Risks and Sustainability Committee (7 meetings); in certain cases, it held its meetings on the same day as the Control, Risks and Sustainability Committee and the Supervisory Board, scheduling a section of matters to be handled jointly, in order to support he exchange and uniformity of information between the parties with relevant tasks in terms of internal controls and to have better access to the company resources involved. The members attended, also separately, the meetings of the Remuneration and Appointments Committee.

The Board of Statutory Auditors continually monitored the company's initiatives in response to the pandemic crisis, both in order to ensure the health and safety of passengers, employees, customers and suppliers and the continuity of operations in compliance with the provisions issued by the competent bodies.

Supervisory activities on compliance with applicable law and the By-Laws

On the basis of the information available, the Board of Statutory Auditors did not note violations of statutory provisions or the By-Laws, nor manifestly imprudent or hazardous transactions, in potential conflict of interest or against the Shareholders' AGM's motions or such as to comprise the integrity of the company's asset base and its continuity.

The Board of Statutory Auditors continually acquired from the Directors during these meetings extensive and detailed information on the operating performance and on the outlook, on the activities carried out and on the main operating, financial and equity transactions carried out by the company and/or by its subsidiaries, in addition to the development of activities and strategic projects and, on the basis of the information acquired, the Board does not indicate any particular observations.

Oversight upon compliance with the principles of correct administration and regarding related party transactions

During the periodic checks, the Board of Statutory Auditors met the Chief Financial & Risk Officer and the Administration Manager of the Company responsible for preparing the corporate accounting documents, the Internal Audit department and the representatives of the Independent Audit Firm, to acquire information on the activities carried out and on the controls planning. No significant information warranting disclosure in this report has emerged on this point. The Board of Statutory Auditors also continuously and in a timely manner exchanged information for the undertaking of the respective duties, with the Control, Risks and Sustainability Committee and the Supervisory Board.

The Board of Statutory Auditors verified the impairment test procedures carried out in accordance with IAS 36 on the property, plant and equipment and intangible assets and on equity investments that were discussed at the joint meeting of the Control, Risks and Sustainability Committee and the Board of Statutory Auditors and specifically approved by the Board of Directors.

In addition, at the same meetings, the Board of Statutory Auditors received extensive information on the assessment of the credit risk in the 2021 financial statements, carried out in accordance with IFRS 9, in view of the COVID-19 health emergency and the extraordinary situation which the air sector commercial partners face.

In 2021, the company did not carry out any atypical or unusual transactions with third parties, inter-company transactions or related party transactions or such as to significantly impact the operating, equity and financial situation of the company. With regards to the inter-company transactions or with related parties of an ordinary nature undertaken in the year, of which the company provided specific and timely disclosure in the periodic financial reports (and in the notes to the consolidated financial statements of the Group), the Board of Statutory Auditors noted that these transactions were undertaken in compliance with the Related Party Transactions Policy approved by the Board of Directors (last update on February 22, 2018) and did not indicate any critical issues concerning their suitability and fulfilment of the company's interests. The Company does not hold treasury shares.

We highlight the following transactions in 2021, disclosed to the Board of Statutory Auditors at the Board of Directors' meetings:

- A call for tenders was published in July 2021 in order to initiate a competitive dialogue for the sale of 100% of SEA Energia S.p.A. and for the assignment of thermal energy and electricity supply contracts to cover the needs of Linate and Malpensa airports (ECHO Project).
- On December 20, 2021, a new company was set up that will be responsible for the supply and design of IT systems and support their use, 100% owned by SEA S.p.A..

The Board of Statutory Auditors indicates, as a point of attention, the Shareholders' Meeting motion of July 29, 2021 that approved the carrying forward of the loss for the year 2020 of Euro 120,367 thousand, fully neutralising it for the purposes of protecting the share capital on the basis of the provisions of Law No. 178 of December 30, 2020, Article 1, paragraph 266, which - in the event of a reduction in the share capital of more than one-third due to losses - postpones to the fifth subsequent financial year the deadline within which the loss must be reabsorbed.

Oversight on the auditing of accounts and the independence of the Audit Firm

The Board of Statutory Auditors held periodic meetings with the managers of the Independent Audit Firm Deloitte & Touche S.p.A., also as per Article 19, paragraph 1 of Legislative Decree No. 39/2010, during which it reviewed the work plan adopted, received information on the accounting policies utilised, on the accounting representation of the main transactions carried out in the year, in addition to the outcome of the audit. The meetings did not highlight any events or situations requiring indication in this Report.

The Independent Audit Firm, Deloitte & Touche S.p.A, issued on April 12, 2022 the reports as per Article 14 of Legislative Decree 39/2010 and Article 10 of Regulation (EC) No. 537/2014, respectively for the statutory financial statements and for the consolidated financial statements at December 31, 2021, prepared as per International Financial Reporting Standards – IFRS – adopted by the European Union. These reports indicate that the statutory financial statements and the consolidated financial statements of SEA provide a true and fair view of the statement of financial position of SEA S.p.A. and of the SEA Group at December 31, 2021 and of the result and of the cash flows for the year ending at the same date. With regards to the statutory financial statements and the consolidated financial statements, the independent audit firm stated that the Directors' Report and the Corporate Governance and Ownership Structure Report, limited to the disclosure indicated at Article 123-bis, paragraph 4 of Legislative Decree No. 58 of February 24, 1998, are consistent with the financial statements and were prepared in compliance with law.

In addition, the Independent Audit Firm, with regards to the statement as per Article 14, paragraph 2, letter e) of Legislative Decree No. 39 of January 27, 2010, concerning the identification of significant errors in the Directors' Report, on the basis of its knowledge and understanding of the company and the relative overview acquired during the audit activities, indicated the following key aspects of the audit:

- COVID-19
- Restoration provision for concession works.

The Independent Audit Firm on April 12, 2022 released the SEA Group's Non-Financial Statement (NFS) as per Article 4 of the Consob Regulation implementing Legislative Decree No. 254 of December 30, 2016, which indicated, on the basis of the work carried out, that no elements emerged such as suggest that the Group NFS for the year ended December 31, 2021 was not prepared in all significant aspects in compliance with the requirements of Articles 3 and 4 of the above-stated Legislative Decree.

The Independent Audit Firm issued, finally, the Additional Report for the Internal Control and Audit Committee as per Article 11 of Regulation (EC) No. 537/2014.

The Board of Statutory Auditors oversaw compliance with the provisions of Legislative Decree No. 254 of December 30, 2016 concerning non-financial disclosure and information upon diversity, while the Independent Audit Firm verified the preparation of the non-financial disclosure and issued a limited assurance with regards to the consistency of the information provided against that required by the Decree and against the reporting standards/guidelines utilised for such disclosure. The Board also monitored non-audit services (NAS).

The notes to the financial statements of the company indicate the amount of fees accruing in the year to the independent audit firm and the amount regarding its network, including other services.

Taking account of the independence declarations issued by Deloitte & Touche S.p.A. and the transparency report produced by the former in accordance with Article 18 of Legislative Decree 39/2010 and published on its website, in addition to the assignments awarded to the company and the companies belonging to its network by SEA S.p.A. and by the Group companies, and the note confirming compliance with the ethics and independence principles under the "Code of Ethics for Professional Accounts" issued by the IESBA, the Board of Statutory Auditors does not indicate any critical aspects with regards to the independence of the Audit Firm.

Oversight of the internal control and risk management system and of the administrative and accounting system

The Board of Statutory Auditors, also as the Internal Control and Audit Committee, as per Article 19 of Legislative Decree No. 39 of 27.01.2010, oversaw the adequacy of the internal control and risk management system and of the administrative-accounting system, in addition to the appropriateness of this latter to correctly reflect operating events. In this context, it requested and obtained all necessary information from the Managers of the respective Departments, undertaking all verifications considered necessary.

In addition, the Board maintained constant and adequate liaison with the Internal Audit Department and verified that this department has the required capacity, autonomy and independence. It also verified that adequate collaboration and exchange of information took place between the bodies and departments undertaking control functions. Reciprocal exchange of information also took place with the Board of Statutory Auditors of the subsidiaries and associated companies.

Specifically:

- it carried out investigations in order to assess whether the administrative-accounting system of the company is appropriate to permit the presentation of a true and fair view in the financial statements of the operating events; it periodically oversaw the correct functioning of the system through meetings with the managers of the Administration, Finance and Control Department;
- it examined the audit plans, the periodic reports and the annual report prepared by the Auditing Department. These reports do not indicate any critical issues and confirmed that the at-risk areas with regards to internal control have been recorded and monitored;
- it examined the periodic report of the Supervisory Board, set up as per Legislative Decree No. 231/2001, which does not indicate events or situations which require highlighting in this Report;
- it monitored the project activities carried out in terms of risks, in particular the advancement and ongoing refinement of the Enterprise Risk Management (ERM) project designed to build a model for the identification, classification, measurement, monitoring and homogeneous and transversal assessment of operational risks, in addition to their continuous monitoring, in support of the strategic choices and decisions of management and for stakeholder assurance;
- it continually monitored, as part of its periodic checks, the operating-financial and equity situation.

Oversight of the adequacy of the organisational structure

The Board of Statutory Auditors acquired knowledge upon and oversaw, to the extent of its remit, the adequacy of the organisational structure of the company, reviewing and obtaining information of an organisational and procedural nature, through:

- the acquisition of information from the managers of the competent company departments;
- meetings and exchanges of information with the Board of Statutory Auditors of the subsidiaries for the reciprocal exchange of data and information;
- meetings with the Independent Audit Firm and the results of specific audit activities carried out by the former.

Consolidated Non-Financial Report

The Board of Statutory Auditors oversaw compliance with the provisions of Legislative Decree No. 254 concerning non-financial disclosure and information upon diversity, while the auditor verified the preparation of the non-financial disclosure, issuing a limited assurance with regards to its consistency against that required by the Decree and against the reporting standards/guidelines utilised for such disclosure.

In particular, the Board of Statutory Auditors received information on:

- the process of reviewing the materiality matrix, which takes into account the altered conditions due to the COVID-19 pandemic, highlighting the various mitigation actions taken;
- social and personnel issues, with a particular focus on health, safety at work and remote work, as well as the policies adopted in this regard towards its own employees and collaborators;
- the business model and value creation, highlighting the main trends and factors that may affect the SEA Group's business model, the degree of resilience of this model to the consequences of the pandemic and the consequences for the company's ability to continue to create value over time;
- the risks related to climate change, even in a complex and challenging environment such as that created by the spread of the new virus;
- the interconnections that exist between financial and non-financial information, highlighting how the company's financial position and performance have been impacted by the events generated by COVID-19.

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Other information

The Board of Statutory Auditors declares in addition to not having received requests for the issue of opinions and was not required to issue opinions on the basis of specific regulations.

In 2021, no petitions or notices to the Board of Statutory Auditors as per Article 2408 of the Civil Code.

During the verifications, as described above, there were no more significant facts meriting mention in this report.

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Assessment of COVID-19 impacts

The year 2021 was still affected, economically and socially, by the COVID-19 pandemic. Since the outbreak of the pandemic, the SEA Group has closely followed its development, setting up a dedicated task force and, in compliance with the provisions set out by the national and local health institutions and authorities, has continued to update protocols put in place at the start of the pandemic in line with new regulations and issues relating to airport operations and traffic development, thus guaranteeing the health and safety of passengers, customers, suppliers and employees, and ensuring the continuity of its operating activities (sanitisation of premises, personal protective equipment, temperature measurement, thermal cameras, hygiene rules and social distancing, remote working).

The Board of Statutory Auditors has always been promptly informed about the company's management of the epidemiological emergency, in addition to all the measures introduced, which have been checked and verified in order to guarantee business continuity and the protection of the individual.

In the Directors' Report to Financial Statements at December 31, 2021, it is indicated that the SEA Group has maintained the same airport infrastructure as the previous year. Linate Airport, Malpensa Terminal 1, Cargo City, and the two General Aviation terminals at Linate and Malpensa were operational.

The Board of Statutory Auditors has verified that the Directors have included the above information in the 2021 Financial Report, in accordance with the recommendations of CONSOB and ESMA (European Securities and Markets Authority).

Proposals to the Shareholders' AGM on the Separate Financial Statements at December 31, 2021

Noting the Financial Statements for the year ended December 31, 2021, the Board of Statutory Auditors, taking into account the specific tasks assigned to the Independent Audit Firm in terms of auditing the accounts and verifying the reliability of the financial statements, does not indicate any objections regarding their approval and the Board of Directors' motion to utilise the extraordinary reserve to cover the loss for the year 2021 amounting to Euro 80,287,614.80.

Milan, April 12, 2022

For the Board of Statutory Auditors
Ms. Rosalba Cotroneo (Chairperson)

Deloitte.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Società per Azioni Esercizi Aeroportuali - SEA S.p.A.

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying separate financial statements of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. (the "Company"), which comprise the Statement of Financial Position as at December 31, 2021, the Income Statement, the Comprehensive Income Statement, Statement of Changes in Shareholders' Equity and Cash Flow Statement for the year then ended, and explanatory notes, including a summary of significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Covid-19 and potential impacts of the Russian-Ukrainian conflict	
Description of the key audit matter	The initial months of 2021 featured a resurgence of the COVID-19 pandemic, with significant negative impacts on the air transport sector. From March, Italy experienced a considerable upsurge of cases and the various regulatory measures implemented to contain this new wave, again limiting travel, followed, from May, when the number of infections began to fall, only to rise again in November 2021 as the new Omicron variant spread. The end of 2021 saw record numbers of infections across Europe, peaking in early 2022. Following the "fourth wave" of the pandemic the use of vaccines resulted in far fewer hospitalizations and deaths, allowed restrictions to be eased. The Directors indicate that in compliance with the provisions set out by Italian national and local health institutions and authorities, the Company continued to update protocols put in place at the start of the pandemic in line with new regulations and issues relating to airport operations and traffic development, thus guaranteeing the health and safety of passengers, customers, suppliers and employees, and ensuring the continuity of its operating activities. The Directors also consider that, in order to cover the financial commitments of the Company deriving from its investment plans, operating requirements (also following the COVID-19 pandemic), and contractual debt repayments, at December 31, 2021 the Company held Euro 134 million in financial resources, to this is added Euro 330 million of irrevocable unutilized credit lines and Euro 138 million of uncommitted lines utilizable for immediate cash needs. Moreover, the Company requested and obtained a covenant holiday on outstanding contracts from the lending banks for the loans signed before the COVID-19 pandemic, while as concerns the new term loans signed and disbursed in 2020, the contractual covenants, which have been determined based on scenarios that already include the impact of the COVID-19 pandemic, have been met. In addition, the Directors reported that 2022 will benefit from the collection of the sale of the equity investment in the company SEA Energia, expected within the first half of the year, and from the grants allocated to airport operators for the partial compensation of the losses incurred (Budget Law 2021 - Law 178 of 30/12/2020), already partly disbursed for an amount equal to 50% of the damage presented in the application that the Company has submitted to the competent bodies. In this context, on December 20, 2021 the Directors approved a new 2022-2026 Business Plan (the "Business Plan"), that constitutes a revision of the previous 2021-2025 business plan approved in January 2021. The Business Plan is based on two different traffic scenarios, that differ mainly in expected traffic, developed on the basis of the most recent industry studies and specialist reports available.

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Moreover, due to the identification of impairment indicators, mainly related to Covid-19, the Directors conducted an impairment test, approved on February 23, 2022, based on the Business Plan and medium and long-term financial forecasts. The result of the test did not indicate any impairment loss, also in the worst-case traffic scenario, considered in the sensitivity analysis carried out by the Directors.

The Directors indicate, as a "non-adjusting event" and that did not result in any adjustments to the year-end 2021, the conflict between Russia and Ukraine, which began on February 24, 2022, as a result of which the European Union has imposed heavy sanctions on Russia. In response to these sanctions, the Russian Federation banned European carriers from flying over its airspace, thereby making the operation of routes to Asia more onerous and creating a possible obstacle to the recovery of traffic. In addition, in order to ensure the safety of civilian flights, the European authorities Eurocontrol and EASA have declared at risk the areas affected by the conflict and have banned their overflight. The Directors, based on preliminary analysis and initial findings regarding traffic performance indicate a limited impact of these measures on passenger and cargo traffic within the Milan system, and that the high level of uncertainty regarding the evolution of the conflict makes the development of 12-month forecasts complex.

Given the macroeconomic and geo-political context, the Company is closely monitoring developments of the scenario, updating traffic projections, carrying out periodic surveys of the prices of commodities and construction materials and developing sensitivity analysis deriving from the above phenomena. Based on the scenario analysis developed, the Directors indicate that the liquidity and the credit lines available will allow the Company to guarantee current operational needs and future financial needs.

Considering the relevance of the effects deriving from the above, on the Company results and on its outlook, and the potential impacts in terms of impairment losses on assets, we considered the Covid-19 and potential impacts of the Russian-Ukrainian conflict a key audit matter for the Company financial statements.

The paragraph “Liquidity risk” of explanatory notes indicates the Company financial structure and the financial strengthening measures enacted by the Company during the year. The paragraphs “Significant events in 2021” and “Outlook” of the Management Report and paragraph “Impairments” in the explanatory notes include the information provided regarding the other aforementioned aspects.

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Audit procedures performed	The procedures performed, also through the support of Deloitte network experts, included, among others, the following: • understanding of the process carried out by the Company to manage the pandemic emergency situation, through meetings and discussion with the management and examination of the relevant documentation; • understanding of any measures taken by the competent authorities to manage Covid-19 emergency; • reading the Board of Directors meeting minutes; • understanding of the relevant controls over the impairment test process; • analysis of the reasonableness of the main assumptions underlying the Business Plan and the scenario analysis; • evaluation of the reasonableness of the discount rate (WACC) used for the impairment test; • analysis of the funding transactions implemented by the Company; • analysis of the cash requirements forecast in the 12 months following the financial statements approval and related coverage in terms of lines of credit available; • analysis of subsequent events, in particular referring to the Directors' considerations on the Russian-Ukrainian conflict; • assessment of the adequacy of the disclosure provided by the Directors in the Directors' Report and in the Notes.
Restoration and replacement provision	
Description of the key audit matter	The separate financial statements as at December 31, 2021 include the "Restoration and replacement provision" for Euro 183 million. The provision includes the best estimate of the present value of the charges the Company will bear to meet its contractual obligations with the Italian Civil Aviation Authority to ensure the functionality, operations and security of the assets under concession. The estimation process of the "Restoration and replacement provision" appears articulate and difficult and it is composed of different phases and based on different variables and assumptions that include the planning of the restoration and replacement operations. In particular, the main assumptions are about the assets deterioration, the useful life of the restoration and the charge estimates for operation category. Given the above, we considered the estimation process of this provision as a key audit matter as at December 31, 2021. The notes 2.4 and 6.16 of the separate financial statements as at December 31, 2021 highlight the accounting policies and the 2021 changes of the provision, respectively.

Deloitte.

Audit procedures performed	The procedures performed included, among others, the following: • understanding of the process carried out by the Company to estimate and update the provision and analysing of any difference due to the Covid-19 context and planned investments; • understanding of the key controls that the Company carries out to monitor this area and testing of their actual implementation; • collecting of the information by periodic meetings with the Operations and Maintenance Division, sample testing of the database containing expenses included in the restoration and replacement provision as to obtain evidences regarding the adequacy of the Division expectations and of any variance from previous forecasts; • understanding of any change in the regulatory framework that could impact the estimate of the provision value; • analysis of completeness and accuracy of accruals in the separate financial statements, also considering the latest Business Plan updates; • sample testing of the allocation criteria underlying the restoration percentages by discussion with the business units in-charge; • analysis of data, assumptions and methods used for the purposes of the formulation of the estimations underlying the provision; • assessment of the adequacy of the disclosure provided by the Directors as reported in the financial statements notes and its compliance with the relevant accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Separate Financial Statements

The Directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternatives to such choices.The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. has appointed us on May 4, 2016 as auditors of the Company for the period 2016-2022.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. are responsible for the preparation of the report on operations including the information required by art. 123-bis, paragraph 2 (b) of the Company as at December 31, 2021, including its consistency with the related separate financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations including the information required by art. 123-bis, paragraph. 2 (b) of Legislative Decree 58/98, with the separate financial statements of the Company as at December 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations including the information required by art. 123-bis, paragraph 2 (b) is consistent with the separate financial statements of the Company as at December 31, 2021 and is prepared in accordance with the law.

Deloitte.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Company and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Marco Pessina
Partner

Milan, Italy
April 12, 2022

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

The SEA Group's focus on environmental protection has led to, through adopting specific initiatives, a significant cutting of CO_2 emissions.

Milan Malpensa and Milan Linate again confirmed in 2021 their Europe-leading performances by upgrading from the "Neutrality" level to the "Transition" level (new recently-introduced top level) within 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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