

MILIONE S.P.A.

Consolidated Half-Year Report
at June 30, 2020

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MILIONE S.p.A.

Share capital: Euro 188,737.00 fully paid-in

Registered office: viale G. Galilei No. 30/1 - 30173 Venice

Venice REA No.: 418330

Venice Companies Registration Office, Tax and VAT No.: 03411340262

According to the Shareholder Register, at June 30, 2020, the share capital of Milione S.p.A was broken down as follows:

	%
	HELD
INFRA HUB S.R.L.	43.9942
LEONE INFRASTRUCTURE S.R.L.	43.9942
SVILUPPO 87 S.R.L.	12.0079
CENTRO VACANZE PRA' DELLE TORRI S.R.L.	0.0037

Board of Directors

The Board of Directors appointed by the Shareholders' Meeting of August 10, 2017 and in office at June 30, 2020 were:

Name	Office
Enrico Marchi	Chairman
Hamish Macphail Massie Mackenzie	Vice Chairman
Athanasios Zoulovits	Vice Chairman
Fabio Battaglia	Director
Gregoire Parrical De Chamard	Director
Zeynep Lucchini Gilera	Director (*)
Francesco Lorenzoni	Director
Walter Manara	Director
Monica Scarpa	Director (**)

(*) Director co-opted by the Board of Directors in accordance with Article 2386 of the Civil Code on April 18, 2019 and confirmed by the Shareholders' AGM of April 18, 2019.

(*) Director co-opted by the Board of Directors in accordance with Article 2386 of the Civil Code on July 31, 2018 and confirmed by the Shareholders' AGM of April 18, 2019.

Board of Statutory Auditors

The Board of Statutory Auditors appointed by the Shareholders' AGM of August 10, 2017 and in office at June 30, 2020 were:

Name	Office held
Roberto Lonzar	Chairman
Nicola Broggi	Statutory Auditor
Paolo Caprotti	Statutory Auditor
Fabrizio Acerbis	Alternate Auditor
Michele Crisci	Alternate Auditor
Anna Masé	Alternate Auditor

Independent Audit Firm

Deloitte & Touche S.p.A. (appointed by the Shareholders' AGM of April 17, 2020)

Interim Directors' Report

Consolidated Financial Highlights

	H1 2020	H1 2019	% CHANGE	2019
<i>(Euro millions)</i>				
Revenue	39.7	109.3	-63.6%	240.4
EBITDA	2.3	52.5	-95.6%	124.3
EBIT	(36.0)	16.7	-316.2%	48.5
Group Net Profit/(loss)	(42.7)	3.0	-1526.5%	20.4
Fixed Capital Employed	1,649.9	1,633.8	1.0%	1,652.8
Net operating working capital	(90.8)	(143.3)	-36.7%	(95.0)
Net capital employed	1,559.1	1,490.5	4.6%	1,557.8
- Own funds	611.4	656.1	-6.8%	655.2
- Minority shareholders	8.7	10.5	-17.3%	10.6
SHAREHOLDERS' EQUITY	620.1	666.7	-7.0%	665.8
NET FINANCIAL POSITION	939.0	823.8	14.0%	892.0
Venice-Treviso Airport System Passenger Nos.	1,838,205	6,927,688	-73.5%	14,816,325

For comparative purposes, the figures illustrated above and the financial statements are presented with the comparative balance sheet at December 31, 2019 and the H1 2019 income statement.

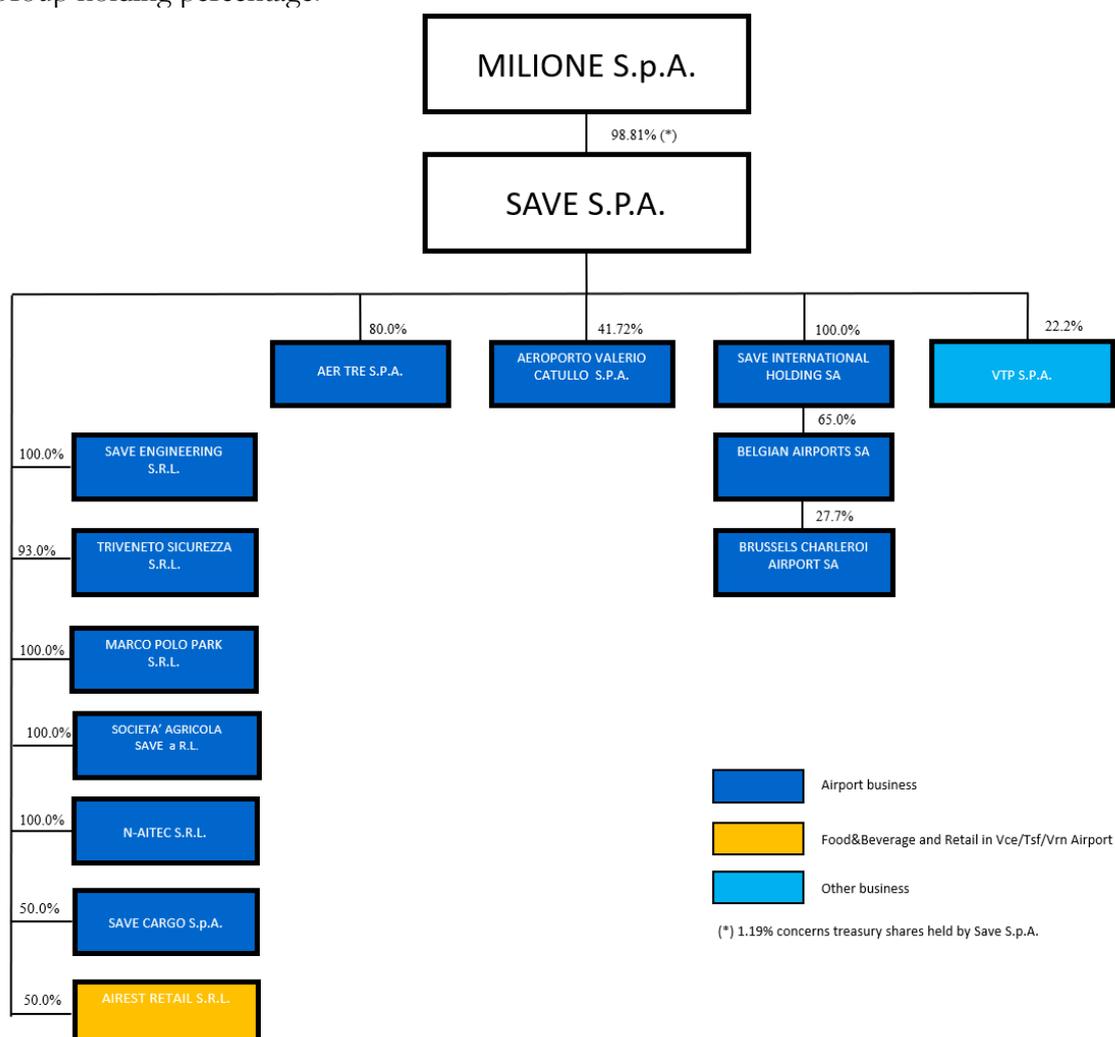
A number of alternative performance indicators not governed by IFRS are utilised in this Consolidated Half-Year Report, as described in the dedicated paragraph of the Directors' Report.

The Group

The Milione Group was created as a result of the acquisition process completed on August 10, 2017 by the newly incorporated Milione S.p.A.. Following a reverse merger, completed on March 7, 2018, the newly incorporated Milione S.p.A. was integrated, together with the other entities within the same chain of control, by the subsidiary Agora Investimenti S.p.A. which simultaneously took the name Milione S.p.A..

Milione S.p.A. (hereafter also the “Company” or “Milione” or “Parent Company”), previously Agora Investimenti S.p.A., holds a majority investment in SAVE S.p.A. – hereafter also “SAVE” –, an investment holding company which mainly operates through its subsidiaries in the airport management sector. The subsidiary directly manages Venice Marco Polo Airport and controls the management company of the Treviso Antonio Canova airport. Save in addition has significant holdings in the companies that manage Valerio Catullo di Verona Villafranca airport, Gabriele D’Annunzio di Montichiari (BS) airport and Charleroi (Belgium) airport, while also in companies operating in airport management related sectors.

We report below the Group structure, indicating the main operating companies and the Group holding percentage.



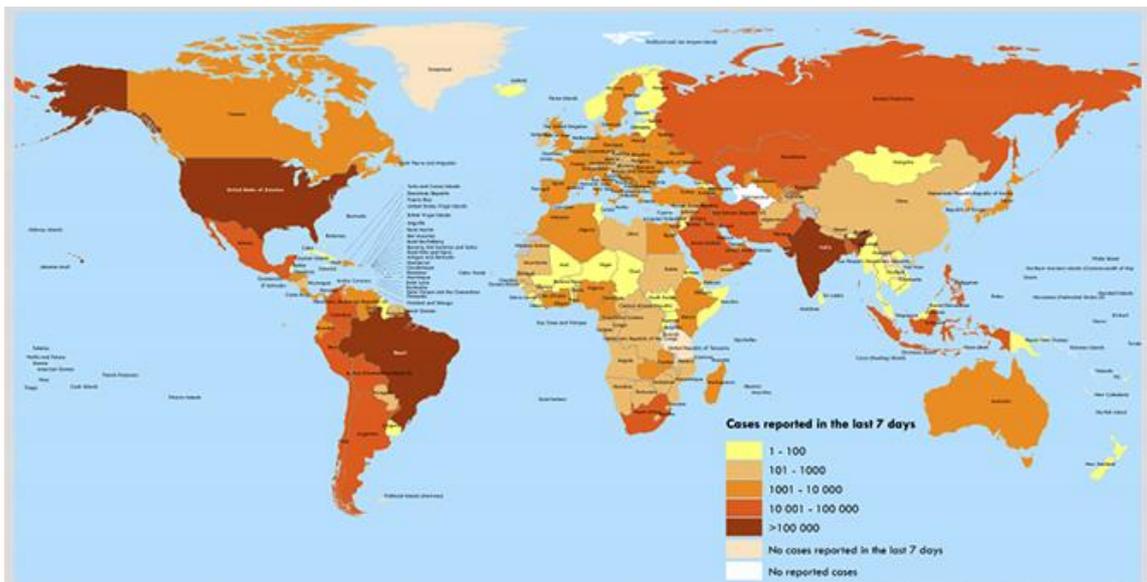
Market performance

Since January 2020, the domestic and international picture has been dominated by the spread of Co-Vid 19 (coronavirus) and the resulting restrictive containment measures implemented by the public authorities of the countries affected.

On February 21, 2020, this emergency also began to affect Northern Italy, primarily the regions of Lombardy, Veneto and Emilia Romagna, after which it was extended to all Italy. On March 11, 2020, the World Health Organization announced that the coronavirus infection constituted a pandemic in view of the extent of its worldwide spread.

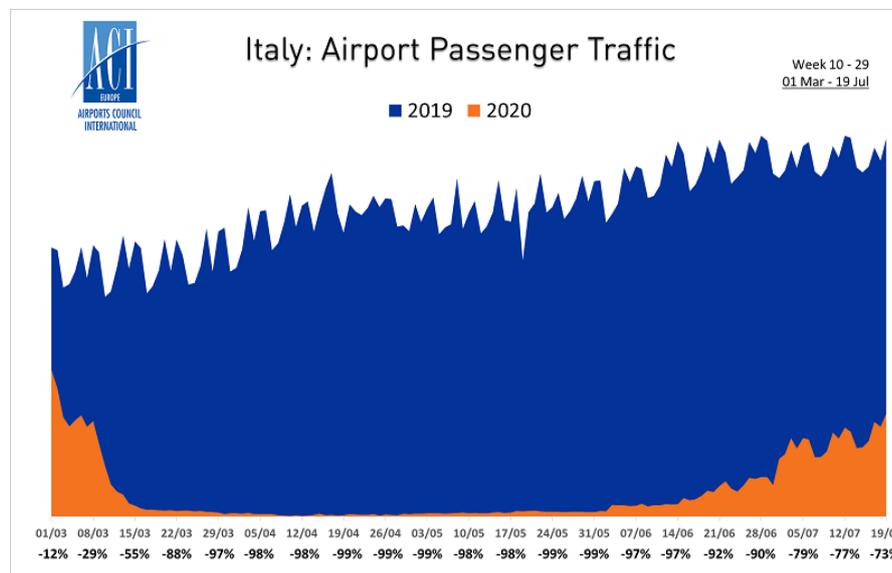
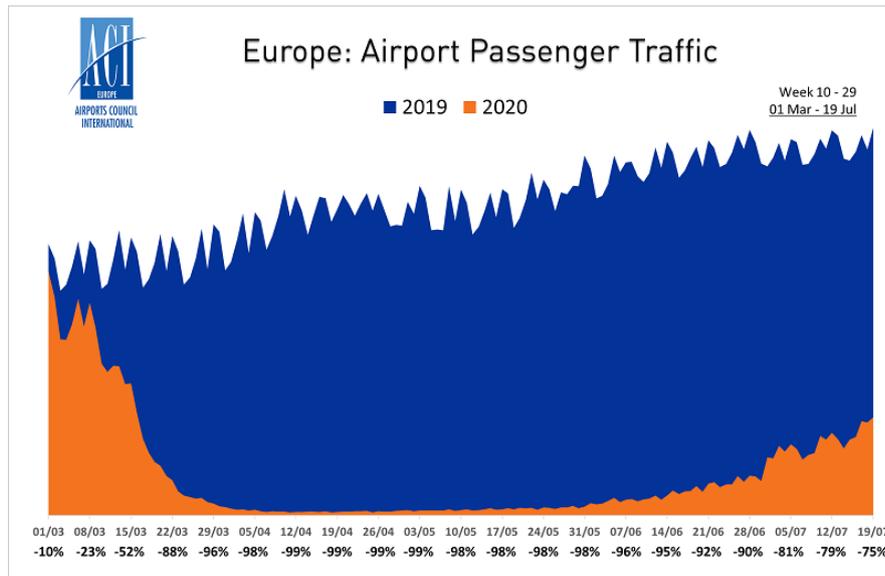
By July 23, approx. 15 million people had been infected globally, of which 3.1 million in Europe and 245 thousand in Italy. Although the number of Covid-19 cases in Europe is dropping, the ECDC (European Centre for Diseases Prevention and Control) highlights that the pandemic is not over and that a sustained effort is required to ensure that social distancing and the other prevention measures continue to be observed.

The strong measures adopted by the European countries collectively have reduced transmission and, by June 9, 2020, the 14-day average in the EU and the United Kingdom was down 80% from the April 9 peak.



Against this backdrop, the main European and global governments, as indicated, introduced strict measures to contain the spread of the pandemic by limiting individual movements and introducing additional controls, including the closing of borders and/or mandatory quarantine periods, thereby restricting international movements.

These circumstances - extraordinary in nature and extent - generated, particularly in the first half of the year, extremely significant direct and indirect impacts on air traffic, with nearly all traffic in Q2 2020 coming to a halt.



The graphs above highlight in July - against an easing of the prevention measures - a return of traffic in Europe, although well behind last year's volumes.

The situation therefore continues to be highly uncertain, with its future development and effects still not entirely foreseeable.

The traffic of the Venice-Treviso System airports, in line with the European picture, saw a sharp decline (-73.5%) in the first half of 2020, while down -98.9% in Q2. Between March 15 and June 30, Venice airport continued to remain operative, although with traffic at close to zero, while Treviso was declared closed and shall remain so at least until ENAC's next communication.

In light of these unprecedented events, management drew up a plan of action to mitigate the impact, focused primarily on revising the investments planned for the year and on reducing operating costs not deemed indispensable, including through the introduction from March 16, in protection of employees, of the temporary lay-off scheme, involving 93% of the workforce from March 16 and the remainder from the end of March, in addition to a series of further measures to contain the effects of this situation across the

various Group companies and mainly through the renegotiation of contracts with the main suppliers.

In addition, to protect the Group's liquidity, the plan for investments in progress was suspended at the various managed airports in order to review their necessity in view of the altered environment and to consider their re-scheduling.

Management during the period also successfully renegotiated with all Group lenders certain contractual clauses, including those regarding financial covenants on the Group's consolidated figures, in view of the earnings and financial implications that this crisis has created and shall likely have on the Milione Group results.

H1 significant events

Reference should be made to the previous paragraph with regards to the effects of the Covid-19 pandemic on the airport sector and on the Milione Group companies.

No particularly significant events occurred in the period regarding the Group's organisational structure.

Consolidated Operational Overview

In view of that outlined in the preceding paragraphs, comparison between the H1 2020 and H1 2019 figures was heavily impacted by the exceptional reduction in operating levels in the period, prompting a 63.6% decline in volumes.

The Group consolidated reclassified income statement is reported below (in thousands of Euro):

Euro / 1000	H1 2020		H1 2019		CHANGE	
Operating revenue and other income	39,743	100.0%	109,290	100.0%	(69,547)	-63.6%
Raw materials and goods	616	1.5%	935	0.9%	(319)	-34.1%
Services	15,637	39.3%	20,807	19.0%	(5,170)	-24.8%
Lease and rental costs	1,088	2.7%	5,236	4.8%	(4,148)	-79.2%
Personnel costs	18,987	47.8%	28,757	26.3%	(9,770)	-34.0%
Other operating charges	1,110	2.8%	1,034	0.9%	76	7.4%
Total operating costs	37,438	94.2%	56,769	51.9%	(19,331)	-34.1%
EBITDA	2,305	5.8%	52,521	48.1%	(50,216)	-95.6%
Amortisation & write-down of intangible assets	30,901	77.8%	27,643	25.3%	3,258	11.8%
Depreciation & write-down of tangible assets	5,867	14.8%	5,826	5.3%	41	0.7%
Replacement provision	1,193	3.0%	2,185	2.0%	(992)	-45.4%
Losses and doubtful debt provision	214	0.5%	107	0.1%	107	100.4%
Provision for risks and charges	178	0.4%	85	0.1%	93	109.4%
Total amortisation, depreciation, provisions & write-downs	38,353	96.5%	35,846	32.8%	2,507	7.0%
EBIT	(36,049)	-90.7%	16,675	15.3%	(52,724)	n.a.
Net financial income/(charges)	(11,550)	-29.1%	(12,129)	-11.1%	579	4.8%
Profit/losses from Associates & JV's carried at equity	(10,248)	-25.8%	(190)	-0.2%	(10,058)	n.a.
Profit/(loss) before taxes	(57,847)	-145.6%	4,357	4.0%	(62,204)	1427.7%
Income taxes	(13,241)	-33.3%	2,187	2.0%	(15,428)	n.a.
Profit/(loss) from Continuing Operations	(44,606)	-112.2%	2,170	2.0%	(46,776)	n.a.
Profit from Discontinued Operations/Held-for-sale		0.0%	1,131	1.0%	(1,131)	n.a.
Net Profit/(loss)	(44,606)	-112.2%	3,301	3.0%	(47,907)	n.a.
Minorities	1,886	4.7%	(306)	-0.3%	2,192	n.a.
Group Net Profit/(loss)	(42,720)	-107.5%	2,995	2.7%	(45,715)	n.a.

Period **revenues** totalled Euro 39.7 million - down 63.6% on H1 2019. They principally derive from Group operations at Venice and Treviso airports and are broken down as follows:

Euro / 1000	H1 2020				H1 2019				Change				Change %
	Total	Venice	Treviso	Others	Total	Venice	Treviso	Others	Total	Venice	Treviso	Others	Total
Aviation fees and tariffs	22,280	20,077	2,203	0	71,012	63,017	7,995	0	(48,732)	(42,940)	(5,792)	0	-68.6%
Handling	435	133	302	0	1,272	437	835	0	(837)	(304)	(533)	0	-65.8%
Aviation Revenue	22,715	20,210	2,505	0	72,284	63,454	8,830	0	(49,569)	(43,244)	(6,325)	0	-68.6%
Ticketing	16	4	12	0	57	12	45	0	(41)	(8)	(33)	0	-71.9%
Parking	3,297	2,984	313	0	9,343	8,259	1,084	0	(6,046)	(5,275)	(771)	0	-64.7%
Advertising	890	843	47	0	1,301	1,232	69	0	(411)	(389)	(22)	0	-31.6%
Commercial	6,704	6,050	654	0	18,773	16,910	1,863	0	(12,069)	(10,860)	(1,209)	0	-64.3%
Non-Aviation Revenue	10,907	9,881	1,026	0	29,474	26,413	3,061	0	(18,567)	(16,532)	(2,035)	0	-63.0%
Other income	6,121	2,634	150	3,337	7,532	3,624	240	3,668	(1,411)	(990)	(90)	(331)	-18.7%
Total Revenue	39,743	32,725	3,681	3,337	109,290	93,491	12,131	3,668	(69,547)	(60,766)	(8,450)	(331)	-63.6%

As is evident, all revenue lines were impacted by the 73.5% drop in Venice-Treviso system traffic, resulting in - among other issues - the full closure of Treviso airport from March 14, 2020. Specifically:

- decline in *aviation revenues* of approx. Euro 49.6 million (-68.6%), slightly less than the decline in traffic, also due to the higher average tariff applied on the basis of the regulatory agreement and the reduced load factor.

- drop in *non-aviation revenues* of approx. Euro 18.6 million (-63%);
- decrease of Euro 1.4 million for *other revenues*, which mainly includes Costs to be recharged, Capitalisations of Internal costs and revenues from minor companies.

EBITDA amounted to Euro 2.3 million, compared to Euro 52.5 million in the first half of 2019. The significant decline in the result reflects the drop in revenues which, thanks entirely to the focus on containing the costs required to maintain Venice airport operative, was not directly reflected in the drop in EBITDA.

In fact, Q2 operating costs decreased from Euro 29 million in 2019 to Euro 12.1 million in Q2 2020 (-58%), as a result of a range of actions which cut personnel costs by approx. 60%, bringing utilities savings of 44% and lowering operating costs by approx. 54%.

EBIT reported a loss of Euro 36 million, compared to a profit of 16.7 million in H1 2019. The significant impact from amortisation, depreciation and provisions in the period increased from Euro 35.8 million to Euro 38.3 million, due to the considerable degree of investment carried out by the subsidiary SAVE S.p.A. in the previous year.

The **financial management** result was a loss of Euro 21.8 million, compared to a loss of approx. Euro 12.3 million in H1 2019. The main difference concerned the contribution of the valuations at equity in the period of the associates and Joint Ventures, which declined by approx. Euro 10 million, from Euro -0.2 million to Euro -10.2 million, again heavily impacted by the Covid-19 pandemic related crisis.

The **result before taxes** was therefore a loss of approx. Euro 57.8 million, compared to a profit of Euro 4.4 million in H1 2019.

The Group **Net Result** was a loss of approx. Euro 42.7 million, following a tax benefit of Euro 13.2 million relating to the tax loss of the Group companies, in addition to the reversal of deferred taxes and the allocation of Euro 1.9 million of the net loss to third parties.

Group Reclassified Balance Sheet

EURO/000	06/30/2020	12/31/2019	CHANGE	06/30/2019
Property, plant & equipment	72.390	77.280	(4.890)	74.426
Airport concession rights	626.259	609.041	17.218	590.531
Intangible fixed assets	1.073.661	1.091.813	(18.152)	1.108.608
Financial fixed assets	93.726	103.736	(10.010)	101.159
Deferred tax assets	33.799	25.794	8.005	31.455
TOTAL FIXED ASSETS	1.899.835	1.907.664	(7.829)	1.906.179
Post-employment benefits	(3.955)	(3.905)	(50)	(3.867)
Provision for liabilities and deferred taxes	(245.974)	(251.006)	5.032	(268.471)
FIXED CAPITAL	1.649.906	1.652.753	(2.847)	1.633.841
Inventories	2.192	2.080	112	2.288
Trade receivables	16.176	43.475	(27.299)	50.762
Tax assets	3.917	5.348	(1.431)	3.472
Other receivables and other current assets	3.747	3.258	489	9.190
Trade payables and advances	(68.251)	(92.409)	24.158	(144.503)
Tax payables	(2.773)	(1.376)	(1.397)	(9.389)
Payables to social security institutions	(5.588)	(4.457)	(1.131)	(4.399)
Other payables	(40.208)	(50.873)	10.665	(50.769)
TOTAL NET WORKING CAPITAL	(90.788)	(94.954)	4.166	(143.348)
TOT. CAPITAL EMPLOYED	1.559.118	1.557.799	1.319	1.490.493
Group Net Equity	611.414	655.200	(43.786)	656.125
Minority interest net equity	8.710	10.597	(1.887)	10.527
SHAREHOLDERS' EQUITY	620.124	665.797	(45.673)	666.652
Cash and current assets	(76.042)	(2.199)	(73.843)	(4.091)
Current bank payables	33.018	3.484	29.534	16.527
Non-current bank payables	973.221	882.806	90.415	801.222
Other lenders	8.797	7.911	886	9.895
Financial receivables from group & related companies	0	0	0	0
Financial payables to group & related companies	0	0	0	288
TOTAL NET FINANCIAL POSITION	938.994	892.002	46.992	823.841
TOT. FINANCING SOURCES	1.559.118	1.557.799	1.319	1.490.493

Fixed assets were substantially in line with December 2019, taking account of the substantial parity between investments in the period and amortisation and depreciation. Investments in the period amounted to Euro 31.9 million.

Working capital was negative for Euro 90.8 million, reducing the negative balance by approx. Euro 4 million compared to December 2019, against a decrease both in the balances to suppliers and those to customers, due to the significant decline in traffic.

Shareholders' equity totalled Euro 620.1 million, compared to approx. Euro 665.8 million at December 31, 2019, due to the loss in the period

Net Financial Position

The Group **net debt** increased from Euro 892 million at December 31, 2019 to Euro 939 million at June 30, 2020.

(Euro thousands)	06/30/2020	12/31/2019	06/30/2019
Cash and cash equivalents	76,042	2,199	4,091
Other financial assets	0	0	0
Financial assets	76,042	2,199	4,091
Bank payables	33,018	3,484	16,527
Other financial liabilities – current portion	3,830	2,606	5,348
Current liabilities	36,848	6,090	21,875
Bank payables – less current portion	973,221	882,806	801,222
Other lenders – less current portion	4,967	5,305	4,835
Non-current liabilities	978,188	888,111	806,057
Net financial position	(938,994)	(892,002)	(823,841)
Total gross payables to banks	1,006,239	886,290	4,430 817,749

Current assets available at the reporting date totalled Euro 76 million, compared to Euro 2.2 million in December 2019, increasing as a result of company Management’s decision to provide the Group with sufficient liquidity to handle a highly uncertain period of operations.

In terms of the cash flow statement, available liquidity (the difference between “Cash and cash equivalents” and “Current bank payables”, excluding the current portion of loans) increased approx. Euro 73.8 million, from approx. Euro 2.2 million at the end of 2019 to approx. Euro 76 million at June 30, 2020. During the period in fact, Euro 120 million of available credit lines were used with the drawdown of two new long-term loans for a total of Euro 90 million and a short-term line of Euro 30 million. Operating activities absorbed cash flows of Euro 6.7 million as a result of the net loss for the period.

Investing activities absorbed cash of approx. Euro 37.3 million concerning the liquidation of investments made at the end of 2019.

Group bank loans, measured under the amortised cost method, totalled Euro 1,006.2 million. The nominal capital instalments maturing in the coming 12 months amount to Euro 33.1 million, of which Euro 31.5 million relating to the parent company. The nominal capital instalments due beyond one year amount to Euro 989.6 million; Euro 960.1 million of which matures beyond five years.

Guarantees granted

GUARANTEES GRANTED (EURO THOUSANDS)	AMOUNT
SURETIES:	795
- AS A GUARANTEE FOR LEASE CONTRACTS	349
- AS A GUARANTEE FOR PUBLIC GRANTS	418
- AS A GUARANTEE FOR LOANS	-
- OTHER	28
MORTGAGES AND PRIVILEGES IN GUARANTEE OF LOANS	36,479
TOTAL GUARANTEES GRANTED	37,274

The Company pledged the SAVE shares held by Milione to the Company's lenders. Current accounts held by Milione with a balance of approx. Euro 0.9 million as at June 30, 2020 have also been pledged to the above lenders.

The shares of Milione have in addition been provided as a lien in favour of these lending institutes.

As part of the disposal of the investment in Centostazioni, in 2017 the subsidiary SAVE S.p.A. provided a guarantee to the purchaser Ferrovie dello Stato Italiane S.p.A. through providing the subsidiary Archimede 1, the vendor - now merged by incorporation into Save - with the funding necessary to fulfil its obligations under the sales contract. This specifically concerns the usual guarantees granted as part of the disposal of a significant investment; these guarantees shall not however exceed 25% of the consideration.

Human Resources

An analysis of the Group workforce follows.

Workforce	06/30/2020		12/31/2019		06/30/2019		Cge. 6/30 - 12/31		Cge. 06/20 - 06/19	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Executives	22	0	22	0	22	0	0	0	0	0
Managers	59	1	57	1	60	1	2	0	(1)	0
White-collar	615	246	659	258	666	311	(44)	(12)	(51)	(65)
Blue-collar	138	43	141	58	136	116	(3)	(15)	2	(73)
Apprentices	0	0	0	0	0	0	0	0	0	0
TOTAL	834	290	879	317	884	428	(45)	(27)	(50)	(138)
TOTAL WORKFORCE	1,124		1,196		1,312		(72)		(188)	

Employees at June 30, 2020, including both full-time and part-time, in addition to fixed contract employees, totalled 1,124, decreasing 72 compared to December 31, 2019 and by 188 compared to June 30, 2019.

The full-time equivalent of the total airport activity workforce at June 30, 2020 was 1,048 employees, compared to 1,114 at December 31, 2019.

The average full-time equivalent in the first six months of 2020 was 1,038.42, a decrease of 42.96 employees compared to the first six months of 2019.

However, as outlined, to cope with the current crisis, the Group made recourse to the lay-off scheme, depending on the contracts in place at the various Group companies, involving 100% of the workforce.

Airport Management Review

Traffic performance

The Assaeroporti figures updated to May (latest available) indicate an overall drop in passengers of -63.4% against the same period of 2019 (movements -54.3%, cargo -26.7%).

According to the Assaeroporti figures, between March and May the domestic airport system saw a drop of 45 million passengers compared to 2019.

Also at European level (ACI Europe Traffic Report), traffic between January and May 2020 saw a decline of -56.6% (-48.7% movements, -12.8% cargo).

Venice Airport System

The Venice Airport System carried over 1.8 million passengers in the first two quarters of 2020, -73.5% against the same period of the previous year, for over 19 thousand movements (-66.4% on H1 2019).

The following table reports the key traffic data for H1 2020, compared to H1 2019 (the figures for the first 2 months of the year were separated from the remaining 4 months, in which operations and traffic were heavily impacted by the Coronavirus pandemic):

VENICE AIRPORT SYSTEM

Year-to-date June

	JAN/FEB 2020	MAR/JUN 2020	JAN/JUN 2020	CGE. % '20/'19
SAVE				
Movements	11,280	3,735	15,015	-66%
Passengers	1,250,983	123,563	1,374,546	-74%
Tonnage	833,093	284,412	1,117,505	-66%
Cargo (Tonnage)	8,937	11,508	20,445	-35%
AERTRE				
Movements	3,594	566	4,160	-66%
Passengers	436,710	26,949	463,659	-72%
Tonnage	196,385	32,668	229,053	-67%
Cargo (Tonnes)	0	0	0	
SYSTEM				
Movements	14,874	4,301	19,175	-66%
Passengers	1,687,693	150,512	1,838,205	-73%
Tonnage	1,029,478	317,080	1,346,558	-66%
Cargo (Tonnage)	8,937	11,508	20,445	-35%

Venice

Venice airport passengers totalled nearly 1.4 million in H1 2020, down -74% on the same period of the previous year (for a “loss” of nearly 4 million passengers). Over 15 thousand movements were recorded, -66.4% compared to 2019.

In the initial two months of 2020, passenger traffic was in line with the previous year.

Between March and mid-June, almost all airport operations were cancelled by airlines due to the Coronavirus emergency. Alitalia remained operative, continuing to connect

Venice to Rome Fiumicino, as did courier operations (DHL, TNT and UPS).

Main airport carriers by traffic volume: Easyjet, Ryanair, Alitalia.

Main market: Great Britain, followed by the domestic market (accounting for 15% of total traffic) and France.

Between mid-June and July, many operations restarted at Venice to both domestic and international destinations.

In particular, at the beginning of July British Airways reinstated its flight to London Heathrow, as did Easyjet with Cagliari, Naples, Brindisi, Catania, Olbia, Bari and London Gatwick. Air Dolomiti, operative from June, increased weekly flights to Munich from 3 to 11, with Air France increasing weekly flights to Paris from 7 to 14 and Lufthansa expanding its service to Frankfurt from 7 to 14 flights.

Ryanair operations from and to Venice cover 22 routes: on June 21, flights to Palermo and Catania were reinstated, followed by those to Bari and Valencia. And thereafter by: Lamezia Terme, Naples, Brindisi, Cagliari, Barcelona, London-Stansted, Bristol, Malta, Brussels-Charleroi, Dublin, Edinburgh, Ibiza, Manchester, Seville, East Midlands, Berlin-Schönefeld, London-Southend, Malaga.

Iberia is again operative at the airport, with 4 weekly flights to Madrid, as is Swiss with 5 weekly flights to Zurich.

Volotea returns to flight from June 18 with an improved domestic offer to destinations in Sicily, Sardinia and Puglia, with Mykonos and Santorini thereafter added.

Furthermore, SAS began a weekly flight to Copenhagen, with Tunisair operating twice-weekly between Venice and Tunis.

For the initial part of July, the average flight load factor was 68% and is a good indicator for a continued recovery in traffic over the near-term.

All operations at Venice airport are managed in an entirely safe manner, thanks to the measures adopted to ensure social distancing, the sanitising of spaces and the use of equipment to protect passengers and operators.

During these months, a focus was placed on co-marketing proposals with carriers, advertising activities and actions in the region, including in synergy with local institutions, to stimulate traffic once air connections are newly reinstated for airport users.

Cargo traffic (including couriers and mail) overall declined -34.5%. The air operations of couriers continued over these months, particularly for DHL and UPS, which globally carried nearly 15 thousand tonnes of cargo in the first half of the year.

Treviso

Treviso passenger numbers in the first half of 2020 totalled approx. 460 thousand, -71.8% on the same period of 2019 (for over 4,100 movements, -66.3% on the previous year).

Treviso airport was closed from March as a result of the Coronavirus emergency (which forced carriers to cancel their network operations) and is not yet operative.

The main carriers by traffic volume during the operational months were: Ryanair (86% of traffic), Wizzair and Pobeda Airlines. Main markets: domestic market (40% of total passengers), Romania and Belgium.

Verona

Verona airport carried approx. 450 thousand passengers in the initial 6 months of 2020 (-71.7% on 2019), for nearly 4,900 movements.

Due to the Coronavirus emergency and the ENAC provision, on March 13 Verona airport closed to all civil traffic, maintaining only cargo, military, ambulance and humanitarian flights. Its reopening was only sanctioned on June 15, although with significant limitations.

Therefore, normal traffic was only operative for the initial two months of the period. In January and February, passenger traffic was in line with 2019, although from March traffic fell very sharply, while civil aviation passengers were not carried in April and May. In the first half of the year, Verona airport reported 452 thousand passengers, with a drop of -71.7% (over one million passengers).

4,878 movements were reported to June (15,195 in the previous year, -68%).

Main airport carriers by traffic volume: Volotea, Ryanair, Neos.

Main market: domestic market, accounting for 37% of the total, followed by Great Britain and Russia.

From June, the airlines operating out of Verona gradually reinstated flights: from June 18, Air Dolomiti restarted connections from Verona to Munich and Volotea to Cagliari, Catania, Olbia and Palermo. Thereafter, the other airlines began to reinstate their pre-existing connections. Ryanair operations from and to Verona include 6 new routes operating between June and July: Palermo, Cagliari, Brindisi, London Stansted, Dublin and Birmingham.

Verona also ensures total safety both for departing and arriving passengers.

Brescia

The 2020 figures reflect the consequences of the Covid-19 pandemic: despite however the organisational and logistical difficulties, exacerbated by the geography of the virus which saw Brescia and its surrounding province hit the hardest in Italy, in the first six months of the year, Brescia Airport continued to grow with operations up approx. +33% on 2019.

Breaking down traffic numbers, the “cargo” segment performed well, improving by over 137% on the same period of the previous year.

This is in spite of the fact that from mid-March DHL was forced to suspend flights as a result of the lockdown.

The Mail segment once again stood out, seeing continual growth with nearly 13 thousand tonnes over the six months, improving on its 2019 result by more than 46%. The boom in online sales driven by the e-commerce giants was central to this development, generating not only higher volumes, but also more than proportional revenue increases.

GDA Handling renewed for a further 36 months its contract with Poste Italiane. Brescia Montichiari was confirmed as Poste Italiane's national hub with this renewal, and GDA Handling as its specialised partner, capable of delivering flexibility and quality, in line with the new product types demanded by the market.

The increase in product quantity has been matched by additional postal flights (there are now no less than 80 movements per week), nearly all operated by Poste Air Cargo (former Mistral Air) and by Alitalia (8 movements operated with A321 pax aircraft from FCO).

Only the air-truck (surface cargo) segment is experiencing difficulty, due to the almost complete suspension of passenger flights, for which this cargo is mainly destined. It is expected that until a real recovery for this segment, the RFS (road feeder service) is unlikely to be reinstated.

Charleroi Airport

Passengers carried at Charleroi airport in H1 2020 exceeded 1.4 million, down 63.7% on the previous year.

The main airline at the airport is Ryanair, with a market share of 74.2% and carrying nearly 1.1 million passengers.

The carrier Wizzair carried over 160 thousand passengers; Jetairfly (TUI fly Airlines Belgium) carried over 119 thousand passengers.

Investments at Venice and Treviso airports

Investments totalled Euro 31.9 million in the period, of which approx. Euro 0.9 million allocated to the assets under concession replacement provision. The main investments in the first half of 2020 included:

Euro 21.6 million for the design and execution of works for the development of the runway and aprons; Euro 3.1 million for other investments and works to maintain the existing infrastructure, Euro 1.5 million in hardware and software investment, Euro 1.2 million in hydraulic works, Euro 1.1 million for the design and extension works on the lot 2 terminal (South Pier) at Venice airport.

Regulatory framework developments

Regulatory Agreement and airport fees

SAVE applies the airport fees set in the Regulatory Agreement signed with the Italian Civil Aviation Authority (ENAC) on October 26, 2012 and approved by Decree of the President of the Council of Ministers of December 28, 2012, pursuant to Article 17, paragraph 34-bis of Decree-Law No. 78/2009, enacted into Law 102/2009, which authorised ENAC to enter into, for airports of national importance and with traffic of greater than eight million passengers annually, regulatory agreements in derogation from applicable legislation, introducing long-term tariff systems subject to updates throughout their applicability. The new tariff system entered into force on March 11, 2013. The fees are updated annually in accordance with Article 15 of the Regulatory Agreement. For 2017, the new fees enter into force from February 1, 2017, with the latest tariff update entering into force on February 1, 2018.

Under the Regulatory Agreement, three appeals - all suspension appeals - were proposed before the Veneto Regional Administrative Court, respectively by the Municipality of Venice, the Aeroterminale S.p.A. in liquidation bankruptcy and Assaereo (the National Association of Airlines and Air Transport Operators). With judgements Nos. 136/2014 and 223/2014, the Veneto Regional Administrative Court rejected the appeals of the Municipality of Venice and the Aeroterminale S.p.A. in liquidation bankruptcy. The hearing date for the appeal proposed by Assaereo has not yet been fixed. The Municipality of Venice appealed against judgement No. 136/2014 before the Council of State (No. 6950/2014), while the hearing date has not yet been fixed.

AICAI (Associazione Italiana Corrieri Aerei Internazionali) challenged the provisions by which SAVE decided the tariff adjustments for landing and take-off fees, for the 2017-2021 period, in addition to all provisions upon which this adjustment was based. By judgment No. 383 of 28/04/2020 the application was dismissed and in part declared inadmissible.

We highlight finally that the European Commission, within the EU Pilot No. 4424/12/MOVE (Communication system concerning the application of Directive 2009/12/EC on airport fees by Italy), in July 2013 requested from the Italian Authorities further information to verify the correct transposition into national law of the above-stated directive. In October 2015, the General Secretary of the European Commission sent to the Italian Ministry for Foreign Affairs a letter of formal notice - Infraction No. 2014/4187, dated October 22, 2015, through which the Commission communicated that it does not consider that Italian law (on the basis of which the Regulatory Agreements for the airports of Milan, Rome and Venice have been agreed) complies with Article 6, paragraph 3 and Article 11, paragraphs 1 and 6 of the directive.

The Commission has reserved the right to issue, after considering the observations of the Italian Government (or where such are not communicated), an opinion in accordance with Article 258 of the TFEU, which to date has not yet been adopted.

In accordance with Article 10 of law No. 37 of May 3, 2019, entering into force on 26/05/2019, it is established that: Article 73 of Legislative Decree No. 1 of January 24, 2012, converted with amendments by law No. 27 of March 24, 2012, is replaced by the following:

«Article 73 (National Oversight Authority). - 1. The transport regulation authority, set up in accordance with Article 37 of Legislative Decree No. 201 of December 6, 2011, converted with amendments by law No. 214 of December 22, 2011, acts as the National oversight authority as per this decree also with regards to the regulatory agreements established by Article 17, paragraph 34-bis, of Legislative Decree No. 78 of July 1, 2009, converted with amendments by law No. 102 of August

3, 2009. *The above Authority undertakes the functions transferred with the human resources, tools and funding available in its financial statements, without new or additional charges for public funding*". With this provision, it is therefore provided that the Transport Authority carries out the functions of the national oversight authority also for the supplementary regulatory agreements governed by Article 17, paragraph 34-bis, Legislative Decree No. 78 of July 1, 2009, converted with amendments by law No. 102 of August 3, 2009. These functions were previously reserved to ENAC.

For a comprehensive overview of the applicable domestic tariff rules, it is noted that Article 37 of Legislative Decree No. 201/2011 established that the Transport Regulation Authority *"carries out as per Articles 71 to 81 of Legislative Decree No. 1 of January 24, 2012, all Supervisory Authority functions established by Article 71, paragraph 2 of the stated Legislative Decree No. 1 of 2012, in enactment of Directive 2009/12/EC of the European Parliament and Council of May 11, 2009, concerning airport fees"*. The reported regulatory framework provides for the setting of airport fees by the Airport Manager, following mandatory Consultation between the Manager and Airport users. With Motion No. 64/2014 of September 17, 2014, the Authority introduced a regulatory system which provides for the application of separate schemes according to the level of airport traffic (2014 Models): Model 1 Airports with traffic exceeding 5,000,000 passengers annually; Model 2 Airports with traffic of between 3,000,000 and 5,000,000 passengers annually; Model 3 Airport with traffic of less than 3,000,000 passengers annually. Following a structured review, the new tariff regulation models were approved with TRA Motion No. 92/2017 of July 6, 2017.

On the basis of the 2016 traffic figures, the airports currently governed by the Authority, 37 in total out of 42, represent approx. 50% of total passenger traffic. For the Rome (Fiumicino, Ciampino), Milan (Malpensa, Linate) and Venice airport managers the regulatory agreements with ENAC are applicable.

The Board of the ART, with Motion No. 84/2018 of September 13, 2018, approved the commencement of the review of the existing airport fee regulation models. The deadline for the conclusion of the review of these Models was set as September 30, 2019.

By Resolution No. 118/2019 of August 1, 2019, the Transport Regulation Authority announced a public consultation on the regulatory scheme containing "Airport fee regulation models".

The regulation scheme and consultation methods are set out in Annexes A and B, respectively, to Resolution No. 118/2019, which also extended the term for conclusion of the procedure from the initial date of September 30, 2019 to December 20, 2019. In contrast to the three current models (Model 1, Model 2 and Model 3), the new regulatory framework consists of a single document containing just two models, in addition to measures of a general nature: Model A for airports with traffic of more than one million passengers a year and Model B for airports with traffic of one million or fewer passengers a year.

Finally, after Resolution No. 89 of May 7, 2020, by which the Transport Regulation Authority extended to July 31, 2020 the deadline for the conclusion of the procedure commenced by Resolution No. 84/2018, the Authority with resolution 136/2020 of July 16, 2020 approved the airport fee regulation models and the relative annexes, establishing that these models shall enter into force on July 1, 2021.

Fire Service Fund contribution

Article 1, paragraph 478 of Law No. 208 of December 28, 2015 amended Article 39-bis of Legislative Decree No. 159/2007, establishing that *“The provisions with regard to [...] payments by airport managers concerning the fire protection services at airports, as per Article 1, paragraph 1328 of Law No. 296 of December 25, 2006, are considered not to impose tax obligations”*. The regulation is in opposition to the case law developed to date (Lazio Regional Administrative Court Judgement No. 4588/2013, Court of Rome No. 10137/51/14, Court of Ancona No. 849/2015 and Court of Florence No. 2975/2015) which verified the jurisdiction of the disputes taken with regard to the contribution to the Fund as per Article 1, paragraph 1328 of Law No. 296 of December 25, 2006 before the Tax Court. With judgment No. 167/2018 of July 20, 2018, the Constitutional Court 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 aforementioned provision established that the fees charged to airport management companies for fire-fighting services at airports, as per Article 1, Paragraph 1328, of Law 296 of 2006, are not subject to taxation.

Finally, the unified sections, following the restart of the process suspended ahead of the Constitutional Court’s pronouncement, with judgment No. 3162/2019 published on February 1, 2019 declared the contribution to the Fire Fighting Fund as of a tax nature, consequently declaring the tax court to have exclusive jurisdiction.

With regard to SAVE, in judgment No. 264/2020 of February 5, 2020 the Ordinary Court of Venice quashed order for payment No. 676/2013, whereby the administrations had sought the payment of the contribution for the year 2010, finding in favour of the jurisdiction of the tax courts rather than the ordinary courts. In addition, by judgment No. 667/2020, filed on April 15, 2020, the Court of Venice declared the nullity of injunction No. 785/13, by which the administrations had requested the payment of the contribution for 2009.

Laws and provisions adopted in view of the Covid-19 health emergency

In view of the Covid-19 outbreak emergency, a series of laws and provisions were introduced on the one hand to contain the spread of the virus and, on the other, to support the economic system through targeted actions for businesses. The main air transport sector provisions included the following.

Legislative Decree No. 18 of March 17, 2020 - Measures to strengthen the National health service and economic support for families, workers and businesses related to the COVID-19 epidemiological emergency, converted with amendments by Law No. 27 of April 24, 2020

The legislative decree provides for the suspension of certain tax and social security contribution payments, as well as certain tax obligations, for *“persons who manage bus, railway, underground, maritime or airport stations”* (art. 61, letter m).

Article 79 of the Legislative Decree No. 79 *“Urgent air transport measures”* is an additional key provision which, on the one hand, formally recognises the COVID-19 pandemic as a natural disaster and exceptional event for the air transport sector, putting in place compensatory measures for the damage suffered by enterprises holding passenger air transport licenses who fulfil public service obligations (paragraphs 1 and 2) and, on the other hand, in view of the particular situation caused by the COVID-19 emergency, for

Alitalia - Società Aerea Italiana S.p.A. and Alitalia Cityliner S.p.A., authorises the setting up of a new public company, either wholly-owned by the Ministry for the Economy and Finance, or with a majority public ownership, expressly authorising the extraordinary Commissioner to take all necessary or consequent actions. Finally, Article 94 provides for an increase of Euro 200 million for 2020 of the solidarity fund for the air transport sector, while in addition a recourse to the extraordinary wage subsidies to fund income support measures in view of the serious difficulties hitting the aviation sector.

Decree Law No. 23 of April 8, 2020 - Urgent measures regarding access to credit and tax compliance for businesses, special powers for strategic sectors, in addition to measures in the area of health and work and the extension of administrative and procedural deadlines, converted with amendments by Law No. 40 of June 5, 2020.

The key measures for airport managers are those in **support of the liquidity of businesses** and those of a **tax nature**.

- *Measures to support business liquidity*

The Legislative Decree introduces measures to support the liquidity of **small, medium and large** businesses, as follows.

- a. The support provided by the Guarantee Fund for SME's (Article 13), to which businesses with up to 499 employees can access, is further developed;
- b. A new SACE guarantee is stipulated to cover bank loans granted to **large enterprises** and small and medium-sized enterprises who have utilised all the support provided by the Guarantee Fund for SME's (Article 1).

Tax related provisions

The Legislative Decree in addition provides for a further postponement, to that already specifically provided for funds airport managers by Legislative Decree No. 18 of March 17, 2020, of certain tax and contribution payments.

Decree-Law of May 19, 2020, No. 34 - Urgent measures in the field of health, support for employment and the economy, as well as social policies related to the Covid-19 epidemiological emergency

The decree contains “vertical” type measures, i.e. specific instruments for certain production sectors - and “horizontal” measures i.e. mechanisms to benefit all businesses, independently of the market in which they operate.

The main “vertical” measures for the air transport sector are:

Fund to offset damage suffered by airlines (Article 198): a fund has been set up, with **Euro 130 million** available for 2020, for the offsetting of damage suffered by airlines holding a valid COA and an air transport license issued by ENAC, other than those provided for in Article 79, paragraph 2 of the Italy Healthcare Legislative Decree (i.e. carriers fulfilling public service obligations).

A necessary condition to access the fund is the remuneration of own employees and third-party personnel utilised for the undertaking of business operations of not less than the sector National Collective Labour Agreement minimums.

Setting up of a publicly owned newco for the future Alitalia (Article 202): Article 79 of the Italian Healthcare Legislative Decree is modified with regards to the nationalisation of the carrier Alitalia.

Obligation for carriers and sector enterprises operating in and employing personnel in Italy to apply to their employees remuneration levels at least meeting sector National Collective Labour Agreement minimums (Article 203): the obligation for airlines and enterprises who operate in and employ personnel in Italy and who are subject to concessions, authorisations or certifications under the EASA regulation or the domestic regulation, in addition to the supervision of ENAC, is introduced, requiring the application to own employees with service bases in Italy as per Regulation (EU) 965/2012 (containing technical requirements and administrative procedures for flight operations) of remuneration of not less than of that established by the National Collective Labour Agreement. This minimum remuneration should be applied also to third-party employees engaged in the operations of airlines and sector enterprises. Failure to comply with this obligation gives rise to penalties, with 80% allocated to the Solidarity Fund for the air transport sector and the airport system, with the remaining 20% used to fund ENAC's operations.

Allocation to the Air Transport Fund of a portion of the boarding fee municipal surtax (Article 204): from July 1, 2021, the Air Transport Fund is structurally supported through the new allocation of a portion of the boarding fee municipal surtax. From that date, the Euro 6.5 of municipal surtax (currently with Euro 1 allocated to the airport municipalities, Euro 0.5 to the Fire Brigade and Euro 5 to the INPS) shall therefore be allocated as follows: Euro 1 will continue to be allocated to the airport municipalities, Euro 0.5 will continue to be allocated to the Fire Brigade, while Euro 3.5 shall be allocated to the INPS and Euro 1.5 to the Solidarity Fund for the air transport sector and airport system.

When converting the Decree into law, the Italian Parliament introduced and approved an amendment providing for a two-year extension of the duration of airport concessions in force on the date the law converting the Decree came into force.

As a result of this provision, the duration of the assignment to SAVE of the full management of Venice's Marco Polo Airport is extended by Law to March 21, 2043, that of Treviso Airport until April 16, 2055, that of Verona Airport until May 2, 2050 and finally that of Brescia Airport to March 18, 2055. Presidential Decree of June 11, 2020 - Additional implementing provisions of Legislative Decree No. 19 of March 25, 2020, covering urgent measures to deal with the COVID-19 emergency, and Legislative Decree No. 33 of May 16, 2020, covering additional urgent measures to deal with the COVID-19 emergency. (GU General Series No. 147 of June 11, 2020)

The obligation of physical distancing of at least 1 metre at the airport and on-board aircraft as per Article 4, paragraph 2 and Annex 15 (Technical annex) is particularly noted. Annex 15 (Technical annex) in addition identifies the conditions for a possible derogation on-board aircraft.

ENAC, with letter of 26/05/2020, protocol 0051694-P, provided clarifications on the extent of the above-stated annex 15.

The ENAC Guidelines ("Guidelines for the recovery of airport traffic from "Phase 2") ed. No. 4 of June 12, 2020

The ENAC Guidelines, in their 4th edition, identified the initial measures and programmes to improve and adjust airports to the new sanitary requirements, with regards to the various operations undertaken at airports. As pre-announced by ENAC, the guidelines shall be adjusted according to the development of the health emergency and the benchmark domestic and international regulatory framework.

EASA/ECDC Guidelines (“Operational Guidelines for the management of air passengers and aviation personnel in relation to the COVID-19 pandemic”)

The Guidelines drawn up by the EASA and the ECDC were adopted in order to provide a guide to airport managers, carriers, domestic aviation authorities and other interested parties on how to undertake a “safe” and gradual return to passenger air transport. The Guidelines set out a series of proportionate and effective measures to protect the health of operators’ staff and passengers so as to reduce, as far as possible, the risk of COVID-19 infection at the airport and on-board aircraft, such as for example, physical distancing of 1.5 metres, in addition to a comprehensive set of alternative measures (use of masks, frequent hand washing, the sanitising of areas etc.) in all cases where physical distancing cannot be followed for infrastructural or operational reasons.

Regulation (EC) 2020/696 of the European Parliament and Council of May 25, 2020, amending Regulation (EC) No. 1008/2008 introducing common rules for the provision of air services in the Community, containing, *inter alia*, measures concerning the handling sector.

The Regulation states that in the absence of safety problems, licenses are not suspended or revoked for those airlines which, as a result of the pandemic, have encountered a liquidity crisis which otherwise would have not occurred.

In addition, in consideration of the reflections of the crisis on ground handling services, an option is established to extend the authorisations granted to operators selected through tenders at airports subject to limitations, in accordance with Articles 6(2) and 9 of Directive 96/67/EC, which concludes in the period between May 28, 2020 and December 31, 2021 until December 31, 2022.

The Regulation also allows airport operators the direct choice, for a limited period, of the service provider called upon to operate provisionally to replace those who have ceased to provide services before the end of the period for which they were selected.

Inter-ministerial decrees (Ministry for Infrastructure and Transport and Health) limiting airport service operations

Airport services were limited by Ministerial Decree No. 112 of March 12 (subsequently extended by Ministerial Decrees No. 124 of March 24, No. 145 of April 3, No. 153 of April 12, No. 183 of April 29, No. 194 of May 5, No. 207 of May 17, 2020 and No. 245 of June 14, 2020). Ministerial Decree No. 245 of June 14 shall remain in force until July 14.

ENAC note on payment of the concession fee

With note GENDISP.DG.11052020-0000020-P signed by the Director General of ENAC, the payment deadlines of July 31, 2020 and January 31, 2021 of the two instalments of the 2020 concession fee were suspended, as they were based on traffic data prior to the COVID-19 outbreak. This note also provided for the extension of the deadline for the payment of the 2019 concession fee and the 2020 concession fee by the operators. It states that these favourable measures apply only where the operator has suspended the billing of aviation sub-concessions until January 31, 2021.

Alternative performance indicators

In addition to the financial indicators established by IFRS, a number of alternative performance indicators are presented in the financial statements to provide more complete disclosure on the operating performance and financial position. A description follows of the means to calculate these alternative indicators, as not uniform and comparable with those applied by other operators.

“EBITDA” measures the result before amortisation, depreciation, provisions for risks and the replacement provision, write-downs, financial income and charges, taxes and non-recurring operations.

“EBIT” measures the result excluding financial income and charges, income taxes and non-recurring operations.

The “Net financial position” includes liquidity, financial receivables and current securities, net of financial payables (current and non-current) and the fair value of the derivative financial instruments.

“Net working capital” includes inventory, trade receivables, tax and social security receivables and payables, other assets and liabilities and trade payables.

“Net capital employed” measures the sum of “Net working capital” as defined above and fixed assets, net of the Post-Employment benefit provision and risks provisions and added to Other non-current non-financial assets.

“ROS” is the ratio between EBIT, as defined above, and Revenues.

“ROI” is the ratio between EBIT, as defined above, and Net capital employed.

“Gearing” is the ratio between the Net Financial Position and Net equity.

“Total Workforce” is the number of employees enrolled to the employee register on the last day of the period.

“Movements” relates to the total number of arriving/departing aircraft.

“Passengers” concerns the total number of arriving/departing passengers.

Financial Risks

The management of financial risks is in line with Company objectives and focuses on the minimisation of interest rate risk and the relative optimisation of the cost of debt, the credit risk and the liquidity risk. Management of these risks is based on the principle of prudence and in line with best market practices. For further information, reference should be made to the paragraph “Type and management of financial risk” of this consolidated half-year report.

Other principal risks and uncertainties of the Group

Risks associated with economic conditions

The economic and financial situation of the Group is affected by various factors related to the general economic environment (including the increase or the decrease of GDP, the level of consumer and business confidence, interest rates for consumer credit, the cost of raw materials and the unemployment rate) in the various countries in which the Group operates.

The present report contains a number of forward-looking statements. These statements are based on current Group expectations and projections concerning future events, including the general conditions of the economy described above, subject to an intrinsic degree of risk and uncertainty, made particularly significant by the current situation, and, by their nature, outside of the Group's control.

Reference should be made to the “Market performance” and “Traffic performance” paragraphs below for remarks on the Covid-19 pandemic, which is having a significant impact on the international economy, and on the air transport sector in particular, with consequences on the Group's operating and financial performance.

Risks deriving from a reduction in the number of passengers or the quantity of cargo transported through airports managed by the Group

The volume of passenger traffic and cargo in transit at the Group managed airports represents a key factor in the results achieved by the Group. In particular, any reduction or interruption to flights, or where their recovery does not materialise as expected, by one or more airlines (particularly those operating at the airports managed by the Group), also as a result of the continuance of the situation generated by the Co-vid 19 pandemic and the subsequent economic - financial difficulties of such airlines, the stoppage or alteration to connections with destinations with a particularly high level of passenger numbers, the discontinuation or alteration of airline alliances or the occurrence of events which may impact upon the general quality perception of users, of services provided at the airports managed by the Group (due, for example, to a reduction in service quality standards provided by the handling companies operating at the airports, or the interruption to the activities exercised), in addition to the occurrence of unforeseeable natural events, may result in a decrease in traffic, with a consequent impact on the activities and the results of the Group.

The Group however, based on past experience, considers that - although no certainty may be assured - the risk of a reduction or suspension of flights by one or more airlines operating out of the airports managed by the Group does not pose a significant threat, also in consideration of the redistribution of passengers among airlines present on the market and the capacity of the Group to attract new airlines to the airports managed by the Group. However, such redistribution of traffic may require a certain period of time and may temporarily affect traffic volumes.

Risks related to Group results

All general economic events, such as a significant contraction in one of the main markets, the volatility of the financial markets and the consequent deterioration of the capital markets, an increase in commodity prices, unfavourable movements in specific sector variables, susceptible to causing impacts in the sector in which the Group operates, may significantly impact the Group outlook, in addition to the results and financial position. The profitability of the activities of the Group is also subject to risks related to interest rate and inflation fluctuations, the solvency of the counterparties, as well as the general economic conditions of the countries in which these activities are undertaken.

Risks connected with the importance of certain key figures

The success of the Group depends on a number of key figures who have contributed significantly to the Group's development. The Group considers that it has in place an adequate operational and managerial structure to ensure continuity of general and operational management. However, in the case where such key figures discontinued their working relationship with the Group, there is no guarantee that a suitable replacement may be found in such a time period so as to ensure the same contribution in the short-term, with consequent possible implications for the Group.

Risks concerning the regulatory framework

The Group operates within a sector governed by an extensive domestic and international regulatory framework. Any change to the regulatory framework (and in particular any changes in relations with the state, public bodies and sector authorities, the determination of airport fees and the amount of concession fees, the airport tariff system, the allocation of slots, environmental protection and noise pollution) may impact operations and Company and Group results.

For greater details on the principal amendments to the regulatory framework and sector developments, reference should be made to the dedicated paragraph of the Interim Directors' Report.

Holding and acquisition of treasury shares of the parent company

No treasury shares are held, nor were held during the year, even through subsidiaries, associates, trust companies or nominees.

Inter-company and other related party transactions

Reference should be made to the specific paragraph of the Explanatory Notes to the half-year financial statements for information concerning transactions undertaken during the period with subsidiaries, associated companies and related parties.

Outlook

As outlined in the market performance paragraph, the traffic forecast for the various airports managed by the Group for the second half of the year remains uncertain and depends on the development of the current pandemic and the measures that the various domestic governments shall take.

In July, traffic restarted across Europe, although remaining well below the usual summer month volumes. Management continues to closely follow the market trajectory, drawing on all those instruments which may facilitate greater operating and financial flexibility.

Subsequent events

No significant events which could substantially alter the current balance sheet and financial situation or which would require amendments or supplements to the financial statements took place after the reporting date.

Venice Tessera, July 31, 2020

The Chairman of the Board of Directors
Mr. Enrico Marchi

CONDENSED CONSOLIDATED HALF-YEAR
FINANCIAL STATEMENTS
AT JUNE 30, 2020

FINANCIAL STATEMENTS

Consolidated Balance Sheet
Consolidated Income Statement
Consolidated Comprehensive Income Statement
Consolidated Cash Flow Statement
Statement of Changes in Shareholders' Equity

Consolidated Balance Sheet

Assets (Euro thousands)	NOTE	06/30/2020	12/31/2019
Cash and cash equivalents	1	76,042	2,199
Tax assets	2	3,917	5,348
Other receivables	3	3,747	3,258
Trade receivables	4	16,176	43,475
<i>of which related parties</i>	4	4,052	10,300
Inventories	5	2,192	2,080
Total current assets		102,074	56,360
Property, plant & equipment	6	72,390	77,280
Airport Concession rights	7	626,259	609,041
Concessions	7	756,756	774,797
Other intangible fixed assets with finite useful life	7	6,371	6,482
Goodwill - other intangible fixed assets with indef. useful life	7	310,533	310,533
Equity investments in associates and JV's	8	90,307	100,322
Other equity investments	8	1,149	1,145
Other assets	9	2,270	2,269
Deferred tax assets	10	33,799	25,794
Total non-current assets		1,899,834	1,907,663
TOTAL ASSETS		2,001,908	1,964,023

Liabilities (Euro thousands)	NOTE	06/30/2020	12/31/2019
Trade payables	11	68,251	92,409
<i>of which related parties</i>	11	72	339
Other payables	12	40,207	50,874
<i>of which related parties</i>	12	717	1,477
Tax payables	13	2,773	1,376
Social security institutions	14	5,588	4,456
Bank payables	15	33,018	3,484
Other financial liabilities – current portion	16	3,830	2,606
Total current liabilities		153,667	155,205
Bank payables – less current portion	17	973,221	882,806
Other lenders – less current portion	18	4,968	5,305
Deferred tax liabilities	19	224,933	230,179
Post-employment benefits and other employee provisions	20	3,955	3,905
Provisions for other risks and charges	21	21,041	20,826
Total non-current liabilities		1,228,118	1,143,021
TOTAL LIABILITIES		1,381,785	1,298,226

Shareholders' Equity (Euro thousands)	NOTE	06/30/2020	12/31/2019
Share capital	22	189	189
Share premium reserve	22	27,651	27,651
Legal reserve	22	76	76
Other reserves and retained earnings	22	626,217	606,884
Net Profit/(loss)	22	(42,720)	20,400
Total Group shareholders' equity		611,413	655,200
Shareholders' equity - minority interest	22	8,710	10,597
TOTAL SHAREHOLDERS' EQUITY	22	620,123	665,797
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,001,908	1,964,023

Consolidated Income Statement

(Euro thousands)	NOTE	H1 2020	H1 2019
Operating revenue	23	35,498	102,702
Other income	23	4,245	6,588
Total operating revenue and other income		39,743	109,290
Costs of Production			
Raw and ancillary materials, consumables and goods	24	857	1,021
Services	25	15,637	20,807
Lease and rental costs	26	1,088	5,236
Personnel costs:			
wages & salaries & social security charges	27	17,506	27,256
post-employment benefits	27	1,186	1,268
other costs	27	295	233
Amortisation, depreciation & write-downs			
amortisation	28	30,901	27,643
depreciation	28	5,867	5,826
Write-downs of current assets	29	214	107
Cge. in inv. of raw & anc. materials, consum. & goods	30	(240)	(86)
Provisions for risks	31	178	85
Replacement provision	32	1,193	2,185
Other charges	33	1,110	1,034
Total costs of production		75,792	92,615
EBIT		(36,049)	16,675
Financial income and revaluation of financial assets	34	91	1
Interest, other fin. charges & write-down of fin. assets	34	(11,641)	(12,130)
Profit/losses from Associates & JV's carried at equity	34	(10,248)	(190)
		(21,798)	(12,319)
Profit/(loss) before taxes		(57,847)	4,357
Income taxes	35	(13,241)	2,187
<i>current</i>		<i>(0)</i>	<i>6,652</i>
<i>deferred</i>		<i>(13,241)</i>	<i>(4,465)</i>
Profit/(loss) on Continuing Operations		(44,606)	2,170
Profit/(loss) from Discontinued Operations/Held-for-sale	36	0	1,131
Net Profit/(loss)		(44,606)	3,301
Minority interest		(1,886)	306
Group Net Profit/(loss)		(42,720)	2,995

Consolidated Comprehensive Income Statement

(EURO THOUSANDS)	NOTE	H1 2020	H1 2019
Net Profit/(loss)		(44,605)	3,301
Hedging instruments	37	(1,031)	(228)
Total Gains/(Losses) on other comprehensive income statement items net of taxes which may be reclassified to the income statement		(1,031)	(228)
Actuarial gains/(losses) of employee defined plans, net of taxes	20	(36)	(7)
Total Gains/(Losses) on other comprehensive income statement items net of taxes which may not be reclassified to the income statement		(36)	(7)
Total comprehensive income		(45,673)	3,066
Minority comprehensive income		(1,887)	306
Total comprehensive income pertaining to the Group		(43,786)	2,760

Consolidated Cash Flow Statement

(EURO THOUSANDS)	H1 2020	H1 2019	Notes
Operating activities			
Profit/(loss) from continuing operations	(44,606)	2,170	
Amortisation, depreciation and write-downs	36,768	33,469	28
Net changes in post-employment benefit provisions	14	78	28
Net changes in provisions for risks and charges	940	1,351	31 - 32
(Gains)/Losses on disposal of assets	(11)	(22)	
Financial income (charges)	2,001	3,127	
Valuation of investments under the equity method	10,248	4,160	34
Change in deferred taxes	(13,252)	(4,473)	11 - 20
Sub-total self-financing (A)	(7,898)	39,859	
Decrease (increase) in trade receivables	27,299	(10,631)	4
Decrease (increase) in other current assets	(622)	8,336	3 - 9
Decrease (increase) in tax assets/liabilities	2,828	8,407	2 - 13
Increase (decrease) in trade payables	(18,755)	(8,066)	11
Increase (decrease) in social security payables	1,132	177	14
Increase (decrease) in other liabilities	(10,669)	3,677	12
Sub-total (B)	1,213	1,900	
CASH FLOW FROM OPERATING ACTIVITIES (A + B) = (C)	(6,686)	41,759	
Investing activities			
(Acquisition) of property, plant & equipment	(868)	(5,235)	6
Divestments of property, plant & equipment	23	22	6
(Acquisition) of intangible fixed assets	(30,993)	(119,623)	7
Divestments of intangible assets		25	7
Change in Trade payables for investments	(5,403)	70,099	
Decrease in financial fixed assets	(0)	(0)	8
(Increase) in financial fixed assets	(57)	(194)	8
CASH FLOW FROM INVESTING ACTIVITIES (D)	(37,298)	(54,906)	
Financing activities			
New loans from other lenders	0		16 18
(Repayment) to other lenders	(145)	(677)	16 18
Loan proceeds	119,930	(771)	15 17
(Repayment) and other changes in loans	(1,958)	15,000	15 17
Incorporation parent and capital contribution			2
(Increase)/Decrease in financial assets		(50,000)	22
Dividends paid		(2)	
Change in net debt arising from change in consolidation scope			
Other			
CASH FLOW FROM FINANCING ACTIVITIES (E)	117,828	(36,450)	
CASH FLOW FROM DISCONTINUED OPERATIONS (F)	0	492	37
NET CASH FLOW FOR THE PERIOD (C+D+E+F)	73,843	(49,105)	
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,199	53,193	
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	76,042	4,089	
Additional information:			
Interest paid	8,896	8,445	
Income taxes paid			

Statement of Changes in Consolidated Shareholders' Equity

(Euro thousands)	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	OTHER RESERVES AND RETAINED EARNINGS	NET PROFIT	GROUP SHAREHOLDERS' EQUITY	MINORITY INTEREST NET EQUITY	TOTAL NET EQUITY
Balance at January 1, 2019	189	76	27,651	659,142	16,340	703,398	10,225	713,623
Effect of application of IFRS 16				(34)		(34)	(4)	(38)
Profit/(loss) previous year				16,340	(16,340)			
Result of separate income statement					2,995	2,995	306	3,301
Other comprehensive profits / losses				(235)		(235)		(235)
Other movements						0		0
Distribution dividends				(50,000)		(50,000)		(50,000)
Balance at June 30, 2019	189	76	27,651	625,214	2,995	656,125	10,527	666,652

(Euro thousands)	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	OTHER RESERVES AND RETAINED EARNINGS	NET PROFIT/(LOSS)	GROUP SHAREHOLDERS' EQUITY	MINORITY INTEREST NET EQUITY	TOTAL NET EQUITY
Balance at January 1, 2020	189	76	27,651	606,884	20,400	655,200	10,597	665,797
Profit/(loss) previous year				20,400	(20,400)			
Result of separate income statement					(42,720)	(42,720)	(1,886)	(44,606)
Other comprehensive profits / losses				(1,067)		(1,067)	(1)	(1,068)
Other changes								0
Result of comprehensive income statement				(1,067)	(42,720)	(43,787)	(1,887)	(45,674)
Distribution dividends						0		0
Balance at June 30, 2020	189	76	27,651	626,217	(42,720)	611,413	8,710	620,123

Notes to the
Condensed Consolidated Half-Year Financial Statements
at June 30, 2020

MILIONE S.p.A.

Share capital: Euro 188,737.00 fully paid-in

Registered office: viale G. Galilei No. 30/1 - 30173 Venice

Venice REA No.: 418330

Venice Companies Registration Office, Tax and VAT No.: 03411340262

EXPLANATORY NOTES AT JUNE 30, 2020**Group activities**

Milione S.p.A. (hereafter also the “Company” or “Milione” or “Parent Company”), previously Agora Investimenti S.p.A., holds a majority investment in Save S.p.A. – hereafter also “SAVE” –, an investment holding company which mainly operates in the airport management sector. The subsidiary directly manages Venice Marco Polo Airport and controls the management company of the Treviso Antonio Canova airport. Save in addition has significant holdings in the companies that manage Valerio Catullo di Verona Villafranca airport, Gabriele D’Annunzio di Montichiari (BS) airport and Charleroi (Belgium) airport, while also in companies operating in airport management related sectors.

Accounting Standards adopted for the preparation of the Condensed Consolidated Half-Year Financial Statements at June 30, 2020**Basis of preparation**

These condensed consolidated financial statements of the Group concern the period ended June 30, 2020.

The condensed consolidated half-year financial statements were prepared under the historic cost convention, except for derivative financial instruments and financial assets held-for-sale, which were recognised at fair value, and in accordance with the going concern principle.

To assess the adequacy of this assumption, the Directors made observations, based on analyses of alternative scenarios, regarding the Covid-19 health emergency that arose in early 2020 and the effects of the resulting restrictions imposed in the affected countries, which are continuing to have a significant impact on traffic volumes and on the economic situation more generally. These analyses indicate that the Group, using the means at its disposal to reduce outlays relating to operating costs and investments and taking account of available credit lines, will have the financial resources required to meet its non-deferrable obligations, even in the event of slower recovery in traffic volumes than currently forecast.

The condensed consolidated half-year financial statements are presented in Euro, which is also the Group functional currency, and all amounts are rounded to the nearest thousand of Euro, where not otherwise indicated.

Statement of compliance with IAS/IFRS

The condensed consolidated half-year financial statements were prepared in compliance with IFRS adopted by the European Union and in force at the preparation date of the financial statements and in particular IAS 34 “Interim Financial Statements” for interim financial disclosure.

Content and form of the condensed consolidated half-year financial statements

These explanatory notes were prepared by the Board of Directors on the basis of the consolidation and accounting records updated to June 30, 2020. The company opted to apply the Separate and Comprehensive Income Statements, the Balance Sheet, the Cash Flow Statement and the Statement of changes in Shareholders’ Equity, as permitted by IAS 1, considering such more representative of operations. In particular, the balance sheet was broken down between current and non-current assets and liabilities, the income statement with allocation of income and charges by type and the cash flow statement using the indirect method, with breakdown of operating, investing and financing activities.

For comparative purposes, the financial statements are presented with the comparative balance sheet at December 31, 2019 and the H1 2019 income statement.

Consolidation scope

Subsidiaries

The Group condensed consolidated financial statements at June 30 include, through the line-by-line method, the companies in which it holds, directly or indirectly, control, as defined by IFRS 10, or the majority of share capital and voting rights.

All inter-company balances and transactions, including any unrealised gains and losses deriving from transactions between Group companies, are fully eliminated.

The subsidiary companies are fully consolidated from the date of acquisition, or from the date in which the Group acquires control, and ceases to be consolidated at the date on which the Group no longer has control.

The book value of the investments included in the consolidation scope is eliminated against the net equity of the investee companies according to the line-by-line method. Any difference between the acquisition cost and the book value of the net equity of the investees on the acquisition of the investment, is allocated to the specific assets, liabilities or contingent liabilities of the acquired companies, based on their fair value at the acquisition date and for the residual part, where fulfilling the requirements, to Goodwill. In this case, these amounts are not amortised but subject to an impairment test at least annually and where indicators of impairment exist.

Minority interests represent the part of profits or losses and of net assets not held by the Group and are shown in a separate income statement account and in the balance sheet under equity, separately from the Group net equity. The acquisition of minority interests in previous years are recognised utilising the “parent entity extension method”, on the basis of which the difference between the price paid and the book value of the share of net assets acquired is recorded as goodwill. Changes in ownership not resulting in a loss of control were treated as equity transactions and therefore recognised to net equity.

The companies included in the consolidation scope through the line-by-line method are listed below:

Company	Currency	Share Capital	Group % holding	
			06/30/2020	12/31/2019
PARENT COMPANY:				
Milione S.p.A.	Euro	188,737		
<i>its subsidiary:</i>				
SAVE S.p.A.	Euro	35,971,000	100	100
<i>its subsidiaries:</i>				
Marco Polo Park S.r.l.	Euro	516,460	100	100
Save International Holding SA	Euro	7,450,000	100	100
<i>its subsidiary:</i>				
Belgian Airports SA	Euro	5,600,000	65	65
Save Engineering S.r.l.	Euro	100,000	100	100
N-AITEC S.r.l.	Euro	50,000	100	100
Aer Tre S.p.A.	Euro	13,119,840	80	80
Società Agricola Save a r.l.	Euro	75,000	100	100
Triveneto Sicurezza S.r.l.	Euro	100,000	93	93
Archimede 3 S.r.l.	Euro	50,000	100	100

Associates and JV's

Where control of an activity is assigned jointly to two or more operators a Joint Arrangement is deemed to be in place and as such is classified as a Joint Operation (JO) or as a Joint Venture (JV) on the basis of the contractually-established underlying rights and obligations. In particular, a JV is a Joint Arrangement in which the participants, although having control over the main strategic and financial decisions through voting mechanisms which provide for the unanimous approval of decisions, do not have significant legal rights over the individual assets and liabilities of the JV. In this case, joint control concerns the net assets of the JV. This form of control is represented in the financial statements through valuation at equity. Joint Operations are however Joint Arrangements in which the participants have rights upon assets and direct obligations for the liabilities. In this case, the individual assets and liabilities and the relative costs and revenues are recognised to the financial statements of the participant on the basis of the rights and obligations of each, independently of the interest held. The Group's Joint Arrangements have all been classified as Joint Ventures.

The companies over which significant influence is exercised, generally accompanied by a holding of between 20% and 50% (investments in associates) and Joint Ventures (as previously qualified) are valued at equity.

For the application of the equity method the value of the investment is aligned with the adjusted equity, where necessary, to reflect the application of international financial reporting standards and includes the recognition of the higher amount paid and subject of the purchase price allocation identified on acquisition, and the effects of the adjustments required by the standards relating to the preparation of the consolidated financial statements.

In the case in which the Group establishes losses in value in the investment greater than already recognised through the equity method, the existence of an impairment is assessed to be recognised to the income statement, as the difference between the recoverable amount of the investment and its carrying amount.

A breakdown of the companies consolidated at equity (associates and JV's) are reported below.

Company	Currency	Share Capital	Group % holding	
			06/30/2020	12/31/2019
Associates and Joint Ventures				
Airest Retail S.r.l.	Euro	1,000,000	50	50
GAP S.p.A.	Euro	510,000	49.87	49.87
Venezia Terminal passeggeri S.p.A.	Euro	3,920,020	22.18	22.18
Brussels South Charleroi Airport SA (*)	Euro	7,735,740	27.65	27.65
Save Cargo S.p.A.	Euro	1,000,000	50.0	50.0
2A - Airport Advertising S.r.l.	Euro	10,000	50	50
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	Euro	52,317,408	41.72	41.65
<i>(*) through Belgian Airport S.A</i>				

Basis of consolidation

Change of accounting standards

The accounting standards adopted for the preparation of the condensed consolidated half-year financial statements conform with those for the preparation of the annual financial statements of the Group at December 31, 2019 and the condensed consolidated financial statements at June 30, 2019.

IFRS accounting standards, amendments and interpretations applied from January 1, 2020

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2020:

- On October 31, 2018, the IASB published the document “Definition of Material (Amendments to IAS 1 and IAS 8)”. The document modified the definition of “material” in IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment aims to provide a more specific definition of “material” and introduce the concept of “obscured information” alongside the concepts of omitted or misstated information previously included in the two amended Standards. The amendment clarifies that information is obscured if it is described in a way that results in an effect for the primary users of the financial statements similar to that which would have resulted if the information in question had been omitted or misstated. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.
- On March 29, 2018, the IASB published an amendment to the “References to the Conceptual Framework in IFRS Standards”. The amendment is effective from periods beginning on or after January 1, 2020, although early application is permitted. The Conceptual Framework defines the fundamental concepts for financial reporting and guides the Board in developing the IFRS standards. The document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same way, thus providing useful information to investors, lenders and other creditors. The Conceptual Framework supports companies in developing accounting standards when no IFRS standard is applicable to a particular transaction and, more generally, helps stakeholders to understand and interpret the Standards.
- The IASB, on September 26, 2019, published the amendment entitled “Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform”. The same amendment to IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement in addition to IFRS 7 - Financial Instruments: Disclosures. In particular, the amendment changes some of the requirements for the application of hedge accounting, establishing temporary derogations in order to mitigate the impact from the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendment also requires companies to provide additional information in their financial statements on their coverage ratios which are directly impacted by the uncertainties generated by the reform and to which the above derogations apply. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

- On October 22, 2018, the IASB published the document “Definition of a Business (Amendments to IFRS 3)”. The document provides certain clarifications on the definition of a business for the purposes of the proper application of IFRS 3. In particular, the amendment clarifies that while a business normally yields an output, the existence of an output is not strictly necessary to identify a business when there is an integrated set of activities and assets. However, in order to satisfy the definition of a business, an integrated set of activities/processes and assets shall include, at the very least, an input and a substantive process which, together, make a significant contribution towards the ability to create outputs. For this purpose, the IASB has replaced the term “capacity to create output” with “capacity to contribute to the creation of output” to clarify that a business may exist even without all the inputs and processes necessary to create an output. The amendment also introduced an optional test ("concentration test"), which allows for the exclusion of the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of activities after January 1, 2020, although advance application is permitted. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the EU, not yet mandatory and not adopted in advance by the group at June 30, 2020

No accounting standards, amendments and interpretations of IFRS and IFRIC endorsed by the European Union but not yet mandatory at June 30, 2020 were issued.

IFRS Standards, Amendments and Interpretations not yet approved by the European Union

At the reporting date, the relevant bodies of the European Union had not yet concluded the process necessary for the implementation of the amendments and standards described below.

- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts.
The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. The IASB developed the standard in order to eliminate inconsistencies and weaknesses in the existing accounting policies, providing a single principle-based framework to take account of all types of insurance contracts, including reinsurance contracts held by an insurer.
The new standard sets out in addition presentation and disclosure requirements to improve comparability between entities belonging to the same sector.
It measures insurance contracts on the basis of a General Model or a simplified version of such, called the Premium Allocation Approach (“PAA”).

The main features of the General Model are:

- the estimates and assumptions of future cash flows always refer to the current portion;
- the measurement reflects the time value of money;
- the estimates include an extensive use of observable market information;
- a current and clear risk measurement exists;
- the expected profit is deferred and aggregated into groups of insurance contracts on initial recognition; and,
- the expected profit is recognised in the period of contractual coverage, taking account of adjustments from changes in the assumptions on cash flows for each group of contracts.

The PPA approach involves the measuring of the liability for the residual coverage of a group of insurance contracts on the condition that, on initial recognition, the entity expects that this liability reasonably reflects an approximation of the General Model. Contracts with a coverage period of one year or less are automatically considered appropriate for the PPA approach. The simplifications from application of the PPA method do not apply to the valuation of liabilities for existing claims, which are measured with the General Model. However, it is necessary to discount these cash flows where it is expected that the balance will be paid or received within one year from the date on which the claim occurred.

The entity should apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also investment contracts with a discretionary participation feature (DPF).

The standard is effective from January 1, 2023, although advance application is permitted, only for entities applying IFRS 9 – Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The Directors do not expect that the adoption of this standard to have an impact on the Group’s financial statements.

- On January 23, 2020, the IASB published an amendment entitled “***Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***”. The purpose of the document is to clarify how to classify payables and other short or long-term liabilities. The amendments enter into force on January 1, 2022, although the IASB has issued an exposure draft to postpone their entry into force until January 1, 2023; however, early application is permitted.
- On May 14, 2020, the IASB published the following amendments:
 - Amendments to IFRS 3 Business Combinations: the purpose of the amendments is to update the reference in IFRS 3 to the revised version of the Conceptual Framework, without changing the provisions of IFRS 3.
 - Amendments to IAS 16 Property, Plant and Equipment: the purpose of the amendments is not to allow the amount received from the sale of goods produced during the testing phase of the asset to be deducted from the cost of the asset. These sales revenues and related costs will therefore be recognised to the income statement.
 - Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that in estimating the possible onerousness of a contract, all costs directly attributable to the contract must be considered. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of direct material used in processing), but also all costs that the

enterprise cannot avoid because it has entered into the contract (such as, for example, the share of personnel expenses and depreciation of machinery used to perform the contract).

- Annual Improvements 2018-2020: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All the amendments will enter into force from January 1, 2022. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- On May 28, 2020, the IASB published an amendment called "***Covid-19 Related Rent Concessions (Amendment to IFRS 16)***". The document establishes for lessees the option to account for the reductions in rents connected with Covid-19 without having to assess, through the analysis of contracts, whether the definition of lease modification of IFRS 16 has been complied with. Therefore, lessees applying this option will be able to account for the effects of rent reductions directly in the income statement on the effective date of the reduction. Although this amendment is applicable to financial statements beginning on June 1, 2020, except for the possibility of early application by a company to financial statements beginning on January 1, 2020, it has not yet been endorsed by the European Union, and therefore has not been applied by the Group at June 30, 2020. The Directors are currently assessing the possible effects of introduction of this amendment on the Group's consolidated financial statements.
- On May 28, 2020, the IASB published an amendment called "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". The amendments allow the temporary exemption from the application of IFRS 9 to be extended until January 1, 2023. The amendments will enter into force from January 1, 2021. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

Seasonal activities

The Group operates in a sector in which, when operating under normal conditions and due to its cyclical nature, higher revenues and operating results are expected in the second and third quarters rather than in the first and final quarters of the year. It has been observed in fact that in recent years air traffic is concentrating in the June-September period, during the peak summer vacation period and the maximum usage levels of the directly managed infrastructure.

Significant accounting estimates

The preparation of the condensed consolidated half-year financial statements and the relative notes in application of the relevant accounting standards requires that directors make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the reporting date. The estimates and assumptions adopted are based on experience and other

elements deemed relevant and are periodically revised; the effects of all changes to such estimates and assumptions are reflected in the income statement of the year in which the estimate is revised. The emergence of results that differ from those estimated may require even significant adjustments that cannot be estimated or predicted at present.

It should also be noted that some valuation processes, in particular the most complex, such as the determination of any loss in value of non-current assets, are generally made on a complete basis on the preparation of the annual accounts, when all the necessary information is available, except where there are specific indications of impairment which require an immediate valuation of any loss in value. As the Covid-19 pandemic, in view of its intensity and unpredictability, represents a trigger event as per IAS 36, for the preparation of these interim financial statements the impairment tests detailed below were prepared.

Impairment on goodwill and other intangible assets

An impairment test is carried out on goodwill on an annual basis; this test requires an estimate of the value in use from the cash generating units of the cash flows to which the goodwill is attributed, in turn based on the expected future cash flows of the unit and discounted in accordance with an adequate discount rate. In order to identify any impairments on goodwill, the Group carried out an update for the preparation of this half-year report of the valuations undertaken in the preparation of the last annual financial statements. Reference should be made to the “Test on the recoverability of assets and group of assets” paragraph for further information.

Deferred tax assets

Deferred tax assets refer to the temporary differences between the amounts recorded in the financial statements and those recorded for tax purposes, attributable to the deferred deductibility of costs, principally relating to risk provisions, and tax losses carried forward by some Group companies.

These assets are recognised in the financial statements on the basis of a discretionary assessment by the Directors on the probability of their recovery, with particular regard to the capacity of the Parent Company and of the subsidiaries, also based on the effect of the “tax consolidation” option, to generate future assessable income. They must estimate the probable timeframe and amount of future assessable income.

The calculation was made based on the expected tax rates for the year in which the temporary differences are expected to reverse.

Doubtful debt provision

The doubtful debt provision is based on a specific analysis of receivables in dispute and also an analysis of overdue receivables. The provision includes, in addition, the measurement of the residual receivables according to the Expected Loss method, calculated over the entire duration of the receivable as per the new IFRS 9. The overall valuation of the realisable value of trade receivables requires estimates on the probability of recovery of the above-mentioned receivables, in addition to the write-down percentages applied to receivables not in dispute and, therefore, is subject to uncertainty.

Assets under concession replacement provision

The Replacement provision, in line with the contractual obligations in place, includes the allocations for maintenance and restoration on assets comprising infrastructure on the Balance Sheet which must be returned to the state in perfect operating condition on conclusion of the concession.

The Replacement Provision is updated annually based on a technical evaluation of the estimated future charges relating to the cyclical maintenance of the assets which will be returned free at the end of the concession and is utilised based on the maintenance undertaken during the year.

Pension provision and other post-employment benefits

The cost of defined benefit plans and post-employment benefits are determined utilising actuarial valuations. The actuarial valuations require the consideration of statistical hypothesis concerning discount rates, the expected return on plan assets, future salary increases, mortality rates and future pension increases. Actuarial profits and losses concerning defined benefit plans are recognised to the comprehensive income statement and are not subsequently recognised to the income statement; the cost for interest is however recognised to the income statement. Due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty.

Current taxes

Current income taxes are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially issued as at the reporting date of the condensed consolidated half-year financial statements. Current income taxes relating to items recorded directly in net equity are charged directly to equity and not to the income statement.

Test on the recoverability of assets and group of assets

The current environment featuring the uncertainty caused by the global coronavirus health emergency is considered a trigger event as per IAS 36. The company, therefore, considered it correct to carry out also for the interim financial statements, the impairment tests to assess the existence of impairments on the amounts allocated to Goodwill or Concessions, recognised in previous years.

The impairment test compares the carrying value of the asset or group of assets of the cash generating unit (CGU) with the recoverable value, arising from the higher between the fair value (net of selling costs) and the discounted net cash flows which are expected to be produced from the asset or group of assets of the CGU (value in use).

Value of concessions and goodwill allocated to the Venice CGU on the Purchase Price Allocation

The company, for the 2020 Half-Year Report, performed impairment tests on the amounts of Euro 849.2 million allocated to “Concession Rights” and of Euro 303.6 million allocated to “Goodwill” during the acquisition completed in 2017.

In view of the economic environment in the first six months of 2020 as a result of the coronavirus health emergency, the cash flows of the Stress Test conducted for the 2019 annual financial statements were comprehensively reviewed. With regards to the projections drawn up by the IATA in its “Covid-19 Updated impact assessment” for 2020 and with regards to the expectation, agreed by a number of parties, that the 2019 traffic levels shall be difficult to recover before 2023, 2 traffic scenarios were drawn up for 2020, with two differing forecast trajectories to achieve pre-Covid levels. For the purposes of the impairment tests, a more cautious traffic scenario compared to that forecast by the IATA was taken as reference and the cash flows of the Cash Generating Unit were projected using the best assumptions currently available. The scenario, following the amendment of Article 202, paragraph 1-bis of the “Relaunch Decree” converted into law on July 17, 2020, which extends by two years the existing airport concessions, covers a time period between the second half of 2020 and 2043, based on the following key factors: (i) the presence of a forty-two-year full management concession, (ii) growth of commercial revenues (both aviation and non-aviation), thanks to incisive investments in view of traffic development; (iii) the prudent consideration, in light of the current general economic and health environment, of a number of growth drivers and related investments.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 5.4%.

The identified value in use, applying the variables identified for the test to the drivers of the economic-financial scenario, was therefore higher than the carrying value. The WACC value which renders the value in use of the CGU equal to the relative carrying amount is approx. 5.6%.

Concession value allocated to Treviso CGU on the Purchase Price Allocation and the value of goodwill from the acquisition of a further minority shareholding in Aer Tre S.p.A.

The company verified for the 2020 half-year financial statement the existence of any impairment loss on the Euro 16.2 million allocated to “Concession Rights”, and the amount of Euro 6.9 million allocated to “Goodwill” on the acquisition from third party shareholders, in 2007, of a 35% stake in the share capital of Aer Tre S.p.A..

The cash flows of the Cash Generating Unit are based on the best currently available assumptions for the preparation of a possible medium/long-term scenario. The scenario, following the amendment to Article 202, paragraph 1-bis, provided for in the “Relaunch Decree”, converted into law on July 17, 2020, covers a time period between the second half of 2020 and 2055, based on the following key factors: (i) the presence of a forty-two year full management concession, (ii) growth of commercial revenues, thanks to incisive investments, (iii) the prudent consideration, in light of the current economic and public health environment, of a number of growth drivers and related investments.

The period of the scenario was broken down into two phases: the first phase (2020-2030) refers to the explicit cash flows prepared by SAVE S.p.A. Management, while the second phase (2031-2055) refers to the cash flows from the application of a “g” growth rate of 0.5% on revenues of the year 2030, until the conclusion of the Concession.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 5.4%.

The identified value in use, applying the variables identified for the test to the drivers of the economic-financial scenario, was therefore higher than the carrying value. The WACC value which renders the value in use of the CGU equal to the relative carrying amount is approx. 6.1%.

Value of Concession from the acquisition of a further minority shareholding in Aeroporto Valerio Catullo S.p.A.

The company verified for the 2020 half-year financial statements any impairment loss on the Euro 15.7 million allocated to “Goodwill” on the undertaking of a stake in Aeroporto Valerio Catullo di Verona Villafranca S.p.A. (“Catullo S.p.A.”), a company which holds concessions for the management of the Verona Villafranca and Brescia airports, between 2014 and 2015.

The operation, carried out through an initial acquisition from the Municipality of Villafranca of 2% of the Share Capital, with subsequent subscription to a share capital increase and finally the exercise of the pre-emption right on a further 5.3% following the exercise of the right to withdrawal by shareholders, resulted in a holding at December 31, 2015 of 41.27% in the company Aeroporto Valerio Catullo di Verona Villafranca S.p.A..

The cash flows of the Cash Generating Unit reflect the current uncertainty resulting from the global coronavirus health emergency and the economic scenario covers a time period from the second half of 2020 and 2030, based on the following key factors: (i) development of Verona airport within its catchment area and the recovery therefore of a level of traffic in line with the regions potential through the entry of new carriers in a position to ensure significant traffic growth, the development of point-to-point destinations currently not served or significantly underserved (also through low-cost carriers), improved connectivity with hubs by network carriers; (ii) the improvement of operations at Brescia with increased courier traffic, the growth of the general cargo segment and the consolidation of postal traffic; (iii) the growth of commercial revenues, thanks to targeted investments on the basis of increased traffic.

The second reference period of this scenario, extended by 2 years following the amendment to Article 202, paragraph 1-*bis* of the “Relaunch Decree”, converted into Law on July 17, 2020, which runs from 2031 to the conclusion of the Verona concession in 2050 and concerns cash flows from the application of a “g” growth rate of 2% on revenues and costs of the year 2030, until the conclusion of the Concession.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 5.4%.

The identified value in use, applying the variables identified for the test to the drivers of the economic-financial scenario, was therefore higher than the carrying value. The WACC value which renders the value in use of the CGU equal to the relative carrying amount is approx. 6.3%.

Value of Concession relating to the minority investment in the Airst Group

Under the shareholder agreements with the Lagardère Group within the sale of the Airst Group, on May 6, 2015, LSTR Food Services Italia S.r.l. exercised the call option on 50% of Lagardère Food Services S.r.l., the company resulting from the spin-off from Airst S.p.A. on May 1, 2015 and including all of the Airst Group operations, excluding the commercial activities at the airports in which the SAVE Group operates. Airst S.p.A., in fact, following the corporate operations in 2015 controls three companies in the Food & Beverage and Retail sectors, operating at Venice, Treviso and Verona airports. In order to simplify the Airst Group structure, in 2016 a merger was undertaken by a number of companies resulting in Airst Retail becoming the parent company which wholly-owns Collezioni Venezia S.r.l..

The cash flows of the Cash Generating Unit reflect the current situation of uncertainty as a result of the global coronavirus health emergency on the economic-financial scenario used for the impairment test for the 2020 interim financial statements to identify any impairment loss. On the time period running from the second half of 2020 and to 2028, which coincides with the duration of the sub-concession contract for the F&B and Retail spaces at Venice and Treviso airports and utilising the traffic curve of the tests described above, the sensitivity analysis was carried out.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 4.7%. From the analyses, the value in use so calculated is higher than the carrying value of the C.G.U. The WACC value which renders the value in use of the CGU equal to the relative carrying amount is approx. 6.1%.

Accounting policies

The 2020 condensed consolidated half-year financial statements were prepared in accordance with IAS 34 Interim Financial Reporting.

The IAS/IFRS accounting principles applied are illustrated below.

Intangible assets

An intangible asset is an asset without physical substance, identifiable, under control of the entity and capable of generating future economic benefits, and those derived from business combinations.

The useful life of the intangible assets is measured as definite or indefinite.

Intangible assets with a finite useful life are recorded at acquisition or production cost or, where deriving from business combinations, are capitalised at the fair value at the acquisition date; these assets include accessory charges, amortised on a straight-line basis for the period of their residual useful life in accordance with IAS 36 and undergo an impairment test whenever there are indications of loss in value.

The residual value at the end of the useful life is presumed to be zero unless there is a commitment by a third-party purchaser of the asset at the end of the useful life or an active market for the asset exists. The Directors review the estimate of the useful life of intangible assets at each reporting date.

The amortisation of finite intangible assets is recorded in the income statement under the category of costs relating to intangible assets.

The indefinite intangible assets undergo a half-year and/or annual impairment test for loss in value at individual level or at cash generating unit level. The recoverability of the value recorded is verified adopting the criteria indicated below. These assets are not amortised. The useful life of an indefinite intangible asset is reviewed on an annual basis in order to assess whether the conditions exist for it to remain in this classification.

The useful life of the various intangible asset categories is illustrated below:

CATEGORY	AMORTISATION PERIOD
Patents and intellectual property rights software	3 years
Airport Concession rights	Duration of Airport concession
Patents and intellectual property rights	5 years
Licences, brands and similar rights	Duration of contract

“Patents and intellectual property rights” principally refers to costs for the implementation and tailoring of operational software.

“Airport concession rights” refer to the amount recognised under intangible assets against the airport infrastructure assets held in relation to the concession rights acquired for the management of the infrastructures which permits the right to charge for the utilisation of such infrastructure, in execution of a public service, in accordance with the provisions of IFRIC 12 – Service Concession Arrangements.

Business combinations and goodwill

Business combinations before January 1, 2010

Business combinations are recorded in accordance with the purchase method. The cost of the business combination is measured as the aggregate of the present values, at the date of exchange, of assets sold, liabilities incurred or assumed, and equity instruments issued

by the purchaser, in exchange for control of the company acquired, plus any costs directly attributable to the business combination.

The acquisition cost is allocated to the assets, liabilities and contingent liabilities of the company acquired measured at fair value at the acquisition date, which satisfy the criteria as per IFRS 3. The difference recorded between the business combination cost and the amount acquired at net fair value of the assets, liabilities and contingent liabilities is recorded as goodwill.

Goodwill acquired in a business combination is not amortised; an impairment test is undertaken annually to verify any loss in value, or more frequently if specific events or changed circumstances indicate the possibility of an impairment, in accordance with IAS 36 "Impairment of assets".

In the determination of the fair value of the assets and liabilities and the impairment tests, the evaluations of the Directors are supported by opinions from independent experts.

The minority interests in the companies acquired are initially measured at the fair value of the assets, liabilities and contingent liabilities recognised.

Business combinations after January 1, 2010

Following the introduction of IFRS 3 Revised, from January 1, 2010, date of first prospective application of the standard, business combinations are recognised utilising the acquisition method.

The acquisition cost is calculated as the total of the fair value at the date of acquisition and the value of any minority equity holding in the acquisition. For every business combination, the buyer must measure any minority holding at fair value or in proportion to the amount held in the identifiable net assets of the acquisition. The acquisition costs are expensed and classified under administration expenses.

When the group acquires a business, the financial assets acquired or liabilities assumed under the agreement are classified or designated in accordance with the contractual terms, the economic conditions and the other conditions at the acquisition date. This includes the verification to establish whether an embedded derivative must be separated from the host contract.

If the business combination is realised in a series of phases, the purchaser recalculates the fair value of the holding previously held and measures under the equity method and records to the income statement any resulting profit or loss. Every potential payment is recorded by the purchaser at fair value at the acquisition date. The change in the fair value of the potential payment classified as an asset or liability will be recorded in accordance with IAS 39, in the income statement or in the statement of comprehensive income. If the potential payment is classified under equity, the value must not be recalculated until its elimination is recorded against equity. Goodwill is initially valued at cost calculated as the difference between the sum of the amount paid and the amount recognised for the minority interest holdings compared to the net identifiable assets acquired and liabilities assumed by the Group. If the amount is lower than the fair value of the net assets of the subsidiary acquired, the difference is recorded in the income statement. After initial recognition, goodwill is measured at cost, less any accumulated loss in value. For the purpose of impairment testing, goodwill acquired in a business combination must, from the acquisition date, be allocated to each of the Group's cash-generating units which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units.

If the goodwill is allocated to a cash-generating unit and the entity sells part of the activities of this unit, the goodwill associated with the activity sold is included in the book value of the activity when determining the gain or loss deriving from the sale. The goodwill associated to assets sold is calculated based on the relative values of the asset sold and the part maintained by the cash-generating unit.

Property, plant & equipment

Property, plant and equipment are initially recognised at purchase price or construction cost or, where deriving from business combinations, at fair value at the acquisition date; the value includes the price paid to acquire or construct the asset (net of discounts) and any directly attributable costs to the acquisition and necessary for the asset to enter into service. The assets held by third parties are measured at fair value on the basis of a specific valuation.

The purchase price or construction cost is net of public grants which are recognised when the conditions for their concession are verified.

Land, both constructible and relating to civil and industrial buildings, is accounted for separately and is not depreciated in that it has an indefinite useful life.

Tangible assets are presented net of accumulated depreciation and any losses in value, calculated as described below. Depreciation is calculated, on a straight-line basis, based on the estimated useful life.

Losses in value are charged to the income statement under depreciation costs. Such losses are restated when the reasons for their write-down no longer exist.

At the time of sale, or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale's price and book value) is charged to the income statement in the year of its elimination.

Where a tangible fixed asset comprises a number of significant components with differing useful lives, the depreciation is carried out separately for each component. Land is not depreciated and fixed assets held-for-sale are valued at the lower of the subscription value and the fair value net of selling costs.

Maintenance and repair expenses, which do not increase the value and/or extend the residual useful life of the asset are expensed in the period in which they are incurred; where they increase the value and/or extend the residual life of the assets, they are capitalised.

Property, plant and equipment are depreciated on a straight-line basis based on the residual useful life of the asset, as follows:

CATEGORY	%
Runway vehicles and equipment	31.5%
Office machinery	12.5%
Other machinery/plant	15.0%
Communication plant	25.0%
Alarm systems	30.0%
Operating/loading/unloading machinery	10.0%
Equipment	35% - 15% - 12.5%
Motor vehicles	20% - 25%
Ordinary office machinery	12.0%

Furniture and fittings	15.0%
Telephones and EDP	20.0%

Leased fixed assets

The assets acquired under finance lease contracts, which provide for the right of use of the asset, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract) are recognised as per IFRS 16 Leases. This latter provides also for the recognition of operating leases under assets with a related financial payable. Lease instalments are allocated to principal and interest to obtain application of a constant interest rate on the balance of the debt (principal). Financial charges are expensed to the income statement. Capitalised lease assets are depreciated over their estimated useful life.

Impairments on intangible assets and property, plant and equipment

The carrying amount of intangible assets and property, plant and equipment of the Group undergo an impairment test whenever there are signs internal or external to the entity which indicate the possibility of a loss in value of the assets or group of assets (defined as the Cash-Generating Unit or CGU).

The recoverable value is the higher between the fair value of the asset or cash generating unit, net of selling costs, and its value in use. The recoverable value is determined by individual asset except when this asset generates cash flows which are not sufficiently independent from those generated by other assets or groups of assets.

If the carrying amount of an asset is higher than its recoverable value, this asset has incurred a loss in value and is consequently written down to the recoverable value. In the determination of the value in use, the estimated future cash flows are discounted by the Group at a pre-tax rate that reflects the market assessment of the current value of money and the risks specific to the asset. In determining the fair value less selling costs, an adequate valuation model is utilised. These calculations are made utilising appropriate valuation multipliers, listed equity prices for publicly traded securities and other fair value indicators available.

The losses in value incurred by operating assets are recorded in the income statement in the category of costs relating to those assets.

At each reporting date, the Group also evaluates, in relation to the assets other than goodwill, the existence of indicators of a recovery in the loss of value previously recorded and, where these indicators exist, makes an estimate of the recoverable value. The value of an asset previously written down may be restated only if there have been changes in the estimates used to determine the recoverable value of the asset after the last recording of a loss in value. The recovery of value cannot exceed the book value which would have been calculated, net of amortisation, where no such loss in value was recorded in previous years. This recovery is recorded in the income statement unless the fixed asset is recorded at revalued amount, in which case the recovery is treated as a revaluation gain.

The value of goodwill may not be reversed following an increase in the recoverable value.

The following criteria are utilised for the recording of impairments on specific categories of assets:

Goodwill and Concessions

The Group undertakes an impairment test on goodwill and concessions annually, or more frequently if events or changes in circumstances indicate that the carrying amount may have incurred a loss in value.

The loss in value on such intangible assets is determined through a valuation of the recoverable value of the cash-generating unit (or group of units) to which they relate. When the recoverable value of the cash-generating unit (or group of units) is lower than the carrying value of the cash-generating unit (or group of cash-generating units) to which the intangible assets are allocated, a loss in value is recognised.

The decrease in the value of goodwill cannot be restated in future years.

The Group undertakes the annual impairment test on the value of the above-mentioned intangible assets close to the end of the year.

The impairment test compares the carrying amount of the asset or of the cash-generating unit (CGU) with the recoverable value of the asset, arising from the higher between the fair value (net of selling costs) and the value of the net discounted cash flows which are expected to arise from the asset or from the CGU.

Each unit or Group of units to which the intangible asset is allocated represents the lowest level within the Group to which the goodwill is monitored at internal management level. The conditions and the methods for any write-back of an asset previously written down applied by the Group, excluding in any case any recovery in the value of goodwill, are those as per IAS 36.

Investments in subsidiaries and associates

The Group may hold some investments in subsidiaries or associates which however are not consolidated as not considered operative and/or significant, whose balance sheet and income statement effects from full consolidation or consolidation at equity would substantially be in line with the carrying value in the financial statements of the Group.

Non-current assets held-for-sale and discontinued operations

Non-current assets and discontinued groups classified as held-for-sale are measured at the lower of their carrying value and the fair value less selling costs. Non-current assets and discontinued groups are classified as held-for-sale when the carrying value will be recovered through a sales operation rather than through their continual use. This condition exists only when the sale is highly probable and the asset or discontinued group is available for an immediate sale in its current conditions.

In the consolidated income statement and the previous year comparative period, the gains and losses of discontinued operations must be classified separately from profits and losses from continuing operations, shown after taxes, even when the Group maintains a minority interest in the subsidiary after the sale. The resulting profit or loss, after income taxes, is shown separately in the income statement.

Plant, property and equipment and intangible assets once classified as held-for-sale are no longer amortised or depreciated.

Financial assets

With regards to the classification and measurement of financial assets, the Group applied IFRS 9 to the instruments recognised at January 1, 2018 and did not apply this standard to assets which had already been eliminated for accounting purposes at the initial application date.

All financial assets recognised which fall within the scope of IFRS 9 should subsequently be measured at amortised cost or at fair value on the basis of the business model of the entity managing the financial assets and the characteristics concerning the contractual cash flows of the financial asset.

Specifically:

- Debt instruments held within a business model whose objective is the holding of financial assets for the collection of the contractual cash flows, and whose cash flows are represented only by the payment of capital and interest on the amount of the capital to be repaid, are subsequently measured at amortised cost;
- Debt instruments held within a business model whose objective is achieved both through the collection of the contractual cash flows and the sale of the financial assets, and whose cash flows only derive from the payment of capital and interest on the amount of capital to be repaid, are subsequently measured at fair value with changes recognised to other comprehensive income (FVTOCI);
- All other debt instruments and capital instruments are subsequently measured at fair value, with changes recognised to profit or loss (FVTPL).

Where an investment in a debt instrument measured as FVTOCI is eliminated, the cumulative profit (loss) recognised previously to other comprehensive income is reclassified from shareholders' equity to the profit (loss) for the year through a reclassification adjustment. On the other hand, when an investment in a capital instrument designated as measured at FVTOCI is eliminated, the cumulative profit (loss) recognised previously to other comprehensive income is subsequently transferred to retained earnings without transiting from the income statement.

Debt instruments subsequently valued at amortised cost or FVTOCI are subject to an impairment test.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not listed on an active market. After initial recognition, these assets are measured in accordance with the amortised cost criteria using the effective discount rate method net of all provisions for loss in value.

The amortised cost is calculated taking into consideration all discounts or purchase premiums and includes the commissions which are an integral part of the effective interest rate and of the transaction costs. The gains and losses are recognised to the income statement when the loans and receivables are eliminated or if there is a loss in value, also through the amortisation process.

AFS financial assets

The financial assets available-for-sale are those financial assets, excluding derivative financial instruments, which were designated as such or are not classified in any of the other preceding categories. After initial recognition, the financial assets held for sale are measured at fair value and the gains and losses are recorded in a separate equity reserve. The fair value is determined with reference to the market value (bid price) at the reporting date; in the case of non-quoted instruments they are determined through technical financial valuation methods commonly used. When the assets are eliminated, the gains or losses accumulated in equity are recognised in the Income Statement. Interest matured or paid on these investments is recorded as interest income or expense, utilising the effective interest rate. Dividends matured on these investments are recognised in the Income Statement as “dividends received” when the right for collection arises.

Fair value

In the case of shares widely traded in regulated markets, the fair value is determined with reference to the stock market prices recorded at the end of trading at the reporting date. For the investments for which no active market exists, the fair value is determined through valuation techniques based on recent transaction prices between independent parties; the current market value of a substantially similar instrument; the analysis of the discounted cash flows; option pricing models.

Impairment of financial assets

In relation to the loss in value of the financial assets, IFRS 9 requires the application of a model based on expected credit losses, instead of based on the losses on receivables already incurred required by IAS 39. The differing model based on expected losses on receivables requires the Group to consider these losses and their changes and at each balance sheet date to reflect changes in the credit risk since the initial recognition of the financial asset. In other words, it is no longer necessary that an event occurs to put in doubt the recoverability of the receivable before the recognition of a doubtful debt.

IFRS 9 requires the Group to recognise the doubtful debt provision for expected losses on receivables with regards to:

- 1) Investments in debt instruments valued subsequently at amortised cost or FVTOCI;
- 2) Financial lease receivables;
- 3) Commercial receivables and contract assets;
- 4) commitments to issue loans and guarantee contracts to which the reduction in value provisions of IFRS 9 apply.

In particular, IFRS 9 requires that the Group measures the provision to cover the losses of a financial asset at an amount equal to the expected losses over the lifetime of the receivable (lifetime expected credit losses, ECL), where the credit risk of this financial asset is significantly increased after initial recognition, or where the financial instrument is an acquired or arising deteriorated financial asset. Therefore, where the credit risk of a financial instrument has not increased significantly after initial recognition (except for an acquired or arising deteriorated financial asset), the Group should measure the coverage of losses provision for the financial instrument for an amount equal to the expected credit losses from a default event in the 12 subsequent months (12-months expected credit losses). IFRS 9 in addition, in such circumstances, requires the adoption of a simplified method to measure the provision for the coverage of losses for the trade receivables, the

contract assets and the finance lease receivables, estimating the lifetime expected credit losses.

Treasury shares

Treasury shares acquired are recorded at cost and as a reduction of shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the carrying value and the payment received is recorded in the share premium reserve. The voting rights related to treasury shares are cancelled, as are the rights to receive dividends. In the case of the exercise of options on shares in the period, such are settled with treasury shares.

Inventories

Inventories, excluding contract work-in-progress, are recorded at the lower of purchase or production cost and realisable value represented by the amount that the Company expects to obtain from their sale in the normal course of operations. The cost of inventories is calculated using the weighted average cost method. Contract work-in-progress is measured on the basis of the payments agreed in relation to the advancement of the work, determined utilising the cost-to-cost method. The payments on account paid by clients are deducted from inventories up to the payments matured; the remaining part is recorded under liabilities. Any losses deriving from the completion of the contracts are recognised fully in the period in which such is ascertained.

Cash and cash equivalents

Cash and cash equivalents include those values which are available on demand at short notice, certain in nature and with no payment expenses.

Employee benefits

The benefits guaranteed to employees paid on the conclusion of employment or other long-term benefits are recognised in the period the right matures.

The liability, net of any plan assets, is calculated on the basis of actuarial assumptions and is recorded by the accrual method consistent with the years of employment necessary to obtain such benefits. The liability is calculated by independent actuaries utilising the projected unit credit method. The amount not only reflects the payables matured at the condensed half-year consolidated balance sheet date (only for companies with less than 50 employees) but also the future salary increases and related statistical data.

Provisions for risks and charges

Provisions for risks and charges relate to costs and expenses of a defined nature and of certain or probable existence whose amount or date of occurrence is uncertain at the present condensed half-year consolidated balance sheet date. The provisions are recorded when:

- (i) it is probable the existence of a current obligation, legal or implicit, deriving from a past event;
- (ii) it is probable that compliance with the obligation will result in a charge;
- (iii) the amount of the obligation can be estimated reliably.

Provisions are recorded at the value representing the best estimate, supported by expert opinion, of the amount that the Company would rationally pay to discharge the obligation or to transfer it to a third party at the reporting date. When the financial effect of the time is significant and the payment dates of the obligations can be reliably estimated, the provision shall be discounted at the average cost of debt to the company; the increase of the provision due to the passing of time is recorded in the income statement in the account "Net financial income/(charges)".

Where the liability relates to an intangible asset (infrastructure), it includes the amounts necessary for initial maintenance or replacement of all assets comprising the infrastructure held, necessary for the proper maintenance of the asset conditions until the conclusion of the concession.

Trade payables and other non-financial liabilities

Payables, which mature within the normal commercial terms, are recognised at cost (their nominal value). The payables in foreign currencies are recorded at the transaction exchange rate and, subsequently, translated at the year-end rate. The gains and losses deriving from the conversion are recorded in the income statement.

The other liabilities are recorded at cost (identified as nominal value).

Loans

Other financial liabilities, with the exception of the derivatives, are recognised initially at cost, corresponding to the fair value of the liability plus transaction costs that are directly attributable at the issue of the liability.

After initial recognition, the financial liabilities are measured at amortised cost using the original effective interest rate, which is the rate that renders equal, on the initial recognition, the present cash flow value and the initial recognition value (amortised cost method).

Any gain or loss is recognized in the income statement when the liability is extinguished, as well as through the amortization process.

Financial liabilities

Financial liabilities are recognised in accordance with IFRS 9 and, with the exception of derivative financial instruments, are initially recognised at cost, corresponding to the fair value of the liability plus transaction costs that are directly attributable at the issue of the liability.

After initial recognition, the financial liabilities are measured at amortised cost using the original effective interest rate, which is the rate that renders equal, on the initial recognition, the present cash flow value and the initial recognition value (amortised cost method).

Any gain or loss is recognized in the income statement when the liability is extinguished, as well as through the amortization process.

Derivative financial instruments and hedging operations

In line with the strategy chosen, the Group does not carry out operations and derivatives for speculative purposes. However, in the case in which these operations were undertaken for hedging purposes not qualifying as hedges according to the rules of IFRS 9, such are recognised as trading operations.

Derivative financial instruments are classified as hedging instruments (therefore designated as Hedge Accounting) when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high. In accordance with IFRS 9, the verification of the efficacy of the hedge is based on the evaluation of the “economic relationship” between the hedged element and the hedging element, favouring therefore qualitative aspects over quantitative aspects. When the hedged derivatives cover the risk of change of the fair value of the instruments hedged (fair value hedge; e.g. hedge in the variability of the fair value of asset/liabilities at fixed rate), these are recorded at fair value through the income statement; therefore, the hedging instruments are adjusted to reflect the changes in fair value associated to the risk covered. When the derivatives hedge the risk of changes in the cash flows of the hedge instrument (cash flow hedge; e.g. coverage of changes in cash flow of asset/liabilities at variable interest rate due to changes in the interest rates), the changes in the fair value are initially recognised under equity and subsequently through the income statement in line with the economic effects produced from the operation hedged.

The changes in the fair value of the derivatives compared to their initial value, which do not satisfy the conditions for hedge accounting, are recorded through the income statement.

Measurement of income components

Revenues are recognised as per IFRS 15 and for an amount which reflects the payment which the entity considers to have the right to in exchange for the transfer of goods or services to the customer. These are recognised when the contractual obligations have been complied with and in particular when control has been transferred to the customer. In addition, in the measurement of revenue it is necessary to take into account the probability of obtaining and/or collecting the economic benefit related to the income.

Revenues are recorded net of returns, discounts and premiums and promotional charges directly related to the sales revenue, in addition to direct sales taxes.

Airport management services can be broken into two categories: aviation and non-aviation.

Aviation revenues

The former category primarily consists of managing, maintaining and developing airport infrastructure, which also includes security checks and surveillance, as well as services related to the landing and departure of aircraft for passengers, other users and airport operators. Consideration for such services takes the form of airport fees of the following types paid by airlines, airport operators and passengers (defined by a regulated tariff system). These principally comprise: passenger boarding fees, landing and departure fees, aircraft parking and storage fees. Other sources of revenues concern the fees for the checking of departing passengers, checked baggage safety control fees, PRM fees (reduced mobility passengers), fees for the exclusive use of assets and de-icing service fees. The General Aviation business includes the full range of services relating to business traffic. Commercial discounts, recorded as a direct deduction of revenues, are measured on the basis of contracts signed with airlines and tour operators.

Non-aviation revenues

The main non-aviation activities include however a wide range of services, some provided directly and others indirectly through sub-concession contracts for commercial services for passengers and operators. This include parking management, retail and advertising. These revenues 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.

Royalties are recorded based on the accruals principle, in accordance with the contracts in force and IFRS 15.

Interest income is recognised in accordance with the accruals principle, which takes into account the effective yield of the assets to which it refers.

Dividends are recorded when the shareholders have the right to receive them.

Measurement of costs and expenses

Costs are recorded when relating to goods and services sold or consumed in the year or when there is no future utility.

Income taxes

Current income taxes

Current income taxes are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially issued as at the reporting date of the consolidated financial statements. Current income taxes relating to items recorded directly in equity are charged directly to net equity and not to the income statement.

Deferred taxes

Deferred taxes are calculated using the liability method on temporary differences between values used for fiscal purposes and the assets and liabilities reported in the present consolidated financial statements. Deferred tax liabilities derive from all temporary timing differences, except for the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the profit for the year calculated for the financial statements or on the profit or loss calculated for tax purposes.

The reversal of the temporary differences, related to investments in subsidiaries, associates and joint ventures, can be controlled and it is probable that such will not occur in the foreseeable future.

Deferred tax assets are recorded against all temporary deductible differences and fiscal losses carried forward, up to the amount it is probable there exists adequate future assessable profits against the utilisation of the temporary deductible differences and of the assets or liabilities carried forward, except in the case where the deferred tax asset related to the temporary deductible differences derives from the initial recording of an asset or a liability in a transaction that is not a business combination and that, at the time of the transaction, does not impact on the profit of the period calculated for the accounts or on the losses calculated for tax purposes. In the case of temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are only recognised to the probable extent that the temporary differences will reverse in the foreseeable future and there are sufficient assessable amounts to utilise such temporary differences.

The rates utilised for the calculation of deferred taxes, which reflect the expected rates on the basis of national legislation in force, are the following:

IRES	24%
IRAP	4.2% (Airport Companies)
IRAP	3.9%

Translation of accounts in foreign currencies

The present condensed half-year consolidated financial statements are presented in Euro, which is the Company's operational currency. Each Group company decides the operative currency to be used to value the accounts in the financial statements. Transactions in foreign currency are initially recorded at the exchange rate (referred to the operative currency) at the transaction date. Monetary assets and liabilities in foreign currency are translated to the operative currency at the exchange rate at the condensed half-year consolidated balance sheet date. All exchange differences are recognized in the income statement. Non-monetary items valued at historical cost in foreign currency are translated by using the exchange rates in effect on the date the transaction was first recorded. Non-monetary items recorded at fair market value in foreign currency are translated by using the exchange rate on the date the value was calculated.

Regional overview

The Group focus on Airport operations resulted in the *de facto* concentration of the business in Italy, therefore no longer requiring disclosure upon the main geographic areas.

Main Clients

Approx. 9.3% of total revenue in H1 2020 of the subsidiary SAVE S.p.A. derived from the airline Easy Jet; the subsidiary Aer Tre S.p.A., which manages the Treviso airport, derived however approx. 56.4% of revenue in H1 2020 from the airline Ryanair.

Net Financial Position

The Group **net debt** increased from Euro 892 million at December 31, 2019 to Euro 939 million at June 30, 2020.

(Euro thousands)	06/30/2020	12/31/2019	06/30/2019
Cash and cash equivalents	76,042	2,199	4,091
Other financial assets	0	0	0
Financial assets	76,042	2,199	4,091
Bank payables	33,018	3,484	16,527
Other financial liabilities – current portion	3,830	2,606	5,348
Current liabilities	36,848	6,090	21,875
Bank payables – less current portion	973,221	882,806	801,222
Other lenders – less current portion	4,967	5,305	4,835
Non-current liabilities	978,188	888,111	806,057
Net financial position	(938,994)	(892,002)	(823,841)
Total gross payables to banks	1,006,239	886,290	817,749

ANALYSIS OF THE MAIN BALANCE SHEET ACCOUNTS

(where not otherwise specified, the amounts are expressed in thousands of Euro)

ASSETS

Current Assets

at

06.30.2020	€	102,074
12.31.2019	€	56,360
cge.		45,714

The items of the above stated account are as follows:

1. Cash and cash equivalents

at

06.30.2020	€	76,042
12.31.2019	€	2,199
cge.		73,843

These concern the bank current accounts available and cash and cash equivalents at the reporting date. The main asset amounts are held by the subsidiary Save S.p.A. with approx. Euro 74.4 million.

Cash and cash equivalents are reported at their book value, which is considered a reasonable approximation of the fair value at the date of the present condensed half-year consolidated financial statements.

2. Tax receivables

at

06.30.2020	€	3,917
12.31.2019	€	5,348
cge.		(1,431)

The account includes for Euro 1.2 million the residual receivable for the 2009 period only, relating to the IRES repayment request from IRAP, presented by SAVE S.p.A. as the consolidating company of the tax consolidation, in accordance with Article 2, paragraph 1-
quater of Legislative Decree No. 201/2011. It in addition includes the IRES receivable for prior tax periods, net of the payable for 2019, of Euro 2 million, the IRAP receivable of Euro 0.4 million and the VAT receivable of Euro 0.1 million.

3. Other receivables

at

06.30.2020	€	3,747
12.31.2019	€	3,258

cge.	489
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The composition of the account is as follows:

(Euro thousands)	06.30.20	12.31.19	CHANGE
Suppliers for advances	978	694	284
Misc. receivables	2,629	2,333	296
Other assets for suspended financial charges	140	231	(91)
Total other receivables	3,747	3,258	489

Suppliers for advances refers mainly to contractual advances for investments and the movement in this account in the period reflects the advancement of investment projects.

4. Trade receivables

at

06.30.2020	€	16,176
12.31.2019	€	43,475
cge.		(27,299)

The breakdown of trade receivables is outlined below:

(Euro thousands)	06.30.20	12.31.19	CHANGE
Trade receivables – third parties	12,124	33,175	(21,051)
Trade receivables - related parties	4,052	10,300	(6,248)
Total trade receivables	16,176	43,475	(27,299)

This principally concerns receivables from airlines for aviation activities and receivables from sub-agents for commercial spaces.

Trade receivables decreased on December 31, 2019 by Euro 27.3 million, principally due to the considerable drop in operations in the period.

The table below illustrates the trade receivables and the relative doubtful debt provision:

(Euro thousands)	06.30.20	12.31.19	CHANGE
Trade receivables	13,851	34,688	(20,837)
Doubtful debt provision	(1,727)	(1,513)	(214)
Total trade receivables	12,124	33,175	(21,051)

The Group doubtful provision amounts to Euro 1.7 million; this considers both the analysis of individual positions, for a number of which a credit recoverability risks exists, and an

analysis concerning the aging of the receivable. This is in line with the valuation methods as per IFRS 9 already described.

In particular, Group management carried out a close analysis of the exposure to its debtors and the accrual at June 30, 2020 includes the best estimate concerning the recoverable value of the receivables from each airline and from each sub-concession holder, in addition to a general assessment of the risk on the total amount of receivables, taking into account the uncertainties caused by the situation caused by the Covid-19 pandemic.

The movements in the doubtful debt provision during the year were as follows:

BALANCE AT 12/31/2019	(1,513)
Utilisations and other movements	-
Provisions in the half-year	(214)
BALANCE AT 06/30/2020	(1,727)

An analysis of the aging of trade receivables of the Group at June 30, 2020 is reported below:

Trade receiv. from third parties	Total	Not yet due	Due < 30 Days	Due 30-60 Days	Due 60-90 Days	Due 90-120 Days	Due > 120 Days
06/30/2020							
Net receivables	12,124	2,631	393	604	1,049	2,736	4,711

Trade receiv. from third parties	Total	Not yet due	Due < 30 Days	Due 30-60 Days	Due 60-90 Days	Due 90-120 Days	Due > 120 Days
12/31/2019							
Net receivables	33,175	16,130	7,137	4,828	2,336	619	2,125

The monitoring and reminder activities continued in order to limit credit risk, granting, in view of the current crisis and upon reminders also from the granting body, a longer payment extension to carriers and sub-concession holders.

In relation to trade receivables, it is considered that, following the actions, also of a legal nature, undertaken for credit protection and receipt, based on the information currently available, supported by the legal experts handling the relative disputes and in view of the guarantees received, including sureties, the net value indicated above prudently reflects the expected realisable value.

Trade receivables are reported at their book value net of write-downs; it is considered that this value reasonably approximates the fair value of such receivables, as at Group level there are no medium/long-term receivables which require discounting.

Trade receivables from related parties entirely concern investee companies not consolidated line-by-line:

(Euro thousands)	06.30.20	12.31.19	CHANGE
Airst Group	2,141	8,265	(6,124)
2A - Airport Advertising S.r.l.	792	1,260	(468)
Aeroporto Valerio Catullo S.p.A.	666	375	291
Save Cargo S.p.A.	2	381	(379)
Other minor	451	19	432

Total	4,052	10,300	(6,248)
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5. Inventories

at

06.30.2020	€	2,192
12.31.2019	€	2,080
cge.		112

The value of inventories substantially relates to Save S.p.A. and concerns material inventories for airport activities.

Non-current assets

at		
06.30.2020	€	1,899,834
12.31.2019	€	1,907,663
cge.		(7,829)

The account is comprised as follows:

6. Property, plant & equipment

at		
06.30.2020	€	72,390
12.31.2019	€	77,280
cge.		(4,890)

The balance decreased on December 31, 2019, with amortisation, depreciation and write-downs of approx. Euro 5.9 million.

The account includes Euro 5.5 million relating to “Rights-of-use of buildings” in accordance with IFRS 16.

The composition of these assets is outlined in Attachment “B”, which highlights the historic cost, accumulated depreciation and net values, for each asset category.

7. Intangible Assets

at		
06.30.2020	€	1,699,919
12.31.2019	€	1,700,853
cge.		(934)

The intangible asset items are indicated separately:

(Euro thousands)	06.30.20	12.31.19	CHANGE
Airport Concession rights	626,259	609,041	17,218
Concessions	756,756	774,797	(18,041)
Other intangible fixed assets with finite useful life	6,371	6,482	(111)
Goodwill – other intangible assets with indefinite life	310,533	310,533	-
Total intangible assets	1,699,919	1,700,853	(934)

The composition of these intangible assets is outlined in Attachment “A”, which highlights the historic cost, accumulated amortisation and net values, for each asset category. A net decrease of approx. Euro 1 million was reported in the period, with amortisation of approx. Euro 30.9 million. See the paragraph “Accounting policies – Intangible assets”, where the accounting treatment of investments in accordance with IFRIC 12 is described.

The account “Concessions”, equal to Euro 757 million, recognises the higher value, net of the accumulated amortisation, identified for the Venice and Treviso Airport Concessions on the acquisition of the Save Group in 2017. The reduction in this account reflects the amortisation over the duration of these concessions.

The breakdown of the account Goodwill, with reference to the cash-generating units deriving from the acquisition operations which generated the value, is outlined below:

(Euro thousands)	06.30.20	12.31.19	CHANGE
Save S.p.A.	303,556	303,556	-
Aer Tre S.p.A.	6,937	6,937	-
Naitec S.r.l.	40	40	-
Total Goodwill	310,533	310,533	-

The balance does not present any changes and includes:

- for Euro 303,556 thousand, the share of the higher value paid compared to net equity allocated to “Goodwill” on the acquisition of Save S.p.A in 2017.
- for Euro 6,937 thousand, the higher value paid compared to net equity, entirely allocated to “Goodwill” on acquisition from minority shareholders of 35% of the investment held by the Group in the company Aer Tre S.p.A. in 2007. The Group therefore increased its investment in the company to 80%;
- for Euro 40 thousand the higher amount paid in 2006, compared to the relative share of net equity, deriving from the acquisition from minority shareholders of 49% of Naitec S.r.l.. The Group therefore increased its investment in the company to 100%.

8. Investments

at

06.30.2020	€	91,456
12.31.2019	€	101,467
cge.		(10,011)

The “Investments in associates and joint ventures” and “Other investments” are reported separately.

(Euro thousands)	06.30.20	12.31.19	CHANGE
Investments in associates and joint ventures	90,307	100,322	(10,015)
Other investments	1,149	1,145	4
Total investments	91,456	101,467	(10,011)

The Investments in associates and joint ventures, measured using the equity method, are illustrated below.

(Euro thousands)	% HELD	06.30.20	12.31.19	CHANGE
Venezia Terminal Passeggeri S.p.A.	22.18	12,404	13,538	(1,134)
GAP S.p.A.	49.87	306	303	3
Brussels South Charleroi Airport SA	27.65	14,591	18,187	(3,596)
2A – Airport Advertising S.r.l.	50	-	12	(12)
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	41.72	26,268	29,456	(3,188)
Airest Retail S.p.A.	50	35,796	37,715	(1,919)
Save Cargo S.p.A.	50	945	1,112	(167)
Tot. Investments carried at equity		90,307	100,322	(10,015)

The valuation at equity relates to the pro-quota revaluation following the net profit reported in the period of the investees, which was heavily impacted by the Covid-19 pandemic, as outlined above.

9. Other Assets

at

06.30.2020	€	2,270
12.31.2019	€	2,269
cge.		1

This account principally includes a receivable for guarantees paid to ENAC by the subsidiary Aer Tre S.p.A. under advanced airport occupancy totals approx. Euro 2.2 million, calculated as 10% of the monthly fees. On July 1, 2020, on the basis of the final judgement of the Lazio Regional Administrative Court, which had granted Aer Tre S.p.A.'s request, the competent authorities were requested to immediately release the amounts paid.

A breakdown is provided in the following table:

(Euro thousands)	06.30.20	12.31.19	CHANGE
Other guarantee deposits	65	64	1
ENAC guarantee deposits	2,205	2,205	-
Total	2,270	2,269	1

10. Deferred tax assets

at

06.30.2020	€	33,799
12.31.2019	€	25,794

Deferred tax assets have a total value of Euro 33.8 million, whose recoverability is considered probable by the Directors on the basis of the earnings forecasts reflected in the impairment tests on the Venice and Treviso CGU's over the medium-term. The principally temporary differences on which deferred tax assets are recognised concern:

- deferred tax assets on the tax loss generated during the period
- deferred tax assets on interest expense deductible in subsequent years
- deferred tax assets on the realignment of the higher tax values of the controlling investments allocated to goodwill and concessions, in application of Article 15, paragraphs 10 *bis* and 10 *ter* of Legislative Decree No. 185/2008 and the Tax Agency provision of November 22, 2011;
- fiscally deductible provisions in subsequent periods such as the assets under concession replacement provision, the risks and charges provision and the doubtful debt provision;
- adjustments related to the application of international accounting standards (principally non-capitalised non-current charges);
- other expense items concerning subsequent periods;
- other consolidation adjustments which generate deferred tax assets.

LIABILITIES

Current Liabilities

at

06.30.2020	€	153,667
12.31.2019	€	155,205
cge.		(1,538)

The account is comprised as follows:

11. Trade payables

at

06.30.2020	€	68,251
12.31.2019	€	92,409
cge.		(24,158)

Trade payables principally concern Italian suppliers and are reported at their book value, which approximates their reasonable fair value, as at Group level the amount of medium/long-term payables is insignificant and therefore do not require discounting processes.

The breakdown of trade payables is shown below:

(Euro thousands)	06.30.20	12.31.19	CHANGE
Trade payables – third parties	68,179	92,070	(23,891)
Trade payables - related parties	72	339	(267)
Total trade payables	68,251	92,409	(24,158)

Trade payables to third parties significantly decreased on December 31, 2019, due to the reduced amount of core operations in the period.

The breakdown of trade payables to related parties is as follows:

(Euro thousands)	06.30.20	12.31.19	CHANGE
Airest Group	32	226	(194)
2A - Airport Advertising S.r.l.	3	67	(64)
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	31	42	(11)
Other related parties	6	4	2
Total	72	339	(267)

12. Other payables

at

06.30.2020	€	40,207
12.31.2019	€	50,874
cge.		(10,667)

The following table provides greater details on the account “Other Payables”

(Euro thousands)	06.30.20	12.31.19	CHANGE
Payables to related parties	717	1,477	(760)
Customer advances	82	161	(79)
Personnel for deferred compensation	3,104	6,902	(3,798)
Airport concession fee	1,164	4,306	(3,142)
Fire prevention services	22,744	22,744	-
Municipal surtax payables	7,442	11,035	(3,593)
Other payables	4,954	4,249	705
Total	40,207	50,874	(10,667)

Payables for fire protection service, amounting to Euro 22.7 million, relate to the contribution to the Fire service fund, currently subject to dispute, as described in the “Fire Service Fund contribution” in the Directors’ Report.

13. Tax Payables

at

06.30.2020	€	2,773
12.31.2019	€	1,376
cge.		1,397

For a breakdown of the account reference should be made to the following table:

(Euro thousands)	06.30.20	12.31.19	CHANGE
Employee withholding taxes	2,651	1,216	1,435
Other tax payables	122	140	(18)
Direct income taxes	-	20	(20)
Total	2,773	1,376	1,397

14. Payables to social security institutions

at

06.30.2020	€	5,588
12.31.2019	€	4,456
cge.		1,132

15. Bank payables

at

06.30.2020	€	33,018
12.31.2019	€	3,484
cge.		29,534

The account is comprised as follows:

(Euro thousands)	06.30.20	12.31.19	CHANGE
Ordinary current accounts	1	1,959	(1,958)
Current portion of bank loans	33,017	1,525	31,492
Total	33,018	3,484	29,534

The nominal portion of loans due within 12 months totals Euro 33 million.

The following table provides a breakdown of bank credit lines utilised and available at June 30, 2020.

TYPE	Granted	Used	Residual
Cash credit facilities	35,001	0	35,001
Endorsement credit	6,701	(217)	6,484
Cash and credit commitment	0	0	0
Leasing	0	0	0
Mortgages / loans	1,152,692	(1,022,692)	130,000
Total	1,194,394	(1,022,909)	171,485

16. Other financial liabilities – current portion

at

06.30.2020	€	3,830
12.31.2019	€	2,606
cge.		1,224

The account mainly refers to the payable deriving from the fair value measurement of derivative financial instruments totalling Euro 3 million and the current portion of payables to other lenders for leasing contracts as per IFRS 16 for Euro 0.8 million.

The Group holds financial derivatives in order to cover its exposure to interest rate risk

regarding specific liabilities.

In the case where these operations may not be accounted for as hedging operations, they are recorded as speculative operations. The accounting policies applied establish that derivative financial instruments are recorded in accordance with the “hedge accounting” method only when at the beginning of the hedge the formal designation and documentation relating to the hedge exists and it is presumed that the hedge is highly effective initially and over the accounting periods. In the absence of these requirements, if hedge accounting cannot be applied, the profits or losses deriving from the fair value of the derivative financial instruments are immediately recognised in the income statement.

In September 2019 Milione S.p.A. restructured its hedging of the loan contract with a syndicate of banks and the following were thus outstanding as at June 30, 2020:

- two IRS contracts, with a total notional amount of Euro 222,243 thousand and maturing on September 30, 2020; as a result of these contracts, the company pays a fixed rate of -0.022%, which is exchanged for a variable rate of Euribor at 3M.
- two IRS contracts with efficacy from November 10, 2017 and maturing on September 30, 2020, with a total notional amount of Euro 158,957 thousand; as a result of these, the company pays a fixed rate of -0.048%, which exchanges the variable rate at Euribor 3M.
- two swaption contracts exercisable in September 2020 with a total notional amount of Euro 70,000 thousand and a premium already paid;
- two Cap Rate 0.700% contracts entered into in February 2019 with effect from September 30, 2020, with a total notional value of Euro 30.5 million from September 30, 2020 to June 30, 2022 and a total notional value of Euro 360.5 million from June 30, 2022 to December 30, 2022, and a premium of Euro 59 thousand to be paid quarterly from September 30, 2020 to September 30, 2022.
- two IRS contracts entered into in September 2019 with effect from September 30, 2020 and maturity on June 30, 2023, with a total notional value for each instrument of Euro 130 million. As a result of these contracts, Milione SpA pays a fixed rate of -0.197%, which is exchanged for a variable rate of Euribor at 3M

The fair value of the above-mentioned IRS instruments amounts to Euro -2.4 million, while that concerning the options (swaptions) is essentially zero and that concerning the Cap Rate contracts is Euro -0.5 million.

Non-current liabilities

at

06.30.2020	€	1,228,118
12.31.2019	€	1,143,021
cge.		83,559

The account is comprised as follows:

17. Bank payables – less current portion

at

06.30.2020	€	973,221
12.31.2019	€	882,806
cge.		90,415

(Euro thousands)	06.30.20	12.31.19	CHANGE
Medium/long-term loans	576,258	486,045	90,213
Bond loan	396,963	396,761	202
Total	973,221	882,806	90,415

Non-current bank payables mainly comprise the medium/long-term portion of loans undertaken by the Group and outstanding at June 30, 2020.

The nominal value of loan instalments due within one year totals Euro 33.1 million and beyond one year amounts to Euro 989.6 million.

The following loans were thus outstanding as at June 30, 2020:

- A loan subscribed by Aer Tre S.p.A. in November 2017 with Mediocredito Italiano, now Intesa San Paolo S.p.A., of a total nominal amount of Euro 10 million with equal half-yearly repayments from September 30, 2018 and final payment extended to March 31, 2025 following the suspension of the instalment maturing on March 31, 2020, according to the terms of the support granted during the state of emergency declared by the Council of Ministers on January 31, 2020 and Order of the Head of the Department of Civil Protection No. 642 of February 29, 2020.
- The loan contracted by Milione S.p.A. in late 2018 from a syndicate of banks with a total amount of Euro 695 million, of which Euro 515 million initially disbursed, followed by an early repayment of Euro 100 million in September 2019. On March 24, 2020, two further drawdowns were made on available lines: Euro 30 million on the revolving line, with repayment on September 24, 2020 and Euro 70 million on the capex line, with maturity as per the contractual terms. The payable at June 30, 2020 therefore totalled Euro 515 million, of which Euro 485 million with bullet repayment in 2025 and Euro 30 million with bullet repayment on September 24, 2020. The additional sum of Euro 80 million remains available to be drawn down. The interest applied to the loan is based on the Euribor plus a spread.

- The loan contracted by Milione S.p.A from the European Investment Bank in late 2018 for a total of Euro 150 million, to be disbursed in one or more tranches in the first four years and then repaid according to a repayment schedule of up to 18 years from the disbursement date. On February 27, 2020, an additional tranche of Euro 20 million with maturity on December 31, 2037 was issued. As at June 30, 2020, a total of Euro 100 million had therefore been drawn down under the facility, subject to a grace period of two years and amortising repayment in equal principal amounts beginning in 2021 and concluding in 2037.

The table below presents the information required by IFRS 7 with regard to the maturities of the principal amounts of the outstanding borrowings, in addition to an estimate of the financial charges that will accrue in the coming years.”

MAIURTY	CAPITAL PORTION	UP-FRONT FEE	INTEREST PORTION (*)	TOTAL
06/30/2021	33,053	(3,890)	17,685	46,848
06/30/2022	6,444	(3,948)	17,339	19,835
06/30/2023	7,693	(3,587)	17,714	21,820
06/30/2024	7,694	(2,029)	19,293	24,958
06/30/2025	7,693	(1,557)	19,712	25,848
06/30/2026	491,156	(826)	14,285	504,615
06/30/2027	306,155	(265)	5,844	311,734
06/30/2028	6,155	(112)	2,101	8,144
06/30/2029	6,155	(110)	2,061	8,106
06/30/2030	6,156	(108)	2,023	8,071
06/30/2031	6,155	(106)	1,986	8,035
06/30/2032	106,155	(34)	656	106,777
06/30/2033	6,155	(7)	187	6,335
06/30/2034	6,156	(6)	149	6,299
06/30/2035	6,155	(3)	109	6,261
06/30/2036	6,156	(2)	71	6,225
06/30/2037	6,156	(1)	32	6,187
06/30/2038	1,250	0	2	1,252
TOTAL	1,022,692	(16,591)	121,249	1,127,350

Finally, Milione S.p.A. issued the following bonds:

- a bond of Euro 300 million on the Extra MOT market in Milan, to be redeemed in bullet form at maturity in 2026. This bond was subscribed by a single banking counterparty and stipulates the payment of half-year interest in arrears at a fixed rate;
- a bond of Euro 100 million on the Vienna Securities Exchange, to be redeemed in bullet form at maturity in 2031. The bonds were subscribed by two US insurers and bear interest at a fixed rate, payable in half-yearly instalments at arrears.

TYPE	NOM.	CARRY.	CURR.	RATE	COUPON	MATURITY
	VALUE	AMT.				
Senior Secured Bonds	300,000	298,037	Euro	2.47%	six-monthly	12/20/2026
Senior Secured Notes	100,000	98,926	Euro	1.72%	six-monthly	09/27/2031

(In Euro thousands)

These financial payables stipulate a number of covenants for the company based on the consolidated financial statements of the Milione Group (to be verified on a half-yearly basis).

By the half-year reporting date, waivers were obtained on compliance with these covenants and other contractual terms in the period between June 30, 2020 and June 30, 2021. These waivers were requested and granted as a result of the economic situation caused by the Covid-

19 pandemic and also stipulate the provision of various information to lenders during the covenant holiday period.

18. Other lenders – less current portion

at

06.30.2020	€	4,968
12.31.2019	€	5,305
cge.		(337)

The account refers to the leasing payable less current portion deriving from the application of IFRS 16, of which the principal impacts at June 30, 2020 are summarised below.

BUILDINGS NET BOOK VALUE	5,501
BUILDINGS DEPRECIATION	375
FINANCIAL CHARGES ON LIABILITIES RELATED TO LEASING	82
CASH FLOW IN THE PERIOD	355
LIABILITIES FOR LEASING - DUE WITHIN 12 MONTHS	879
LIABILITIES FOR LEASING - DUE OVER 12 MONTHS	4,955

19. Deferred tax liabilities

at

06.30.2020	€	224,933
12.31.2019	€	230,179
cge.		(5,246)

Deferred tax liabilities amount to Euro 224.9 million.

The principal reasons for recognition of deferred tax liabilities include:

- adjustments relating to the allocation of the higher price paid on the acquisition of the Save Group to the value of the Concessions;
- adjustments to IFRIC 12 - “*Service concession arrangements*”;
- adjustments relating to lease accounting in accordance with IFRS 16.

20. Post-employment benefits and other employee provisions

at

06.30.2020	€	3,955
12.31.2019	€	3,905
cge.		50

The post-employment benefits at June 30, 2020 are reported in the following table. The change is based on the movements reported below:

Balance at 12/31/2019	3,905
Utilisations and other changes	(118)
Payments to suppl. provision and INPS Treasury	(1,064)
Provisions and revaluations	1,185
Change due to actuarial calculation	47
Balance at 06/30/2020	3,955

21. Other provisions for risks and charges

at		
06.30.2020	€	21,041
12.31.2019	€	20,826
cge.		215

The account comprises:

(Euro thousands)	06.30.20	12.31.19	CHANGE
Provisions for risks and charges	1,954	2,206	(252)
Assets under concession replacement provision	18,908	18,620	288
Coverage of losses on investees reserve	179	-	179
Total other provisions for risks and charges	21,041	20,826	215

“Provisions for risks and charges” comprise provisions to cover the estimated risk undertaken by the Group companies, principally against disputes with suppliers and ex-employees. The provisions are considered sufficient to cover legal case and dispute risks of a specific nature where the Group is plaintiff or respondent, based on a reasonable estimate according to the available information and having consulted with legal experts.

Assets under concession replacement provision

at		
06.30.2020	€	18,908
12.31.2019	€	18,620
cge.		288

This concerns an estimate for the necessary maintenance and replacement on assets under concession, which require free transfer to the state in optimal working condition on the conclusion of the Group airport concession. The entire provision concerns cyclical restoration and maintenance at the Venice and Treviso airports.

The Replacement Provision is updated based on a technical evaluation of the estimated future charges relating to the maintenance of the assets which will be returned free at the end

of the concession and is utilised based on the maintenance undertaken during the period. The provision was increased by Euro 1.2 million in the period for the allocation concerning the period and utilised for Euro 0.9 million.

Shareholders' Equity

22. Shareholders' Equity

at

06.30.2020	€	620,123
12.31.2019	€	665,797
cge.		(45,674)

The Shareholders' Equity comprises the Group Shareholders' equity of Euro 611.4 million and Minority interest shareholders' equity for Euro 8.7 million.

The Group Shareholders' equity is broken down as follows:

Share capital

at

06.30.2020	€	189
12.31.2019	€	189
cge.		-

Share premium reserve

at

06.30.2020	€	27,651
12.31.2019	€	27,651
cge.		-

Legal reserve

at

06.30.2020	€	76
12.31.2019	€	76
cge.		-

Other reserves and retained earnings

at

06.30.2020	€	626,217
12.31.2019	€	606,884
cge.		19,333

Minority interest shareholders' equity

at

06.30.2020	€	8,710
12.31.2019	€	10,597
cge.		(1,887)

The Minority interest shareholders' equity concerns the share of Shareholders' equity and the net result for the period of the subsidiaries not fully held.

ANALYSIS OF THE PRINCIPAL INCOME STATEMENT ACCOUNTS

(where not otherwise specified, the amounts are expressed in thousands of Euro)

OPERATING REVENUE AND OTHER INCOME

23. Operating revenue and other income

HI 2020	€	39,743
HI 2019	€	109,290
cge.		(69,547)

Other operating revenues

HI 2020	€	35,948
HI 2019	€	102,702
cge.		(67,204)

Other income

HI 2020	€	4,245
HI 2019	€	6,588
cge.		(2,343)

For a detailed analysis of revenues and income, reference should be made to the Directors' Report.

COSTS OF PRODUCTION

HI 2020	€	75,792
HI 2019	€	92,615
cge.		(16,823)

The costs of production are broken down in the following table:

24. Raw materials, consumables and goods

HI 2020	€	857
HI 2019	€	1,021
cge.		(164)

25. Services

HI 2020	€	15,637
HI 2019	€	20,807
cge.		(5,170)

In detail:

(Euro thousands)	HI 2020	HI 2019	CGE.
Utilities	2,135	2,873	(738)
Maintenance	3,831	5,121	(1,290)
Professional services	1,723	1,998	(275)
Cleaning and waste removal	1,816	2,428	(612)
Develop. charges & traffic promo	486	1,375	(889)
Other general services	963	1,865	(902)
Corporate board fees	873	940	(67)
Other personnel charges	483	1,059	(576)
Recovery of expenses	1,595	770	825
Insurance	678	681	(3)
Operating services	192	325	(134)
IT Systems	419	580	(161)
Other sales expenses	441	788	(347)
Total	15,637	20,807	(5,170)

26. Lease and rental costs

HI 2020	€	1,088
HI 2019	€	5,236
cge.		(4,148)

They consist of:

(Euro thousands)	HI 2020	HI 2019	CHANGE
Airport concession fee	989	5,138	(4,149)
Rentals and other	99	98	1
Tot. Lease and rental costs	1,088	5,236	(4,148)

27. Personnel costs

HI 2020	€	18,987
HI 2019	€	28,757
cge.		9,770

28. Depreciation, amortisation and impairment

HI 2020	€	36,768
HI 2019	€	33,469
cge.		3,299

This account is divided as follows:

(Euro thousands)	HI 2020	HI 2019	CHANGE
Amortisation & write-down of intangible assets	30,901	27,643	3,258
Amortisation & write-down of tangible assets	5,867	5,826	41
Total amortisation & depreciation	36,768	33,469	3,299

29. Write down of current assets

HI 2020	€	214
HI 2019	€	107
cge.		107

The account "write-down of current assets" includes the doubtful debt provisions; in calculating the allocation, further account was taken of the provision compared to total overdue receivables.

The provisions cover the risk concerning specific positions for which payment difficulties may arise.

30. Changes in inventories of raw materials and goods

HI 2020	€	(240)
HI 2019	€	(86)
cge.		(154)

Change in inventories principally concerns consumable material stores.

31. Provisions for risks

HI 2020	€	178
HI 2019	€	85
cge.		93

Reference should be made to the note "Other risks and charges provisions" for further comment.

32. Assets under concession replacement provision

HI 2020	€	1,193
HI 2019	€	2,185
cge.		(992)

33. Other charges

HI 2020	€	1,110
HI 2019	€	1,034
cge.		76

Other charges comprise:

(Euro thousands)	HI 2020	HI 2019	CHANGE
Sector association contributions	210	199	11
Taxes	640	568	72
Charitable donations and gifts	101	62	39
Other costs	159	205	(46)
Total other charges	1,110	1,034	76

FINANCIAL INCOME AND CHARGES

34. Financial income and charges

HI 2020	€	(21,798)
HI 2019	€	(12,319)
cge.		(9,479)

"Financial income and charges" are broken down as follows:

(Euro thousands)	HI 2020	HI 2019	CGE
Financial income and revaluation of financial assets	91	1	90
Interest, other financial charges	(11,641)	(12,130)	489
Profit/losses from associates carried at equity	(10,248)	(190)	(10,058)
Total financial income and charges	(21,798)	(12,319)	(9,479)

Interest and other financial charges break down as follows:

(Euro thousands)	HI 2020	HI 2019	CHANGE
Current account interest	(5)	(6)	1
Interest charges on loans	(9,057)	(8,232)	(825)
Agency, arrangement and upfront fees	(2,488)	(2,873)	385
Other financial expenses	(9)	(10)	1
Mark to market der. instruments	-	(951)	951
Interests relating to leasing (IFRS16)	(82)	(58)	(24)
Total	(11,641)	(12,130)	489

Interest charges on loans increased by approx. Euro 0.8 million on the previous year due to the higher debt, while Up front fees declined by approx. Euro 0.4 million, mainly due to the change in the TIR for the amortised cost calculation. In addition, in the first half of 2019 the instruments in place were not designated as hedge accounting, which was subsequently decided in the second half of last year. The hedging instruments are now accounted for through equity.

Profit/losses from Associates & JV's carried at equity

(Euro thousands)	H1 2020	H1 2019	CHANGE
Valuation at equity of GAP S.p.A.	3	32	(29)
Valuation at equity of BSCA SA	(3,596)	286	(3,882)
Valuation at equity of Aeroporto Catullo di Verona Villafranca S.p.A.	(3,242)	(1,060)	(2,182)
Valuation of equity of 2A S.r.l.	(191)	(145)	(46)
Valuation at equity of Airst S.p.A.	(1,919)	1,036	(2,955)
Valuation at equity of VTP S.p.A.	(1,134)	(338)	(796)
Total	(10,248)	(190)	(10,058)

INCOME TAXES

35. Income taxes

H1 2020	€	13,241
H1 2019	€	(2,187)
cge.		15,428

Income taxes for the period are broken down as follows:

(Euro thousands)	H1 2020	H1 2019	
Current taxes	-	(6,652)	(6,652)
Deferred tax income & charges	13,241	4,465	8,776
Total income taxes	13,241	(2,187)	15,428

Income taxes concern only the deferred tax assets calculated on the tax loss generated during the period.

The analysis of tax adjustments, resulting in a change in the effective tax rate compared to the notional rate, is outlined in the following table.

Tax rate <i>(Euro thousands)</i>	H1 2020	%	H1 2019	%
Profit/(loss) before taxes	(57,847)		4,357	
Profits from assets held-for-sale			1,137	
Reclassified gross result for the period	(57,847)	100.00%	5,494	100.00%
Theoretical income taxes	(13,883)	24.00%	1,319	24.00%
Effective income taxes	(13,241)		2,187	
Taxes on assets held-for-sale			6	
Reclassified effective income taxes	(13,241)	22.89%	2,193	39.92%
Net Profit/(loss)	(44,606)		3,301	
Difference between effective Tax Rate and IRES rate of 24%	642	-1.11%	874	15.92%
<i>Differences generated by following accounts:</i>				
i) 3.5% IRES surcharge on future deductible costs	(801)	1.38%		
ii) IRAP on future deductible costs	(441)	0.76%	1,165	21.21%
iii) exempt portion of dividends			(905)	-16.47%
iv) other non-deductible costs and exempt income	1,650	-2.85%	446	8.12%
v) valuation of investments at equity	2,250	-3.89%	670	12.20%
vi) exempt gains on sale of equity investments			(145)	-2.64%
viii) remuneration of capital employed (Ace)	(5)	0.01%		
ix) remuneration interest expense by Cnm	(2,011)	3.48%	(357)	-6.50%
	642	-1.11%	874	15.92%

The lower effect rate of -22.89% compared to the theoretical IRES rate of -24% is mainly due to non-deductible costs.

RESULT FOR THE PERIOD

H1 2020	€	(44,606)
H1 2019	€	3,301
cge.		(47,907)

The Group and minority interest results are broken down as follows:

(Euro thousands)	H1 2020	H1 2019	CGE
Profit/(loss) for the period	(44,606)	3,301	(47,907)
Minority interest profit/(loss)	1,886	(306)	2,192
Group Net Profit/(loss)	(42,720)	2,995	(45,715)

36. Profit/(loss) from Discontinued Operations

The table below outlines the various components in the above-mentioned account at June 30, 2019, entirely relating to the investment in Save Cargo S.p.A. subject to a corporate transaction in the first half of 2019.

Save Cargo S.p.A.	HI 2020	HI 2019
Operating revenue and other income		2,383
EBITDA		(99)
EBIT		(162)
Profit/(loss) for the period	-	(125)
Gains to be realised net of the relative tax effect.		625
Fair value measurement of the residual investment		631
Profit/(loss) from Discontinued Operations	-	1,131

37. Types of financial risks and management

The Group strategy for the management of financial risks is based on the Company objectives and focuses on the minimisation of interest rate risk and the relative optimisation of the cost of debt, the credit risk and the liquidity risk.

The management of these risks is undertaken in compliance with the principles of prudence and market best practices, with all risk management operations managed centrally.

Interest rate risk

The pre-fixed Group objectives concern:

- hedging of the interest rate risk and financial liabilities;
- compliance with, in the hedging of risk, the general balance criteria between loans and usages for the Group (variable rate and fixed rate portion, short-term and medium/long-term portion).

The Group, in the pursuit of the above-stated objectives and in consideration of the current continually monitored market conditions, decided to implement hedges in the period, which at the date of the present Report overall accounted for 37% of the total value of loans.

The current hedging operations concern the loan of Milione S.p.A. for a value to date issued of Euro 515 million, of seven-year duration, with bullet repayment for Euro 485 million and bullet repayment at September 24, 2020 for Euro 30 million and supported by a set of secured guarantees.

The loans stipulate, among other conditions, compliance by the company with a series of financial covenants, to be verified on a half-yearly basis. By the June 30, 2020 deadline, a waiver was obtained on compliance with these covenants and other contractual terms in the period between June 30, 2020 and June 30, 2021. This waiver was requested and granted as a result of the economic situation caused by the Covid-19 pandemic and also stipulates the provision of various information to lenders during the covenant holiday period.

The following table provides a breakdown of the derivative instruments in place at Group level at June 30, 2020:

Statement on the recording of hedging transactions

(Euro thousands; the positive values are receivables for the company, while the negative values are payables)

Type of instrument	Group company	Nature of hedged risk	Counterparty bank	Contract date	Start date - Option exercise date	Contract maturity date	Contract notional amount	Amount outstanding at 06/30/2020	Amount outstanding at 12/31/2019	Fair Value (Mark to Market) at 06/30/2020	Fair Value (Mark to Market) at 12/31/2019
IRS	Milione SpA	Change in interest rates	Unicredit SpA	08/10/2017	08/10/2017	09/30/2020	111,122	111,122	111,122	(108)	(310)
IRS	Milione SpA	Change in interest rates	Intesa SanPaolo SpA	08/10/2017	08/10/2017	09/30/2020	111,122	111,122	111,122	(108)	(310)
IRS	Milione SpA	Change in interest rates	Unicredit SpA	10/19/2017	11/10/2017	09/30/2020	79,478	79,478	79,478	(72)	(206)
IRS	Milione SpA	Change in interest rates	Intesa SanPaolo SpA	10/19/2017	11/10/2017	09/30/2020	79,478	79,478	79,478	(72)	(206)
SWAPTION (PAY FIX)	Milione SpA	Change in interest rates	Unicredit SpA	10/19/2017	09/30/2020	06/30/2022	53,898	35,000	35,000	0	0
SWAPTION (PAY FIX)	Milione SpA	Change in interest rates	Intesa SanPaolo SpA	10/19/2017	09/30/2020	06/30/2022	53,898	35,000	35,000	0	0
CAP RATE (*)	Milione SpA	Change in interest rates	Unicredit SpA	02/27/2019	09/30/2020	12/31/2022	15,250	15,250	15,250	(261)	(260)
CAP RATE (*)	Milione SpA	Change in interest rates	Intesa SanPaolo SpA	02/27/2019	09/30/2020	12/31/2022	15,250	15,250	15,250	(261)	(259)
CAP RATE	Milione SpA	Change in interest rates	Unicredit SpA	03/25/2019	03/29/2019	03/31/2020	50,000	0	16,900	0	0
CAP RATE	Milione SpA	Change in interest rates	Intesa SanPaolo SpA	03/25/2019	03/29/2019	03/31/2020	50,000	0	16,900	0	0
IRS	Milione SpA	Change in interest rates	Unicredit SpA	09/25/2019	09/30/2020	06/30/2023	130,000	130,000	130,000	(1,034)	(179)
IRS	Milione SpA	Change in interest rates	Intesa SanPaolo SpA	09/25/2019	09/30/2020	06/30/2023	130,000	130,000	130,000	(1,034)	(192)
Total							879,496	741,700	775,500	(2,950)	(1,922)

* the contractual notional amount is 15.25 million from 09.30.2020 to 06.30.2022 and 50.25 million from 07.01.2022 to 12.31.2022

An analysis of non-discounted cash flows is broken down by the timing of the derivative instruments is also presented.

On the basis of the same maturities, the table also presents a summary of cash flows for medium/long term, including the capital and interest portions.

	Total estimated cash flows		within 1 year		from 1 to 5 years		over 5 years	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Derivative instruments with negative MTM	(2,378)	(1,568)	(942)	(1,095)	(1,436)	(473)	0	0
Medium/long-term loans	(1,143,941)	(1,021,644)	(50,738)	(17,168)	(103,582)	(91,169)	(989,621)	(913,307)
Total	(1,146,319)	(1,023,212)	(51,680)	(18,263)	(105,018)	(91,642)	(989,621)	(913,307)

Credit risk

This concerns the risk that either of the parties undertaking a contract, which provides for deferred settlement over a period, does not fulfil a payment obligation, resulting therefore in a financial loss for the other party.

This risk may therefore give rise to more strictly technical-commercial or administrative-legal repercussions (disputes on the nature/quantity of supply, on the interpretation of the contractual clauses, on the supporting invoices etc.), in addition to issues of a typically financial nature, i.e. the credit standing of the counterparty.

For the Group, exposure to credit risk is principally related to the commercial activities concerning the sale of aviation services and property activities.

In order to control this risk, the Group has implemented procedures and actions under which the customers may be evaluated according to the assigned level of attention.

The credit risk concerning other financial assets of the Group, which comprise cash and cash equivalents, presents a maximum value equal to the book value of these activities in the case of insolvency of the counterparty.

Cash flow sensitivity analysis

The Group prepared a cash flow analysis concerning loans in place. The analysis begins with the market position at June 30, 2020 and on the basis of interest rate increases/decreases of 0.25% and of 0.50%.

The impact of these changes on future cash flows is Euro +4 million for a 0.25% interest rate increase, while is Euro -3 million for a decrease in the interest rate of 0.25% and Euro +6.9 million for an increase in the interest rate of 0.50% and Euro -6 million for a decrease.

Liquidity risk

The liquidity risk management policy, i.e. the strategy put in place to avoid cash flow difficulties constituting a problem for the Group is considered prudent.

Unutilised credit lines of the banking system at Group level amount to Euro 35 million, while the credit lines not yet utilised concerning the loan contract subscribed amount to Euro 130 million.

For the breakdown of the medium/long-term loans in place, reference should be made to the notes to the consolidated financial statements and the paragraph "Bank payables less current portion".

Fair value hierarchy levels

A list of derivative financial instruments at June 30, 2020, measured at fair value, is reported in the table of the "Interest rate risk" paragraph above.

In relation to the financial instruments recorded in the balance sheet at fair value, IFRS 7 requires that these values are classified based on the hierarchy levels which reflects the significance of the input utilised in the determination of fair value. The following levels are used:

- Level 1 - assets or liabilities subject to valuation listed on an active market;
- Level 2 - input based on prices listed at the previous point, which are directly observable (prices) or indirectly (derivatives from the prices) on the market;
- Level 3 - input which is not based on observable market data.

The derivative instruments measured at fair value at June 30, 2019 are classifiable to hierarchy Level 2 of the fair value measurement. During H1 2020, no transfers occurred from Level 1 to Level 2 or Level 3 or vice-versa.

The fair value measurement of the derivatives recognised to the financial statements was made through autonomous valuation models and based on the market data at June 30, 2020.

38. Investments in subsidiaries, associates and other companies

The Parent Company controls the following companies, fully consolidated. The figures reported are based on the financial statements at period-end, prepared in accordance with the accounting standards adopted by each company.

- **Save S.p.A.**

Holding: 100%

SAVE S.p.A. ("Save" or the "Parent Company") is an investment holding company which principally operates as an airport manager. It directly manages Venice Marco Polo Airport and controls Treviso Antonio Canova Airport. The company also has significant holdings in Verona Valerio Catullo Airport and in Charleroi Airport (Belgium).

Save in addition holds investments in companies operating in the airport management sector.

- **Marco Polo Park S.r.l.**

Holding: 100%

The company manages airport parking under sub-concession from SAVE and AerTre.

- **Save International Holding SA**

Holding: 100%

The company was incorporated in 2009 as a vehicle company for the acquisition of Brussels South Charleroi Airport SA in December 2009. The company holds the investment in Belgian Airport SA, through which the acquisition was made together with minority shareholders.

- **Belgian Airport SA**

Holding: 65%

The company was incorporated in 2009, also as a vehicle company for the acquisition of Brussels South Charleroi Airport SA in December 2009. The company therefore incorporates the investment in Brussels South Charleroi Airport SA, consolidated in the present condensed half-year financial statements at equity.

- **Save Engineering S.r.l.**

Holding: 100%

The company is involved in the design and coordination of works concerning the airport development programmes carried out by the Parent Company SAVE as part of the Airport Master Plan. The company utilises know-how acquired in the completion and management of infrastructure development projects related to the passenger transport, such as for example, airports and railway stations.

- **Naitec S.r.l.**

Holding: 100%

The company is involved in the implementation of IT projects for airports in the operational and administrative management areas. The company also develops and commercialises software products in this field.

- **Treviso Airport AERTRE S.p.A.**

Holding: 80%

The Company Aer Tre S.p.A. holds the concession for the management of Treviso Antonio Canova airport.

- **Società Agricola Save a r.l.**

Holding: 100%

The company is wholly-owned by the Parent Company and is exclusively involved in the activities established by Article 2135 of the Civil Code.

- **Triveneto Sicurezza S.r.l**

Holding: 93%

The Company carries out airport security control in accordance with Ministerial Decree No. 85 of January 29, 1999.

- **Archimede 3 S.p.A.**

Holding: 100%

The company was acquired in 2004. It did not report significant costs or revenues in the period.

The associated companies and joint ventures consolidated under the equity method are:

- **Airest Retail S.r.l.**

Holding: 50%

Airest Retail S.r.l., operating in the Food & Beverage and Retail sectors at Venice, Treviso and Verona airports, where the Save Group operates.

- **Brussels South Charleroi Airport SA**

Holding: 27.65% through Belgian Airport SA.

The company manages Charleroi airport (Belgium).

- **Aeroporto Valerio Catullo di Verona Villafranca S.p.A.**

Holding: 41.72%

The company manages Verona Villafranca and Brescia Montichiari airports.

- **VTP S.p.A.**

Holding: 22.18%

Founded by the Venice Port Authority, the company manages 10 multi-function terminals, 1 ship stores' depot, 5 parking lots and 7 docks, providing services for all vessels (cruise ships, pleasure boats, catamarans) which dock at Venice port.

- **2A – Airport Advertising S.r.l.**

Holding: 50%

The company was incorporated in February 2012 for the management of advertising spaces.

- **G.A.P. S.p.A.**

Holding: 49.87%

The company, held 49.87%, operates in the airport sector, principally carrying out land assistance activities at Pantelleria Airport.

- **Save Cargo S.p.A.**

Holding: 50%

The company provides cargo and postal assistance services at Venice's Marco Polo airport. In 2017, Save S.p.A in fact conferred the "Cargo" business unit to the subsidiary Save Cargo S.p.A..

At June 2019, 50% of the company was sold, previously fully held, with the consequent loss of control.

Related party transactions

The transactions with associated companies and related parties were undertaken at the respective average market values for similar services and of a similar quality.

In relation to transactions in the period with Group Companies, reference should be made to the comments of the Balance Sheet and Income Statement accounts of the Explanatory Notes and attachment C for payable/receivable and cost/revenue transactions.

Supplementary Statements

Supplementary Statements

Attachment A

Statement of changes in intangible assets and relative amortisation

(In Euro/000)

	Historical cost					Accumulated amortisation						Net Intangible assets
	Value at 01/01/20	Acquisitions	Decreases	Grants	Reclassifications/ Other movements	Value at 06/30/20	Value at 01/01/20	Increases	Utilisations	Reclassifications/ Other movements	Value at 06/30/20	
Airport concession rights	703,953	2,846	0	0	6,192	712,992	143,003	11,361	0	0	154,364	558,628
Assets in progress and payments on account	48,091	25,799	0	0	(6,259)	67,631						67,631
Sub-total airport concession rights	752,044	28,646	0	0	(67)	780,622	143,003	11,361	0	0	154,364	626,259
Concessions	865,401	0	0	0	0	865,401	90,604	18,041	0	0	108,645	756,756
Other intangible fixed assets with finite useful life	28,200	420	0		(54)	28,566	22,821	1,499	0	0	24,320	4,246
Assets in progress and payments on account	1,103	1,022	0		0	2,126	0	0	0	0	0	2,126
Subtotal other intangible fixed assets with finite useful life	29,303	1,442	0	0	(54)	30,692	22,821	1,499	0	0	24,320	6,371
Goodwill and other intangible assets with indefinite useful life	310,533	0	0	0	0	310,533	0	0	0	0	0	310,533
Total intangible assets	1,957,281	30,087	0	0	(121)	1,987,248	256,428	30,901	0	0	287,329	1,699,919

Additional Statements

Attachment B

Statement of changes in tangible assets and relative depreciation

(In Euro/000)

	Historical cost					Accumulated depreciation					Net tangible assets	
	Value at 01/01/20	Acquisitions	Decreases	Grants	Reclassifications/ Other movements	Value at 06/30/20	Value at 01/01/20	Increases	Utilisations	Reclassifications/ Other movements		Value at 06/30/20
Land and Buildings	52,735	39	(12)		54	52,815	3,720	626	0	0	4,346	48,469
Plant and machinery	80,857	258	(138)		0	80,977	52,755	2,976	(138)	0	55,594	25,384
Industrial & commercial equipment	9,080	30	(9)		17	9,117	6,124	367	(9)	0	6,481	2,636
Other assets	30,435	242	(0)		50	30,727	21,370	1,404	(0)	0	22,774	7,953
Impairment							14,326	494	0	0	14,819	(14,819)
Assets in progress and payments on account	2,468	300	0		0	2,768						2,768
Total tangible assets	175,575	868	(159)	0	121	176,404	98,294	5,867	(147)	0	104,014	72,390

Attachment C1

Balance sheet transactions with group companies incl. in the financial statements and associates

amounts stated in Euro thousands

Amounts stated in Euro thousands	Trade receivables	Trade payables	Other payables
Save Cargo S.p.A.	451	5	-
Airest Retail S.r.l.	2,137	32	647
Airest Collezioni Venezia S.r.l.	5		
2A - Airport Advertising S.r.l.	792	3	45
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	663	31	
Gabriele D'Annunzio Handling S.p.A.	3		
Brussels South Charleroi Airport (BSCA) SA	0		
GAP S.p.A. Aeroporto di Pantelleria	-		
Finanziaria Internazionale Holding S.p.A. (PC)	-	-	
Finint & Wolfson Associati S.r.l. (PC)		-	
Total	4,050	71	692

Attachment C2

Income statement transactions with group companies incl. in the financial statements

Amounts stated in Euro thousands	Operating revenue	Other income	Raw & ancillary materials, consumables & goods	Services	Rents, lease and similar	Other Charges	Financial charges
Save Cargo S.p.A.	183	104					
Airest Retail S.r.l.	1,363	83	-	378		2	
2A - Airport Advertising S.r.l.	843	37				-	
Airest Collezioni Venezia S.r.l.	303	12					
Airest S.p.A.							
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	-	156	-	12		-	
Gabriele D'Annunzio Handling S.p.A.	-	-					
Brussels South Charleroi Airport (BSCA) SA	-	-					
Venezia Terminal Passeggeri (VTP) S.p.A.	-	-		-			
GAP S.p.A. Aeroporto di Pantelleria	-	-					
Finanziaria Internazionale Holding S.p.A.		-		-			
Finint & Wolfson Associati S.r.l.				-			
Fininvest Fiduciaras S.r.l.				-			
Centostazioni S.p.A.		-					
Aeroporto Civile di Padova S.p.A.						-	
Nicelli S.p.A. Aeroporto del Lido di Venezia		-					
Banca Finint S.p.A. (PC)					-		
Finint Corporate Advisors S.r.l.				-			
Total	2,692	392	-	390	-	2	-

REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
Milione S.p.A.

Introduction

We have reviewed the condensed consolidated half-year financial statements of Milione S.p.A. and subsidiaries (Milione Group), which comprise the consolidated balance sheet as of June 30, 2020 and the consolidated income statement, the consolidated comprehensive income statement, the statement of changes in consolidated shareholders' equity and the consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of this condensed half-year financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated half-year financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half-year financial statements of Milione Group as at June 30, 2020 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Treviso, Italy
August 3, 2020

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

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