

# **MILIONE S.P.A.**

Consolidated Financial Statements of  
**MILIONE S.p.A.**  
at December 31, 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 December 31, 2020, the share capital of Milione S.p.A. was broken down as follows:

	%
	<b>HELD</b>
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 October 8, 2020 and in office at December 31, 2020 were:

<b>Name</b>	<b>Office</b>
Enrico Marchi	Chairman
Hamish Macphail Massie Mackenzie	Vice Chairman
Athanasios Zoulovits	Vice Chairman
Fabio Battaglia	Director
Grégoire Parrical De Chammard	Director
Zeynep Lucchini Gilera	Director
Walter Manara	Director
Giovanni Marchi	Director
Monica Scarpa	Director

**Board of Statutory Auditors**

The Board of Statutory Auditors appointed by the Shareholders' Meeting of October 8, 2020 and in office at December 31, 2020 were:

<b>Name</b>	<b>Office</b>
Nicola Broggi	Chairperson
Paolo Caprotti	Statutory Auditor
Roberto Lonzar	Statutory Auditor
Fabrizio Acerbis	Alternate Auditor
Michele Crisci	Alternate Auditor
Anna Masè	Alternate Auditor

**Independent Audit Firm**

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

## Directors' Report

## Consolidated Financial Highlights

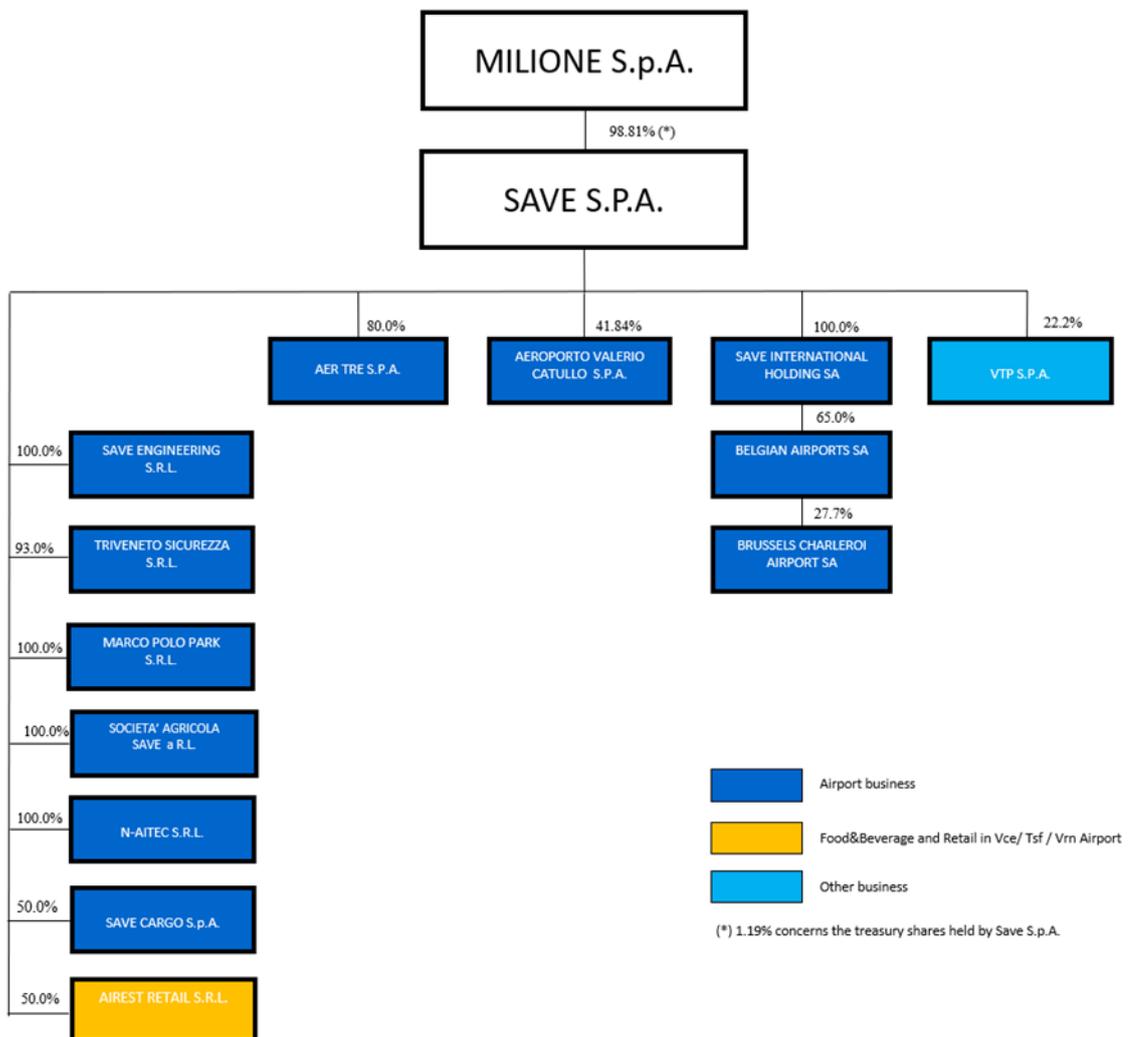
	2020	2019	% CHANGE
<i>(Euro millions)</i>			
Revenues	70.3	240.4	-70.8%
EBITDA	0.6	124.3	-99.5%
EBIT	(73.4)	48.5	-251.3%
Group Net Profit/(loss)	(80.6)	20.4	-495.1%
Fixed Capital Employed	1,633.2	1,652.8	-1.2%
Net operating working capital	(66.7)	(95.0)	-29.7%
<b>Net capital employed</b>	<b>1,566.4</b>	<b>1,557.8</b>	<b>0.6%</b>
- Own funds	573.2	655.2	-12.5%
- Minority shareholders	7.2	10.6	-31.9%
<b>SHAREHOLDERS' EQUITY</b>	<b>580.4</b>	<b>665.8</b>	<b>-12.8%</b>
<b>NET FINANCIAL POSITION</b>	<b>986.0</b>	<b>892.0</b>	<b>10.5%</b>
EBIT/Revenue (ROS)	-104.4%	20.2%	
Venice-Treviso Airport System Passenger Nos.	3,263,367	14,816,325	-78.0%

A number of alternative performance indicators not governed by IFRS are utilised in this document, as described in the dedicated paragraph of the Directors' Report. Given that these indicators are not identified as an accounting measure within IFRS, the criterion for their determination may not be uniform with other groups or companies.

## The Group

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 also 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, in addition to those in companies operating in airport management related sectors.

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



## Market performance

2020 will go down in history as the year of the COVID-19 pandemic.

The spread of the virus in the space of just a few months forced governments and institutions around the world to implement measures to limit travel and interpersonal contact. The devastating consequences and economic impact of the pandemic are still being felt, and it is only thanks to the launch of vaccination campaigns at the beginning of 2021 that an end is finally sight to this ordeal, which has lasted far longer than any of us originally expected.

Considerable efforts have been made by political and economic institutions to support the economy by injecting huge amounts of liquidity into the financial system, resulting in an increase in overall debt.

The European Central Bank Governing Council, for example, broadened and lengthened its monetary stimulus to ensure favourable financial conditions for all sectors for as long as required, in order to ensure full support for the economy and inflation. It stands ready to recalibrate its available instruments again where necessary.

The Italian government has made important decisions over the past 12 months to support the economy and the sectors hit particularly hard by the crisis. In this regard, we note the following:

- To limit the economic impact of the pandemic, Law No. 77 of July 17, 2020, converting “Relaunch” Decree Law No. 34/2020, extended the duration of the concessions in progress at the date of entry into force of the law by two years. As a result of this new legislation, the 40-year concessions at Venice and Treviso airports were extended until 2043 and 2055 respectively.
- the 2021 Budget Law provided for the establishment of a fund to compensate the damages suffered by airport operators in 2020, with a ceiling of Euro 450 million. We are still waiting for the Ministry for Infrastructure and Transport to issue an implementation decree, which was originally expected by January 31, 2021, to finalise the fund’s allocation and usage criteria in 2021. In light of the uncertainty, proceeds therefrom are not included in the financial statements at December 31, 2020.

The airline and airport sectors were obviously among the hardest hit by the pandemic. Data released by ACI Europe<sup>1</sup> for 2020 reveal the devastating impact of the COVID-19 health emergency, with European airports losing 1.72 billion passengers compared to 2019, a drop of 70.4%. With just 728 million passengers handled in 2020, traffic at European airports has been reduced to levels not recorded since 1995.

EU airports were much more severely impacted (-73% and 1.32 billion passengers lost) than non-EU airports (-61.9% and 400 million passengers lost). Non-EU countries showed greater resilience, particularly in domestic markets (especially Russia and Turkey), but also implemented less stringent lockdowns and travel restrictions than EU countries. The impact on cargo traffic was less severe, with a decrease of 11.8% over the year. The sector is also showing signs of recovery, with figures returning to positive territory in December.

Analysis of the situation in Italy reveals that the airport system<sup>2</sup> closed 2020 with only 53 million passengers compared to 193 million in 2019. This represents a drastic decline for Italy’s airports, which lost 140 million travellers over the course of the year, or 72.6% of traffic.

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<sup>1</sup> ACI Europe (Airports Council International) Press Release February 12, 2021

<sup>2</sup> Assaeroporti Press Release, January 28, 2021

According to data processed by Assaeroporti, due to the pandemic and the consequent restrictions on free movement between countries, in 2020, 7 out of 10 passengers were domestic travellers within Italy and the hardest-hit destinations were outside the EU, which recorded a 81.2% drop in passenger numbers. The drop in EU traffic was equally severe at 77.5%, while domestic flights suffered a more contained yet still significant loss of 61.3%. Furthermore, national routes represented approx. 50% in 2020, compared to 33% in 2019.

## **Group Structure**

The Group structure did not undergo substantial changes during the year just ended.

## Milione Group Consolidated Operational Overview

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

EURO/000	2020		2019		CHANGE	
<b>Operating revenue and other income</b>	<b>70,267</b>	<b>100.0%</b>	<b>240,443</b>	<b>100.0%</b>	<b>(170,176)</b>	<b>-70.8%</b>
Raw materials and goods	1,312	1.9%	1,954	0.8%	(642)	-32.9%
Services	27,512	39.2%	43,941	18.3%	(16,429)	-37.4%
Lease and rental costs	3,934	5.6%	11,291	4.7%	(7,357)	-65.2%
Personnel costs	34,635	49.3%	56,811	23.6%	(22,176)	-39.0%
Other operating charges	2,259	3.2%	2,155	0.9%	104	4.8%
<b>Total operating costs</b>	<b>69,652</b>	<b>99.1%</b>	<b>116,152</b>	<b>48.3%</b>	<b>(46,500)</b>	<b>-40.0%</b>
<b>EBITDA</b>	<b>615</b>	<b>0.9%</b>	<b>124,291</b>	<b>51.7%</b>	<b>(123,676)</b>	<b>-99.5%</b>
Amortisation & write-down of intangible assets	59,151	84.2%	58,343	24.3%	808	1.4%
Depreciation & write-down of tangible assets	11,540	16.4%	12,399	5.2%	(859)	-6.9%
Replacement provision	2,604	3.7%	4,537	1.9%	(1,933)	-42.6%
Losses and doubtful debt provision	475	0.7%	208	0.1%	267	128.4%
Provision for risks and charges	220	0.3%	320	0.1%	(100)	-31.3%
<b>Total amortisation, depreciation, provisions &amp; write-downs</b>	<b>73,990</b>	<b>105.3%</b>	<b>75,807</b>	<b>31.5%</b>	<b>(1,817)</b>	<b>-2.4%</b>
<b>EBIT</b>	<b>(73,375)</b>	<b>-104.4%</b>	<b>48,484</b>	<b>20.2%</b>	<b>(121,859)</b>	<b>N/A</b>
Net financial income/(charges)	(23,313)	-33.2%	(24,969)	-10.4%	1,656	6.6%
Profit/losses from Associates & JV's carried at equity	(19,753)	-28.1%	2,929	1.2%	(22,682)	N/A
<b>Profit/(loss) before taxes</b>	<b>(116,442)</b>	<b>-165.7%</b>	<b>26,444</b>	<b>11.0%</b>	<b>(142,886)</b>	<b>N/A</b>
Income taxes	(32,424)	-46.1%	6,797	2.8%	(39,221)	
<b>Profit/(loss) from Continuing Operations</b>	<b>(84,018)</b>	<b>-119.6%</b>	<b>19,647</b>	<b>8.2%</b>	<b>(103,665)</b>	<b>N/A</b>
Profit from Discontinued Operations/Held-for-sale	38	0.1%	1,131	0.5%	(1,093)	-96.6%
<b>Net Profit/(loss)</b>	<b>(83,980)</b>	<b>-119.5%</b>	<b>20,778</b>	<b>8.6%</b>	<b>(104,758)</b>	<b>N/A</b>
Minorities	3,375	4.8%	(378)	-0.2%	3,753	N/A
<b>Group Net Profit/(loss)</b>	<b>(80,605)</b>	<b>-114.7%</b>	<b>20,400</b>	<b>8.5%</b>	<b>(101,005)</b>	<b>N/A</b>

The values relating to the Group's income statement operating activity are primarily derived from the consolidation of SAVE S.p.A. and the Group that it controls, which operates at the Venice and Treviso airports.

As evidenced in the previous paragraphs, the year was marked by a sharp contraction in the Group's operating activities, which resulted in a significant reduction in all cost and revenue components. Consequently, comparisons with figures for the previous year are of little significance.

**Operating revenues and other income** amounted to Euro 70.3 million in 2020, a 70.8% decrease on 2019. This is broken down as follows:

EURO / 1000	2020				2019				CHANGE				CHANGE %
	TOTAL	VENICE	TREVISO	OTHERS	TOTAL	VENICE	TREVISO	OTHERS	TOTAL	VENICE	TREVISO	OTHERS	TOTAL
Aviation fees and tariffs	38,664	36,458	2,206	0	154,599	139,052	15,547	0	(115,935)	(102,594)	(13,341)	0	-75.0%
Handling	812	507	305	0	2,366	739	1,627	0	(1,554)	(232)	(1,322)	0	-65.7%
<b>Aviation Revenue</b>	<b>39,476</b>	<b>36,965</b>	<b>2,511</b>	<b>0</b>	<b>156,965</b>	<b>139,791</b>	<b>17,174</b>	<b>0</b>	<b>(117,489)</b>	<b>(102,826)</b>	<b>(14,663)</b>	<b>0</b>	<b>-74.9%</b>
Ticketing	17	5	12	0	120	27	93	0	(103)	(22)	(81)	0	-85.8%
Parking	5,958	5,644	314	0	20,434	18,386	2,048	0	(14,476)	(12,742)	(1,734)	0	-70.8%
Advertising	1,358	1,260	98	0	3,080	2,898	182	0	(1,722)	(1,638)	(84)	0	-55.9%
Commercial	11,840	11,148	692	0	40,423	36,657	3,766	0	(28,583)	(25,509)	(3,074)	0	-70.7%
<b>Non-Aviation Revenue</b>	<b>19,173</b>	<b>18,057</b>	<b>1,116</b>	<b>0</b>	<b>64,057</b>	<b>57,968</b>	<b>6,089</b>	<b>0</b>	<b>(44,884)</b>	<b>(39,911)</b>	<b>(4,973)</b>	<b>0</b>	<b>-70.1%</b>
Other income	11,618	5,202	212	6,204	19,421	10,050	998	8,373	(7,803)	(4,848)	(786)	(2,169)	-40.2%
<b>Total Revenue</b>	<b>70,267</b>	<b>60,224</b>	<b>3,839</b>	<b>6,204</b>	<b>240,443</b>	<b>207,809</b>	<b>24,261</b>	<b>8,373</b>	<b>(170,176)</b>	<b>(147,585)</b>	<b>(20,422)</b>	<b>(2,169)</b>	<b>-70.8%</b>

In light of the unprecedented drop in activities, management drew up a plan of action to mitigate the impact of this reduction. This focused primarily on revising the investments

planned for the year and on containing operating costs not deemed indispensable, including through the introduction, to safeguard employees, of the temporary lay-off scheme, which involved 93% of the workforce from March 16, 2020 and the remainder from the end of March. This was 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. It is worth emphasising that the Group's cost structure is determined more by infrastructure management than traffic developments given that it does not manage handling activities, at Venice airport in particular. Nevertheless, the Group's operating costs decreased by 40%, from Euro 116.2 million in 2019 to Euro 69.7 million in 2020.

As a result, **EBITDA** reduced to an insignificant amount (approx. Euro 0.6 million).

**EBIT** reports a loss of Euro 73.4 million (after amortisation and depreciation of Euro 70.7 million - in line with 2019). In this regard, it should be noted that the reduction in the amortisation of the gain allocated to "Concessions" due to the extension by two years of the concessions held by the subsidiaries (amounting to Euro 33.2 million), offsets the increase in amortisation for the year relating to the major investments made at the Venice airport, which will become operational in 2020.

**Net financial charges** amounted to Euro 43 million, increasing on approx. Euro 21 million on the previous year, mainly due to the valuation at equity of the associated companies. In fact, as they all operate in sectors linked to tourism and infrastructures, the investee companies suffered heavily from the current crisis, resulting in the accrual of a net loss of Euro 19.8 million compared with a profit recorded in the previous year of approx. Euro 2.9 million.

Income taxes report a positive balance (net income) of Euro 32.4 million due to net deferred tax assets accrued on the loss for the year of Euro 25.6 million. A further benefit derives from the allocation of Euro 6.8 million in respect of the positive response to the appeal made by the Parent Company for transactions completed in 2017 and the benefit arising on deferred taxation on the revaluation transaction carried out by the subsidiary Marco Polo Park S.r.l. pursuant to Article 110 of Decree Law No. 104/2020.

After allocating Euro 3.4 million of the net loss to the minority shareholders of the various Group companies, the Group **net loss** was **approx. Euro 80.6 million**, compared to a profit of Euro 20.4 million in 2019.

## Reclassified Balance Sheet of the Milione Group

EURO/000	12/31/2020	12/31/2019	CHANGE
Property, plant & equipment	66,773	77,280	(10,507)
Airport concession rights	626,831	609,041	17,790
Intangible assets	1,058,304	1,091,813	(33,509)
Financial assets	82,094	103,736	(21,642)
Deferred tax assets	43,712	25,794	17,918
<b>TOTAL FIXED ASSETS</b>	<b>1,877,714</b>	<b>1,907,664</b>	<b>(29,950)</b>
Post-employment benefits	(3,808)	(3,905)	97
Provision for liabilities and deferred taxes	(240,735)	(251,006)	10,271
<b>FIXED CAPITAL EMPLOYED</b>	<b>1,633,171</b>	<b>1,652,753</b>	<b>(19,582)</b>
Inventories	2,172	2,080	92
Trade receivables	21,088	43,475	(22,387)
Tax assets	6,566	5,348	1,218
Other receivables and other current assets	5,895	3,258	2,637
Trade payables and advances	(61,294)	(92,409)	31,115
Tax payables	(1,347)	(1,376)	29
Payables to social security institutions	(3,122)	(4,456)	1,334
Other payables	(36,686)	(50,874)	14,188
<b>TOTAL NET WORKING CAPITAL</b>	<b>(66,728)</b>	<b>(94,954)</b>	<b>28,226</b>
<b>TOTAL CAPITAL EMPLOYED</b>	<b>1,566,443</b>	<b>1,557,799</b>	<b>8,644</b>
Group Net Equity	573,202	655,200	(81,998)
Minority interest net equity	7,221	10,597	(3,376)
<b>SHAREHOLDERS' EQUITY</b>	<b>580,423</b>	<b>665,797</b>	<b>(85,374)</b>
Cash and current assets	(52,719)	(2,199)	(50,520)
Current bank payables	37,971	3,484	34,487
Non-current bank payables	992,787	882,806	109,982
Other lenders	8,131	7,911	219
Financial receivables from group & related companies	(150)	0	(150)
Financial payables to group & related companies	0	0	0
<b>TOTAL NET FINANCIAL POSITION</b>	<b>986,020</b>	<b>892,002</b>	<b>94,018</b>
<b>TOTAL FINANCING SOURCES</b>	<b>1,566,443</b>	<b>1,557,799</b>	<b>8,644</b>

The evolution of the Group's capital structure reflects the development of the Save Group's operations during the year. Following the sharp drop in activity, and to protect the Group's liquidity, the management team suspended the plan for investments in progress at the various managed airports in order to review their necessity in view of the altered environment and to consider their re-scheduling.

The **Fixed Capital** reduced approx. Euro 20 million due to amortisation and depreciation of approx. Euro 70 million, which more than offset investments of approx. Euro 46.6 million, compared to Euro 178.1 million in 2019. The investments made have substantially completed the projects underway at the beginning of the pandemic which could not be easily suspended.

**Net Working Capital** was negative for approx. Euro 66.7 million, compared to a negative Euro 95 million in December 2019, mainly due to the decrease in trade payables and other payables which, together with the movement in trade receivables, were impacted by the drop in operations in the year.

**Shareholders' equity** totalled Euro 580.4 million, compared to approx. Euro 665.8 million at December 31, 2019; this reduction is mainly due to the loss for the period, which totalled Euro 84 million gross of minority interest holdings.

## Net Financial Position

The Group **net debt** increased from Euro 892 million at December 31, 2019 to Euro 986 million at December 31, 2020, a deterioration of Euro 94 million.

(EURO THOUSANDS)	12/31/2020	12/31/2019
Cash and cash equivalents	52,719	2,199
Other financial assets	150	0
<b>Financial assets</b>	<b>52,869</b>	<b>2,199</b>
Bank payables	37,971	3,484
Other financial liabilities – current portion	3,325	2,606
<b>Current liabilities</b>	<b>41,296</b>	<b>6,090</b>
Bank payables – less current portion	992,787	882,806
Other lenders – less current portion	4,806	5,305
<b>Non-current liabilities</b>	<b>997,593</b>	<b>888,111</b>
<b>Net Financial Position</b>	<b>(986,020)</b>	<b>(892,002)</b>
Total gross payables to banks	1,030,758	886,290

The financial requirements for the year were primarily covered by using the Parent Company's existing credit lines for a total of Euro 120 million.

The financial assets at December 31, 2020, amounting to Euro 52.9 million, and the remaining credit lines in place, amounting to Euro 130 million, will make it possible to meet the Group's financial commitments for at least the next 12 months, based on the most recent estimates produced by management.

By bringing forward contractual deadlines, 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 the COVID-19 pandemic has created on the Milione Group results.

## Investments at Venice and Treviso airports

Investments totalled Euro 46.6 million, of which approx. Euro 1.1 million allocated to the assets under concession replacement provision.

The main investments in 2020 included: Euro 30.9 million for the completion of the runway and aprons, Euro 4.4 million relating to other investments and works to maintain the existing infrastructure, Euro 2.3 million in IT investments, Euro 2.1 million in hydraulic works, Euro 1.6 million for the design and extension of the lot 2 terminal (South Pier) at Venice airport, Euro 1.4 million for other investments and works to keep infrastructure operational, Euro 1.1 million for works on car parks.

During the year, investments of Euro 430 thousand were allocated to tackle the pandemic, of which approx. Euro 241 thousand related to body temperature scanners.

## Alternative performance indicators

In addition to the financial indicators established by IFRS, a number of alternative performance indicators are presented 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.

## Guarantees granted

### GUARANTEES GRANTED

(EURO THOUSANDS)

<b>SURETIES:</b>	<b>1,008</b>
- AS A GUARANTEE FOR LEASE CONTRACTS	413
- AS A GUARANTEE FOR PUBLIC GRANTS	464
- OTHER	131
<b>MORTGAGES AND PRIVILEGES IN GUARANTEE OF LOANS</b>	<b>36,900</b>
<b>TOTAL GUARANTEES GRANTED</b>	<b>37,908</b>

The Company pledged SAVE shares to its lenders.

Current accounts held by Milione with a balance of approx. Euro 1,357 million as at December 31, 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 agreed.

## Human Resources

An analysis of the Group workforce follows.

WORKFORCE DECEMBER 31, 2020	12-31-20		12-31-19		CGE.	
	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
Executives	21	0	22	0	(1)	0
Managers	57	1	57	1	0	0
White-collar	617	227	659	258	(42)	(31)
Blue-collar	139	40	141	58	(2)	(18)
Apprentices	0	0	0	0	0	0
<b>TOTAL</b>	<b>834</b>	<b>268</b>	<b>879</b>	<b>317</b>	<b>(45)</b>	<b>(49)</b>
<b>TOTAL WORKFORCE</b>	<b>1,102</b>		<b>1,196</b>		<b>(94)</b>	

As previously highlighted, the pandemic resulted in a sharp decline in operating activities, which affected almost all companies in the Group and resulted in the application of a Temporary Lay-Off Scheme at SAVE SpA, Aertre SpA and Triveneto Sicurezza Srl from March 16, 2020, for a period of 12 months. Subsequently, other Group companies were also able to benefit from employment support measures.

Employees at December 31, 2020, including both full-time and part-time, in addition to fixed contract employees, totalled 1,102, decreasing by 94 compared to December 31, 2019.

The workforce full-time equivalent figure at December 31, 2020 was 1,036, compared to 1,114 in 2019. The average full-time equivalent in 2020 was 1,029.77.

## Airport Management Review

## Airport Management

Assaeroporti data for 2020 indicate an overall decrease in passenger traffic of -72.6% YoY, with almost 53 million passengers and over 703,000 movements in total (-57.2% on 2019). This trend was strongly influenced by the pandemic from March 2020 onward. Between January and February 2020, traffic was in line with the previous year at a national level.

At a European level, traffic in 2020 also recorded a -70.4% drop in the overall volume of passenger traffic and a -58.6% fall in the number of movements (ACI Europe data).

## Venice airport system

The Airport System comprising Venice and Treviso airports (hereinafter the Venice Airport System) ranked fifth for passenger traffic in Italy after Rome Fiumicino, Milan Malpensa, Bergamo and Catania.

The Venice Airport System closed 2020 with a total traffic volume of 3,263,367 passengers and 38,596 movements, with a percentage change of -78% and -67.7% on 2019 respectively.

Venice airport recorded 2,799,688 passengers (-75.8% on 2019) and 34,337 movements (-63.9% on 2019). The average load factor was 64% in 2020 (-18 pt on 2019).

Treviso airport has been closed since March due to the pandemic.

Passenger numbers at Canova totalled 463,679 in 2020 (-85.8% on 2019) and movements were equal to 4,259 (-82.3% on 2019). Only a few general aviation operations were carried out after March.

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

## VENICE AIRPORT SYSTEM

Year to December

	JAN/FEB 2020	MAR/DEC 2020	JAN/DEC 2020	CGE. % '20/'19
<b>SAVE</b>				
Movements	11,280	23,057	34,337	-64%
Passengers	1,250,983	1,548,705	2,799,688	-76%
Tonnage	833,093	1,482,354	2,315,447	-67%
Cargo (Tonnage)	8,937	32,198	41,135	-36%
<b>AERTRE</b>				
Movements	3,594	665	4,259	-82%
Passengers	436,710	26,969	463,679	-86%
Tonnage	196,385	33,125	229,510	-83%
Cargo (Tonnage)	0	0	0	
<b>SYSTEM</b>				
Movements	14,874	23,722	38,596	-68%
Passengers	1,687,693	1,575,674	3,263,367	-78%
Tonnage	1,029,478	1,515,479	2,544,957	-70%
Cargo (Tonnage)	8,937	32,198	41,135	-36%

### Venice

Operations at Venice airport were severely impacted by the global COVID-19 pandemic in 2020, which affected air traffic trends and characteristics and had strong repercussions on the region in terms of incoming and outgoing tourism and business traffic.

The Veneto Region's data on tourist flows show a -58.8% drop in arrivals and a -53.1% drop in “presence” between January and October 2020. This decrease is linked to the absence of foreign tourists (who accounted for 65% of total tourists in 2019). 2020 started well for tourism in Veneto (“presence” at +8.1% in January and +2.1% in February). However, after March, the pandemic and subsequent lockdown led to a collapse in tourism, which particularly affected Italy’s “cities of art”, including Venice.

In the first two months of 2020, airport operation trends were largely in line with the previous year. However, traffic volumes subsequently collapsed following the spread of COVID-19.

Traffic recovered slightly over the summer months, only to fall again due to another wave of the virus and the inevitable decisions made by governments in Italy, Europe, and around the world.

When analysing the data, a distinction must therefore be made between the numbers recorded for the first few months of the year and the data from mid-March to the end of 2020.

From March to 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 cargo courier operations (DHL, TNT and UPS).

From mid-June onward, the domestic and international destination networks were partially and progressively restored.

During peak season, which began in July, British Airways resumed flights, with twice daily connections to London Heathrow, Iberia resumed activities with four weekly flights to Madrid, and Vueling resumed twelve weekly flights to Barcelona. Airlines resumed flights to their hubs at different frequencies: Air Dolomiti increased operations from 3 to 11 weekly flights to Munich, Lufthansa increased operations from 7 to 14 flights, and Austrian Airlines resumed its daily flight to Vienna. Swiss International Airlines operated 5 weekly flights to Zurich, and Brussels Airlines operated 6 weekly connections to Brussels. KLM scheduled 3 daily flights to Amsterdam, while Air France increased operations from 7 to 28 flights a week to Paris in July alone.

Among the low-cost carriers, easyJet resumed connections to Cagliari, Brindisi, Catania, Olbia, Bari and London Gatwick.

Ryanair operations from and to Venice reached 22 destinations (mainly due to the closure of Treviso airport). 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, the East Midlands, Berlin Schönefeld, London Southend, and Malaga.

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

Additional carriers also re-included Venice in their flight networks, albeit with fewer operations, including SAS with a weekly flight to Copenhagen, and Tunisair, which operated twice-weekly flights between Venice and Tunis.

After the summer, a second wave of the virus caused operations to stall, and flights and frequencies to be scaled back at the start of the winter season at the end of October.

Long-haul flights were suspended and not resumed during the year.

In 2020, the airport's main carriers by volume of traffic were: easyJet, with a 25% share of total traffic, Ryanair (17%) and Volotea (10%), followed by Air France and Lufthansa.

The sector's partial recovery during the summer months led to the domestic market occupying a greater share of the market, accounting for 31% of total traffic (compared to 13% in 2019), with over 860,000 passengers (-43.6% on 2019). The domestic market was followed by Great Britain, France, Germany, and Spain.

Traffic to international destinations dropped by -80.8% to 1.9 million passengers compared to 2019.

The top destination by passenger volume in 2020 was Paris CDG (203,000 pax), followed by Catania and Naples.

Travel to non-Schengen destinations accounted for 25% of traffic over the year (700,000 pax).

As for ongoing journeys, more than 490,000 passengers connected with an intermediate airport for onward travel in 2020 (18% of total traffic), including more than 300,000 in January and February. The main final destinations in 2020 were São Paulo, Atlanta, New York, Stockholm and Hamburg.

All operations at Venice airport were previously and are currently managed in line with the regulations in force thanks to the measures adopted to ensure social distancing, the sanitising of spaces and the use of appropriate 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) was impacted by the lack of wide-body aircraft due to the suspension of medium-to-long-haul flights, thus recording a drop of -35.7% on 2019.

On the other hand, the air operations of couriers continued during the year, particularly for DHL and UPS, which globally carried 33 thousand tonnes of cargo.

## **Treviso**

Treviso passenger numbers in 2020 totalled approx. 463 thousand, -85.8% in 2020 (for over 4,200 movements, -82.3% on the previous year).

Treviso airport was non-operational from mid-March until the end of December due to the pandemic.

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.

Ryanair and Wizz Air temporarily transferred some connections to Venice airport (with over 350,000 passengers transferred to Venice during the year).

## Garda Airports System

### Verona

During 2020, Verona airport handled 1 million and 40,000 passengers (-71% YoY) and 11,673 movements (-65% on 2019). The average flight occupancy was 64% in 2020 (-12% on 2019).

Due to the Coronavirus emergency, 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.

From mid-June onward, the domestic and international destination networks were partially and progressively restored.

After the summer, a second wave of the virus caused operations to stall, and flights and frequencies to be scaled back at the start of the winter season at the end of October.

Travel restrictions have altered the mix of business and leisure travel, and domestic and international air travel.

Volotea is the leading airline at Verona airport by volume of passengers transported, with a 42% share of total traffic, and over 430 thousand passengers (-50% compared to 2019). The second airline is Ryanair, with 140 thousand passengers, followed by Neos, Air Dolomiti and Alitalia. The top 5 airlines at Verona airport accounted for 73% of all traffic. Domestic travel was the main market in 2020, with over 610 thousand passengers (-54% compared to 2019) and a market share of 59% (compared to 37% in 2019). The domestic market was followed by Great Britain, Russia, Germany and Albania.

Traffic to international destinations dropped by -82% to 419 million passengers compared to 2019.

The leading domestic destination was Catania, with 154 thousand passengers, followed by Palermo and Cagliari.

The main international destinations in terms of passenger volumes were: London with 72,000 passengers, Moscow (61,000), Tirana, Frankfurt and Amsterdam.

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

### Brescia

Data released by Assaeroporti for 2020 reveal an overall decrease in the quantities of cargo handled (-23.7% compared to 2019), for approximately 842 thousand tonnes of cargo/mail. The cargo sector was also impacted by the pandemic from mid-March 2020 onward.

At a European level, overall cargo traffic also recorded a -11.8% drop in 2020 compared to 2019 (ACI Europe data).

Brescia airport confirmed its focus on cargo, closing 2020 positively, in contrast to the overall sector trends, and managing a total of 39,234 tonnes of cargo/mail (+27.8 % compared to 2019).

It owed its positive performance to an increase in the activities of DHL and Poste Italiane, as a result of the widespread increase in online shopping.

30,045 tonnes of mail were transported (+36.9% on 2019), which was accompanied by a significant increase in the volume of cargo transported by air, equal to 7,953 tonnes (+156.1% on 2019), followed by a much smaller share of cargo transported by road (1,236 tonnes).

## **Charleroi Airport**

Passengers carried at Charleroi airport in 2020 reached almost 2.6 million, down 68.9% on the previous year.

The main airline at the airport is Ryanair, with a market share of 69%, carrying nearly 1.8 million passengers.

The carrier Wizzair carried over 278 thousand passengers; Jetairfly (TUI fly Airlines Belgium) carried almost 144 thousand passengers.

## 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.

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 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.

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. 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. 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.

With Resolution No. 89 of May 7, 2020, the Transport Regulation Authority extended the deadline for the conclusion of the procedure commenced by Resolution No. 84/2018 until July 31, 2020.

Finally, 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. SAVE proceeded to appeal the new models, deeming them harmful to its position in relation to the Regulatory Agreement in derogation.

Given the considerable uncertainty around traffic trend forecasts, with a communication dated February 18, 2021, ENAC agreed to accept SAVE's request to extend the five-year period in force for the Regulatory Agreement by one year, including the year 2022.

### **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. Finally, by judgement No. 10561/2020 of November 16, 2020, the Rome Provincial Tax Commission annulled the ENAC Note with Ref. No. 0050644/DIRGEN/CEC of July 31, 2009 and the "distribution of the Fire Service Fund – Article - Paragraph 1 - Finance Law 2007" table attached to the aforementioned measure, with which tax was allocated to the obligated parties. In particular, according to the tax judges, after the establishment of the Fire Service Fund, intended to reduce State costs for fire-fighting services at airports, *"The subsequent provision introduced by Article 4, Paragraph 3-bis, of Decree-Law No. 185 of 2008, without changing the scope and the original purpose of the regulation, instead changed the use of the fund's proceeds, which are being used to pay for expenses that are unrelated to the purpose set out in the provision, and namely for the general benefit of Fire Service employees"*. In so doing, continue the judges, *"It is clear that the purpose for which the original tax was levied has been breached and that obliging airport management companies to pay part of the public employee contribution for purposes other than those linked to the service provided at those airports appears to render the tax unlawful [...]"*.

### **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. 18 "*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 airport managers by Legislative Decree No. 18 of March 17, 2020, of certain tax and contribution payments.

- **Law No. 77 of July 17, 2020, conversion into law, with amendments, of Legislative Decree No. 34 of May 19, 2020, concerning 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 law 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 the air sector (Article 198)*: a fund has been set up, with **Euro 130 million** available for 2020, for the offsetting of damage suffered by national operators 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.

In addition to these 'vertical' measures, 'horizontal' measures include:

exemption from payment of the 2019 IRAP balance and the first instalment of the 2020 IRAP advance, measures to support the recapitalisation of joint-stock companies, and State Aid Framework Initiatives applicable to the budgets of Regions and/or other regional entities.

Of particular importance is the provision set out in paragraph 1-bis of Article 202 of Legislative Decree No 34 of May 19, 2020, converted with amendments by Law No 77 of July 17, 2020, which states that, “*In consideration of the drop in traffic at Italian airports as a result of the COVID-19 emergency and the containment measures adopted by the State and the regions in order to contain the consequent economic impacts, the duration of the concessions for the management*

*and development of airport activities in progress at the date of entry into force of the conversion law of this decree, 2020, is extended by two years”.*

In a Note dated January 19, 2021 (Ref. No. 5495-9), ENAC informed all airport operators that, given the direct applicability of the aforementioned provision, the duration of existing airport concessions was to be considered lawfully extended for a further 24 months following their expiry.

**- Prime Ministerial Decree of 11 June 2020 - Further provisions to implement Legislative Decree No. 19 of March 25, 2020, containing urgent measures to deal with the COVID-19 emergency, and Legislative Decree No. 33 of May 16, 2020, containing further urgent measures to deal with the COVID-19 emergency (Official Gazette, 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 4<sup>th</sup> 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.

**Prime Ministerial Decree of October 13, 2020** - Further provisions to implement Legislative Decree No. 19 of March 25, 2020, converted with amendments by Law No. 35 of May 25, 2020, containing “Urgent measures to deal with the COVID-19 emergency”, and Legislative Decree No. 33 of May 16, 2020, converted with amendments by Law No. 74 of July 14, 2020, containing “Further urgent measures to deal with the COVID-19 emergency”.

In particular, the technical annex entitled "individual modes of transport in the aviation sector" introduces specific containment measures for passengers concerning the correct use of air terminals and aircraft. The various measures include: separation, where possible, of entry and exit gates, in order to avoid the merging of passenger flows, the provision of one-way routes inside the airport and on routes to gates, exceptions to the one-metre

social distancing rule, sanitation and hygiene measures in terminals and on aircraft, the installation of body temperature scanners for arriving and departing passengers. Methods to be agreed by operators and carriers at large airport hubs.

**- 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 remained 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 original 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. By provision of the Director General, with ENAC No. 4 of January 25, 2021, the aforementioned provision of May 11, 2020 was amended to extend the payment deadline of January 31, 2021, previously set for the two instalments of the 2020 concession fee to be paid in one amount, and the balance of the 2019 concession fee, to April 30, 2021. The airport concession fee due for 2020 is calculated on the basis of the traffic data published by ENAC and constitutes the final balance of the fee owed for 2020. At the Airport Manager's request, both the airport concession fee due for 2020 and the adjustment for the year 2019 may be paid in three instalments, starting in May 2021, including legal interest accrued at the time of payment.

**- Law No. 178 of December 30, 2020, “State forecast budget for the 2021 financial year and multi-annual budget for the three-year period 2021-2023” (the 2021 Budget Law)**

Paragraphs 715 to 720 of Article 1 of the Budget Law provide for the establishment, in the MIT’s budget forecast, of a fund of Euro 500 million in total for 2021 (Euro 450 million of which is earmarked for airport management companies and the remaining Euro 50 million for handlers) to offset damage suffered as a result of COVID-19.

Thus, in relation to the legislative action on social security schemes, paragraph 714 lays down the possibility of also granting supplementary benefits of the “Solidarity fund for the air transport sector and the airport system” in the case of lay-off scheme payments on an exceptional basis, which may be triggered by all companies (including air transport and airport management companies) under paragraph 300 of Article 1 of the 2021 Budget Law, for a maximum of 12 weeks, which must be in the period from January 1 to June 30, 2021.

## Financial statements of the parent company Milione S.p.A.

The Reclassified Income Statement and the Reclassified Balance Sheet of the parent company Milione S.p.A. are presented below. Differing from the consolidated financial statements, drawn up as per IAS/IFRS, the parent company Milione S.p.A. drew up its statutory financial statements according to local GAAP.

### MILIONE S.P.A.

Registered office: 30173 Venice (VE) - Viale Galileo Galilei 30/1  
Share capital: Euro 188,737.00 fully paid-in - VE Economic & Administrative Index No. 418330  
VE Tax, VAT and Company Registration Office No. 03411340262

### FINANCIAL STATEMENTS AT DECEMBER 31, 2020

Prepared in condensed form as per Article 2435-bis of the Civil Code

#### BALANCE SHEET

(in Euro thousands)

#### Assets

ASSETS	AT 12/31/2020	AT 12/31/2019
<b>A) RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL</b>	<b>0</b>	<b>0</b>
<b>B) FIXED ASSETS</b>	<b>1,327,334,819</b>	<b>1,327,356,519</b>
I) Intangible fixed assets	28,415	50,115
1) Formation and start up costs	28,415	50,115
2) development costs	0	0
3) Industrial patents and intellectual property rights;	0	0
4) Concessions, licences, trademarks & similar rights;	0	0
5) goodwill;	0	0
6) assets in progress and advances;	0	0
7) other	0	0
III) Financial fixed assets	1,327,306,404	1,327,306,404
<b>C) CURRENT ASSETS</b>	<b>327,552,957</b>	<b>216,489,782</b>
II) RECEIVABLES	322,720,763	215,960,703
2) Subsidiaries		
Amount due within one year	223,405,768	135,786,900
Amount due beyond one year	95,881,520	79,810,022
3) Associates		
Amount due within one year	0	0
Amount due beyond one year	0	0
4) Parent companies		
Amount due within one year	0	0
Amount due beyond one year	0	0
5) Companies subject to control of holding companies		
Amount due within one year	0	0
Amount due beyond one year	0	0
5-bis) Tax assets		
Amount due within one year	3,311,087	34,640
Amount due beyond one year	0	0
5-quater) Deferred tax assets		
Others		
Amount due within one year	122,388	329,141
Amount due beyond one year	0	0
<b>Amount due within one year</b>	<b>226,839,243</b>	<b>136,150,681</b>
<b>Amount due beyond one year</b>	<b>95,881,520</b>	<b>79,810,022</b>
Deferred tax assets	3,478,773	0
IV) CASH AND CASH EQUIVALENTS	1,353,421	529,079
<b>D) ACCRUED INCOME AND PREPAYMENTS</b>	<b>15,333</b>	<b>58,657</b>
<b>TOTAL ASSETS</b>	<b>1,654,903,109</b>	<b>1,543,904,958</b>

**BALANCE SHEET**

*(in Euro thousands)*

**Liabilities and shareholders' equity**

LIABILITIES	AT 12/31/2020	AT 12/31/2019
<b>A) SHAREHOLDERS' EQUITY</b>	<b>648,205,943</b>	<b>661,769,369</b>
I) SHARE CAPITAL	188,737	188,737
II) SHARE PREMIUM RESERVE	27,651,283	27,651,283
IV) LEGAL RESERVE	76,056	76,056
VI) OTHER RESERVES	648,717,303	648,717,303
Capital payments future share increase	283,614,002	283,614,002
Merger reserve	365,103,300	381,160,447
Extraordinary Reserve	0	0
VII) CASH FLOW HEDGE RESERVE	(1,273,708)	1,401,944
VIII) RETAINED EARNINGS/(ACCUMULATED LOSSES)	(14,878,852)	0
IX) NET PROFIT (LOSS) FOR THE YEAR	(12,274,876)	(16,265,954)
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>	<b>4,029,282</b>	<b>3,229,339</b>
1) Pensions and similar obligations	0	0
2) Provision for taxes	996,688	1,309,880
3) Derivative financial instruments – Liabilities	3,032,594	1,919,459
4) Others	0	0
<b>D) PAYABLES</b>	<b>1,002,667,884</b>	<b>878,906,250</b>
1) Bonds	397,151,271	396,760,664
Amount due within one year	0	0
Amount due beyond one year	397,151,271	396,760,664
3) Shareholder loan	0	0
4) Bank payables	605,122,988	481,778,146
Amount due within one year	34,673,263	718,388
Amount due beyond one year	570,449,725	481,059,758
7) Trade payables	242,354	189,223
Amount due within one year	242,354	189,223
Amount due beyond one year	0	0
9) Payable to subsidiaries	42,443	32,243
Amount due within one year	42,443	32,243
Amount due beyond one year	0	0
11) Holding companies	0	0
11) bis Payables to companies subject to the control of parent companies	0	0
12) Tax payables	79,592	145,974
Amount due within one year	79,592	109,353
Amount due beyond one year	0	36,621
13) Payables to social security institutions	0	0
14) Other payables	29,236	0
Amount due within one year	29,236	0
Amount due beyond one year	0	0
<b>Total payables due within one year</b>	<b>35,066,888</b>	<b>1,049,207</b>
<b>Total payables due beyond one year</b>	<b>967,600,996</b>	<b>877,857,043</b>
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,654,903,109</b>	<b>1,543,904,958</b>

## INCOME STATEMENT

*(in Euro thousands)*

### Costs and revenues

INCOME STATEMENT	2020	2019
<b>A) VALUE OF PRODUCTION</b>	<b>12</b>	<b>12</b>
5) Other revenues and income	12	12
<b>B) (COSTS OF PRODUCTION)</b>	<b>(665,222)</b>	<b>(729,262)</b>
7) Services	(619,506)	(682,756)
10) Amortisation, depreciation & write-downs	(21,701)	(21,701)
14) Other operating costs	(24,015)	(24,805)
<b>DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION</b>	<b>(665,210)</b>	<b>(729,250)</b>
<b>C) FINANCIAL (INCOME) CHARGES</b>	<b>(18,602,050)</b>	<b>(20,481,518)</b>
15) Income from equity investments:	0	0
- subsidiary companies	0	0
16) Other financial income	4,407,442	3,397,196
d) income other than the above:		
- interests and commissions from subsidiaries	4,407,424	3,376,560
- interest & commissions from other companies	18	20,636
17) Interest and other financial charges	(23,009,365)	(23,877,337)
- subsidiary companies	0	0
- other companies	(23,009,365)	(23,877,337)
17-bis) Exchange gains and losses	(127)	(1,377)
<b>D) ADJUSTMENT TO FINANCIAL ASSETS AND LIABILITIES</b>	<b>0</b>	<b>0</b>
18) Revaluations	0	0
19) (Write-downs)	0	0
- losses on sale of equity investments	0	0
<b>LOSS BEFORE TAXES</b>	<b>(19,267,260)</b>	<b>(21,210,768)</b>
20) Current taxes and deferred tax income/charge	6,992,384	4,944,814
<b>NET LOSS</b>	<b>(12,274,876)</b>	<b>(16,265,954)</b>

## Management and co-ordination

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

## Financial Risks

The management of financial risks is in line with Company objectives and focuses on the minimisation of interest rate risk and the 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 the Explanatory Notes.

## 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 made by Management concerning future events, including the general conditions of the economy described above, subject to an intrinsic degree of risk and uncertainty and, by their nature, outside of the Group's control given the current market situation.

See the paragraph below, “Subsequent events and business outlook”, 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 financial performance and financial position as well.

### 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 by one or more airlines (particularly those operating at the airports managed by the Group), also as a result of the continued 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, in routine situations not affected by natural disasters, and 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 such as interest rates, 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 Directors' Report.

## **Information Technology Security**

The rapid evolution of information technology has resulted in the Group's greater exposure to an increased security risk over time. Management's awareness of exposure to this risk has resulted in the adoption of specific countermeasures.

Save SpA possesses IT security certification ISO/IEC 27001:2013 and reassesses IT security risks on an annual basis, which are continuously monitored by a dedicated company unit. These activities and the overall IT security management system are subject to checks and validation at least once a year by the certification body responsible for carrying out the external audit required to maintain ISO/IEC 27001:2013 certification.

During the COVID-19 pandemic, attacks and attempts at cyber-fraud against companies and private individuals increased significantly around the world. These attacks initially took the form of COVID-related phishing schemes to deceive users, but later evolved to exploit new vulnerabilities relating to remote working and the greater reliance on software tools to conduct remote meetings and team work.

In response, SAVE has added additional checks on cloud tools to the security safeguards already in place, and has engaged in further activities to raise awareness among end users. New risk scenarios are managed with a formal approach according to the framework envisaged by the ISO/IEC 27001:2013 standard.

## **Climate change**

The Group pays particular attention to topics relating to sustainability and the effects of climate change, in full knowledge that sustainability and environmental responsibility are key requirements for its development and growth.

The airports of Venice and Treviso have already made a number of investments in environmental sustainability and to reduce their carbon footprints. Both airports already possess a 3+ Neutrality certification from the Airport Carbon Accreditation scheme, which is the highest level. Catullo airport in Verona is accredited to Level 2 - Reduction. Furthermore, during the 29<sup>th</sup> ACI EUROPE Annual Congress held in Cyprus in June 2019, SAVE agreed to adhere to ACI Europe's Net-Zero 2050 resolution, which commits European airports to achieving net-zero carbon emissions by 2050.

As for the physical risks deriving from climate change and the potential increase in frequency and magnitude of extreme weather events, such as severe storms and exceptionally high tides, the Group is fully aware that events of this nature could lead to the temporary interruption of its airport activities, for example, due to the flooding of runways and/or in the area surrounding the airports. Physical risks also include the potential rise in sea levels in the Venice area.

The Group infrastructures have been designed, built and maintained in compliance with legal requirements, which include specific parameters to protect against such weather events. Appropriate procedures are also envisaged to manage emergencies and to minimise the associated operational risks.

## **Governance**

Milione's corporate governance system is based on the traditional model; the main corporate bodies are therefore:

- the Shareholders' Meeting
- the Board of Directors
- the Board of Statutory Auditors

As per the By-Laws, as long as the ownership comprises three shareholders and that each holds a stake in excess of 10% of the share capital of the company, the Board of Directors will be comprised of 9 (nine) members.

In accordance with law and the By-Laws, the Board of Statutory Auditors comprises three Statutory Auditors and three Alternate Auditors.

In accordance with law, the statutory audit is executed by an audit firm appointed by the Shareholders' Meeting in compliance with law and the By-Laws.

The Shareholders' Meeting of October 8, 2020, in accordance with law and the By-Laws, elected the Board of Directors in office for the 2020-2022 three-year period, until the Shareholders' Meeting for the approval of the 2022 Annual Accounts; the mandate of the Board of Statutory Auditors appointed by the Shareholders' Meeting of October 8, 2020

will conclude with the Shareholders' Meeting for the approval of the 2022 Annual Accounts.

## **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 for information concerning transactions undertaken during the year with subsidiaries, associated companies and related parties.

## **Subsequent events and business outlook**

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

As noted, after a slight recovery during the summer months, the resurgence of infections in the autumn slowed global output at the end of 2020, particularly in advanced countries, and is still ongoing.

Approx. 126,000 passengers passed through Venice airport In the first two months of 2021 (-89.9% compared to the same time last year). Treviso Airport, on the other hand, does not yet handle commercial air traffic and has only carried out a few general aviation activities. The restrictions on free movement between countries and the quarantine provisions still in force continue to severely impact the airport sector, rendering the time frame and methods of recovering passenger traffic uncertain.

These extraordinary circumstances are still contributing to significant uncertainty. The launch of vaccination campaigns at the start of 2021 reflects favourably on the outlook for the medium term, although the timing and extent of the recovery remain uncertain. The potential effects of this phenomenon will continue to be constantly monitored by the company's management and Board of Directors.

The Directors' assessments regarding the consolidated financial statements that may be more subject to the uncertainty arising from the circumstances described above are those relating to the accounts that require a higher level of judgement and are described in the "Significant accounting estimates" paragraph in the explanatory notes to the consolidated financial statements.

Venice Tessera, March 30, 2021

*The Chairman of the Board of Directors*  
**Mr. Enrico Marchi**

CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2020

FINANCIAL STATEMENTS

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## Consolidated Balance Sheet

<b>Assets</b> (Euro thousands)	<b>NOIE</b>	<b>12/31/2020</b>	<b>12/31/2019</b>
Cash and cash equivalents	1	52,719	2,199
Other financial assets	2	150	0
<i>of which related parties</i>	2	150	0
Tax assets	3	6,566	5,348
Other receivables	4	5,895	3,258
Trade receivables	5	21,088	43,475
<i>of which related parties</i>	5	2,069	10,300
Inventories	6	2,172	2,080
<b>Total current assets</b>		<b>88,590</b>	<b>56,360</b>
Property, plant & equipment	7	66,773	77,280
Airport Concession rights	8	626,831	609,041
Concessions	8	741,623	774,797
Other intangible fixed assets with finite useful life	8	6,149	6,482
Goodwill - other intangible fixed assets with indef. useful life	8	310,533	310,533
Equity investments in associates and Joint Ventures	9	80,878	100,322
Other equity investments	9	1,152	1,145
Other assets	10	64	2,269
Deferred tax assets	11	43,712	25,794
<b>Total non-current assets</b>		<b>1,877,715</b>	<b>1,907,663</b>
<b>TOTAL ASSETS</b>		<b>1,966,305</b>	<b>1,964,023</b>

<b>Liabilities</b> (Euro thousands)	<b>NOIE</b>	<b>12/31/2020</b>	<b>12/31/2019</b>
Trade payables	12	61,294	92,409
<i>of which related parties</i>	12	123	339
Other payables	13	36,399	50,874
<i>of which related parties</i>	13	1,091	1,477
Tax payables	14	1,347	1,376
Social security institutions	15	3,122	4,456
Bank payables	16	37,971	3,484
Other financial liabilities – current portion	17	3,325	2,606
<b>Total current liabilities</b>		<b>143,458</b>	<b>155,205</b>
Other payables	18	287	0
Bank payables – less current portion	19	992,787	882,806
Other lenders – less current portion	20	4,806	5,305
Deferred tax liabilities	21	218,687	230,179
Post-employment benefits and other employee provisions	22	3,808	3,905
Provisions for other risks and charges	23	22,048	20,826
<b>Total non-current liabilities</b>		<b>1,242,423</b>	<b>1,143,021</b>
<b>TOTAL LIABILITIES</b>		<b>1,385,881</b>	<b>1,298,226</b>

<b>Shareholders' Equity</b> (Euro thousands)	<b>NOIE</b>	<b>12/31/2020</b>	<b>12/31/2019</b>
Share capital		189	189
Share Premium Reserve		27,651	27,651
Legal reserve		76	76
Other reserves and retained earnings		625,892	606,884
Net Profit/(loss)		-80,605	20,400
<b>Total Group shareholders' equity</b>	<b>24</b>	<b>573,203</b>	<b>655,200</b>
Shareholders' equity - minority interest		7,221	10,597
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>24</b>	<b>580,424</b>	<b>665,797</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,966,305</b>	<b>1,964,023</b>

## Consolidated Income Statement

(Euro thousands)	NOIE	2020	2019
Operating revenue	25	61,857	223,799
Other income	25	8,410	16,644
<b>Total operating revenue and other income</b>		<b>70,267</b>	<b>240,443</b>
<b>Costs of Production</b>			
Raw and ancillary materials, consumables and goods	26	1,496	1,928
Services	27	27,512	43,941
Lease and rental costs	28	3,934	11,291
Personnel costs:			
wages and salaries and social security charges	29	31,520	53,634
post-employment benefits	29	2,369	2,528
other costs	29	746	649
Amortisation, depreciation & write-downs			
amortisation	30	59,150	58,343
depreciation	30	11,541	12,399
Write-downs of current assets	31	475	208
Change in inventories of raw and ancillary materials, consumables & goods	32	(184)	26
Provisions for risks	33	220	320
Replacement provision	34	2,604	4,537
Other charges	35	2,259	2,155
<b>Total costs of production</b>		<b>143,642</b>	<b>191,959</b>
<b>EBIT</b>		<b>(73,375)</b>	<b>48,484</b>
Financial income and revaluation of financial assets	36	178	22
Interest, other financial charges and write-down of financial assets	36	(23,492)	(24,991)
Profit/losses from Associates & JV's carried at equity	36	(19,753)	2,929
		<b>(43,067)</b>	<b>(22,040)</b>
<b>Profit/(loss) before taxes</b>		<b>(116,442)</b>	<b>26,444</b>
Income taxes	37	(32,424)	6,797
<i>current</i>		(3,478)	10,916
<i>deferred</i>		(28,946)	(4,119)
<b>Profit/(loss) on Continuing Operations</b>		<b>(84,018)</b>	<b>19,647</b>
Profit from Discontinued Operations/Held-for-sale	38	38	1,131
<b>Profit/(loss) before taxes</b>	38	<b>(83,980)</b>	<b>20,778</b>
Minority interest		(3,375)	378
<b>Group Net Profit/(loss)</b>		<b>(80,605)</b>	<b>20,400</b>

## Consolidated Comprehensive Income Statement

(EURO THOUSANDS)	NOTE	2020	2019
<b>Net Profit/(loss)</b>		<b>(83,980)</b>	<b>20,778</b>
Oci effect of equity investment valuation	9	(35)	
Hedging instruments	19	(1,288)	1,526
<b>Total Gains/(Losses) on other comprehensive income statement items net of taxes which may be reclassified to the income statement</b>		<b>(1,323)</b>	<b>1,526</b>
Actuarial gains/(losses) of employee defined plans, net of taxes	22	(70)	(92)
<b>Total Gains/(Losses) on other comprehensive income statement items net of taxes which may not be reclassified to the income statement</b>		<b>(70)</b>	<b>(92)</b>
<b>Total comprehensive income/(expense)</b>		<b>(85,373)</b>	<b>22,212</b>
Minority comprehensive income/(expense)		(3,376)	378
<b>Total comprehensive income/(expense) pertaining to the Group</b>		<b>(81,997)</b>	<b>21,834</b>

## Consolidated Cash Flow Statement

(EURO THOUSANDS)	2020	2019	Notes
<b>Operating activities</b>			
Profit/(loss) from continuing operations	(84,018)	19,646	
Profit on discontinued operations/held-for-sale	38	1,131	36
Net profit/(loss) for the year	(83,980)	20,778	37
Adjustments for:			
- Amortisation, depreciation and write-downs	70,691	70,522	29
- Provisions	3,300	5,065	32 - 33
- Financial income and charges	43,067	22,040	35
- Income taxes	(32,424)	6,798	36
- Elimination of result of discontinued assets/available-for-sale	(38)	(1,131)	
- Other changes in provisions	(714)	(3,577)	22
- Dividends received	0	3,970	
- Interest paid	(19,033)	(16,344)	35
- (Gains)/Losses on disposal of assets	42	8	
- Taxes paid in the year	(870)	(12,427)	14 - 36
- Other changes in deferred taxes	(465)	(35)	20 - 36
<b>Sub-total (A)</b>	<b>(20,425)</b>	<b>95,666</b>	
Decrease (increase) in trade receivables	21,962	(3,552)	5
Decrease (increase) in other current assets	(562)	13,844	4 - 6
Decrease (increase) in other tax assets/liabilities	3,088	29	14 - 20
Increase (decrease) in trade payables	(9,504)	1,096	12
Increase (decrease) in social security payables	(1,334)	234	15
Increase (decrease) in other liabilities	(14,410)	2,094	13
<b>Sub-total (B)</b>	<b>(760)</b>	<b>13,745</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES (A + B) = (C)</b>	<b>(21,185)</b>	<b>109,412</b>	
<b>Investing activities</b>			
(Acquisition) of property, plant & equipment	(1,502)	(12,342)	7
Divestments of property, plant & equipment	115	54	7
(Acquisition) of intangible fixed assets	(45,084)	(165,760)	8
Divestments of intangible assets	103	512	8
Change in Trade payables for investments	(21,611)	8,843	7 - 8 - 12
Decrease in financial fixed assets	(0)	(0)	9
(Increase) in financial fixed assets	(351)	(384)	9
<b>CASH FLOW FROM INVESTING ACTIVITIES (D)</b>	<b>(68,330)</b>	<b>(169,078)</b>	
<b>Financing activities</b>			
New loans from other lenders	0	(0)	20
(Repayment) to other lenders	(284)	(1,313)	20
New loan issue	187,429	205,544	16 19
(Repayment) and other changes in loans	(46,959)	(126,538)	16 19
(Increase)/Decrease in financial assets	(150)		2
Dividends paid		(70,000)	24
Change in net debt arising from change in consolidation scope		(2)	
<b>CASH FLOW FROM FINANCING ACTIVITIES (E)</b>	<b>140,036</b>	<b>7,690</b>	
<b>CASH FLOW FROM DISCONTINUED OPERATIONS (F)</b>	<b>0</b>	<b>983</b>	<b>38</b>
<b>NET CASH FLOW FOR THE YEAR (D+E+F)</b>	<b>50,520</b>	<b>(50,996)</b>	
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>2,199</b>	<b>53,193</b>	
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>52,719</b>	<b>2,199</b>	

## Statement of changes in Shareholders' Equity

Refer to Note 24

	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
(Euro thousands)								
<b>Balance at January 1, 2019</b>	<b>189</b>	<b>76</b>	<b>27,651</b>	<b>659,142</b>	<b>16,340</b>	<b>703,398</b>	<b>10,225</b>	<b>713,623</b>
<b>Effect of application of IFRS 16</b>				<b>(34)</b>		<b>(34)</b>	<b>(4)</b>	<b>(38)</b>
Profit/(loss) previous year				16,340	(16,340)			
Result of separate income statement					20,400	20,400	378	20,778
Other comprehensive profits / losses				1,435		1,435	(1)	1,434
Other changes						0		0
<b>Result of comprehensive income statement</b>				<b>1,435</b>	<b>20,400</b>	<b>21,835</b>	<b>377</b>	<b>22,212</b>
Distribution dividends				(70,000)		(70,000)		(70,000)
<b>Balance at December 31, 2019</b>	<b>189</b>	<b>76</b>	<b>27,651</b>	<b>606,884</b>	<b>20,400</b>	<b>655,200</b>	<b>10,597</b>	<b>665,797</b>

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	OTHER RESERVES AND RETAINED EARNINGS	NET PROFIT	GROUP SHAREHOLDERS' EQUITY	MINORITY INTEREST NET EQUITY	TOTAL NET EQUITY
(Euro thousands)								
<b>Balance at January 1, 2020</b>	<b>189</b>	<b>76</b>	<b>27,651</b>	<b>606,884</b>	<b>20,400</b>	<b>655,200</b>	<b>10,597</b>	<b>665,797</b>
Profit/(loss) previous year				20,400	(20,400)			
Result of separate income statement					(80,605)	(80,605)	(3,375)	(83,980)
Other comprehensive profits / losses				(1,392)		(1,392)	(1)	(1,393)
Other changes						0		0
<b>Result of comprehensive income statement</b>				<b>(1,392)</b>	<b>(80,605)</b>	<b>(81,997)</b>	<b>(3,376)</b>	<b>(85,373)</b>
<b>Balance at December 31, 2020</b>	<b>189</b>	<b>76</b>	<b>27,651</b>	<b>625,893</b>	<b>(80,605)</b>	<b>573,203</b>	<b>7,221</b>	<b>580,424</b>

Notes to the consolidated financial statements at  
DECEMBER 31, 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 DECEMBER 31, 2020****Group activities**

Milione S.p.A. (hereafter also the “Parent Company”, “Company” or “Milione”) holds a majority investment in SAVE S.p.A. (hereafter also “SAVE”), which mainly operates in the airport management sector through its subsidiaries. Save 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 also holds airport sector and related services sector companies.

The Parent Company’s registered offices are in Tessera (Venice), at Viale G. Galilei No. 30/1.

**Accounting Standards adopted for the preparation of the Consolidated Financial Statements****Basis of preparation**

The present consolidated financial statements for the Milione Group concern the year ended December 31, 2020.

The consolidated financial statements were prepared according to the historical cost criterion, as well as on the going concern assumption.

***COVID-19 impacts***

The extraordinary developments, determined by the ongoing COVID-19 pandemic described in the Directors’ Report, are having direct and indirect repercussions on economic activity, giving rise to an environment of general uncertainty and whose evolution and effects are unforeseeable. The effects of this economic and health crisis will continue to be monitored by the company’s management and Board of Directors.

In response to the situation, as described in greater detail in the Directors’ Report, Management promptly implemented a series of measures to contain costs, and reviewed the investment plan in light of the new situation. From a financial viewpoint, in order to protect the company as a going-concern, management successfully renegotiated, ahead of their contractual maturities, with all Group lenders a number of contractual clauses, including those regarding financial covenants on the Group’s consolidated figures, in the period between June 30, 2020 and June 30, 2021. Reference should be made to Note 19 “Bank payables – less current portion” for further information.

In addition, the Government approved within the 2021 Budget Law the setting up of a Fund to offset damages incurred by airport managers up to a maximum Euro 450 million.

This Fund compensates the lower revenues and higher costs directly owing to the COVID-19 emergency in the period between 23/02/2020 and 31/01/2021, compared to the period between 23/02/2019 and 31/01/2020, net of cost reductions due to access to social security schemes and other public support measures. Where the total of grants recognisable is greater than the resources allocated, the amounts of the contribution allocated to each beneficiary shall be calculated in proportion to the contributions recognisable to such enterprises with respect to the total. These consolidated financial statements do not include any provision for income related to the contribution under the above provision, as such is currently subject to authorisation by the European Commission. The mechanism to calculate the contribution, subject to the specifications of an implementing decree which has not yet been issued, is expected to result in the recognition of a significant amount of compensation in favour of the subsidiaries Save S.p.A. and Aer Tre S.p.A., in addition to the investee Aeroporto Valerio Catullo di Verona Villafranca S.p.A. and Save Cargo S.p.A., whose amount however currently may not be determined.

In this context, the Board of Directors approved on March 17, 2021 an “impairment test” based on the operating-financial projections drawn up by management on the basis of the altered market conditions which continue to present a significant degree of uncertainty. Reference should be made to the note “Test on the recoverability of assets and groups of assets” for further indications on the assumptions underlying the forecasts, in addition to the methods to carry out the test which did not result in the need for any write-downs to Group assets.

The particular circumstances in which the Group operates due to the pandemic have also required the Directors to place a particular focus on assessing the company’s going concern. In this regard, the Directors, on the basis of the forecast cash flows for 2021, consider 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 in the next 12 months.

The Directors have considered all of the matters described above and have determined that the going concern basis of accounting is appropriate for the preparation of these consolidated financial statements.

### **Statement of compliance with IAS/IFRS**

The consolidated financial information at December 31, 2020 was prepared in compliance with International Financial Reporting Standards (IFRS), adopted by the European Union and in force at the preparation date of the financial statements.

### **Content and form of the consolidated financial statements**

These financial statements were prepared by the Board of Directors on the basis of the consolidation and accounting records updated to December 31, 2020. For comparative purposes, the financial statements are presented with the comparative balance sheet at December 31, 2019 and the 2019 income statement.

The company opted to prepare separately the Separate Income Statement and the Comprehensive Income Statement, as permitted by IAS 1, considering this presentation preferable. In addition, considering this approach to better reflect company developments, the liquidity criterion was utilised for the balance sheet items, breaking down 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.

## Consolidation scope

### Subsidiaries

The consolidated financial statements include, through the line-by-line method, the companies in which the Parent Company 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	
			12/31/2020	12/31/2019
<b>PARENT COMPANY:</b>				
<b>Milione S.p.A.</b>	<b>Euro</b>	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.

The associates and JV's are detailed below:

COMPANY	CURRENCY	SHARE CAPITAL	GROUP % HOLDING	
			12/31/2020	12/31/2019
<b>Associates and Joint Ventures</b>				
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	50.00
2A - Airport Advertising S.r.l.	Euro	10,000	50	50
Aeroporto Valerio Catullo di Verona V: Euro		52,317,408	41.84	41.65
(*) through Belgian Airport SA				

## Consolidation Principles

### Change of accounting standards

The accounting standards adopted for the preparation of the consolidated financial statements conform with those for the preparation of the annual financial statements of the Group at December 31, 2019, with the exception of the adoption of the new standards and interpretations applicable from January 1, 2020, listed below.

### IFRS 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 policies when no IFRS standard is applicable to a particular transaction and, more generally, helps stakeholders to understand and interpret the Standards.

The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

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 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 clarification 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. Accordingly, the IASB has replaced the term "ability to create outputs" with "ability to contribute towards the creation of outputs" in order to clarify that a business may exist even without the presence of all of 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.

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. This amendment applies to financial statements beginning June 1, 2020. 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 December 31, 2020**

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 for insurance companies. 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.

On August 27, 2020, the IASB published, in light of the reform on interbank interest rates such as IBOR, the document "Interest Rate Benchmark Reform-Phase 2" which contains amendments to the following standards:

- IFRS 9 Financial Instruments;
- IAS 39 Financial Instruments: Recognition and Measurement;

- IFRS 7 Financial Instruments: Disclosures;
- IFRS 4 Insurance Contracts; and
- IFRS 16 Leases.

All 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.

### **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.

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 this standard to have any effect on the company’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. These amendments shall enter into force on January 1, 2023 and early application is permitted. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- 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.

### **Seasonal activities**

Due to the cyclical nature of the sector in which the Group generally operates, higher revenues and operating results are expected in the second and third quarters rather than in the first and final quarters of the year. Higher revenues are concentrated in June-September, during the peak summer vacation period and the maximum usage levels of the directly managed infrastructure (airports). Although considering the specific nature of 2020 and the restrictions on mobility, this dynamic is also evident in the year under review.

### **Significant accounting estimates**

The preparation of the consolidated 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 difficult conditions in which the Group has operated during the year has made it necessary to verify the recoverability of the assets. In this regard, it should be emphasised that the valuation of the Company's assets was carried out on a going concern basis and taking into account the projections contained in the new operating and financial outlook, approved by the Board of Directors on March 17, 2021, which forecasts a gradual recovery of traffic volumes over the medium term.

The emergency environment as outlined above has resulted in a significant increase in the level of risk and uncertainty, which therefore creates a greater degree of uncertainty with regards to the estimates necessary to prepare the financial statements.

A description of the accounts most significantly affected by estimates and assumptions is provided below.

#### *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.

The group undertakes an impairment test on goodwill recognised in the financial statements in accordance with the methods described in the paragraph "Impairments of intangible assets and property, plant and equipment". The cash flows of the cash generating units attributable to the individual goodwill recognised was taken from the Business Plan approved by the Board of Directors of the Company or its subsidiaries, as the case may be.

In relation to the other intangible assets with finite useful life, an impairment test was carried out annually on the residual value, resulting from the allocation of the higher value paid on acquisition.

For more in-depth information and analysis of the assessments undertaken at December 31 on the individual goodwill amounts and other intangible assets, reference should be made to the paragraph “Tests on the recoverability of assets and groups of assets”, illustrated in the accounting policies.

#### *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 Group companies in the year.

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 estimate of the capacity of the Parent Company and of the subsidiaries, also based on involvement in the “tax consolidation”, to generate future assessable income in the coming years on the basis of the forecasts made considering the above-mentioned operating and industrial environment, subject by definition to significant uncertainties, in particular within the current economic and sector environment.

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*

A provision was established against buildings held under concession by a number of Group companies including the amounts necessary for the maintenance or replacement of assets constituting the infrastructure held which must be returned to the State in optimal operating condition at the end 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. 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 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.

### **Test on the recoverability of assets and group of assets**

The COVID-19 outbreak had a significant impact on Group operations. The restrictive measures adopted to contain the pandemic have caused, and continue to cause, a drastic reduction in mobility, impacting the entire transport sector and in particular the airport sector.

Impairment tests were undertaken to assess the existence of impairments on the amounts allocated to Goodwill or Concessions, recognised in the present and 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).

Specifically, the recoverable amounts of the assets relating to the CGUs subject to the test were verified by comparing them with the present value of expected cash flows until the end of the respective concessions.

In this regard, it is indicated that the recoverable value is determined on the basis of estimates, which by their very nature feature uncertainties, to which is added the significant uncertainty connected with the current market and sector environment, in which the development of the COVID-19 emergency and the recovery times of traffic volumes remain uncertain and difficult to forecast. Therefore, any deterioration in the various factors used in developing the estimates could require a restatement of the recoverable amounts. The Group will continuously monitor these factors and the existence of impairment losses.

### **Value of net capital employed of the Venice CGU**

The Group considered it necessary to carry out 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 and with reference to the capital employed by the “Venice CGU”, with regards to the activities carried out at Venice Tesserà Marco Polo airport.

Given the significant degree of uncertainty related to the pandemic, for the preparation of the impairment test for the Venice CGU, in line with the ESMA recommendations, a “multi-scenario” analysis approach was adopted. In particular, three different traffic curves have been developed, corresponding to three different operating and financial development scenarios, based on the estimates contained in studies prepared by primary external sources in the sector, available only at European or global level, adapted as deemed appropriate to reflect the particular nature of Venice Airport.

The traffic curves present alternative scenarios of returning to pre-COVID traffic levels. For the purposes of the impairment test, as there was insufficient visibility to associate a probability of occurrence to the three scenarios, it was deemed appropriate to use the intermediate traffic scenario as a reference to develop the cash flows of the CGU. 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 all existing airport concessions, the scenario covers a time period between 2021 and 2043, based on the following key factors: (i) the presence of a full management concession, (ii) growth of both aviation and non-aviation commercial revenues, based on the forecast recovery of 2019 traffic volumes by 2024; (iii) the review, in light of the current general economic and public 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 the tax effect was 4.8%.

The recoverable value, i.e. the value in use, thus identified, is higher than the carrying value and the test did not therefore highlight the need to make write-downs of the assets recognised. The WACC value which renders the value in use of the CGU equal to the relative carrying amount is approx. 5.1%.

### **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 financial statements 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., which manages Treviso airport. The cash flows of the Cash Generating Unit attributable to this company were estimated, considering the best assumptions currently available for the preparation of a possible medium to long term scenario that, following the amendment to Article 202 paragraph 1-*bis* provided for in the “Relaunch Decree”, converted into law on July 17, 2020, which established an extension of 2 years of all existing airport concessions, covers a timeframe between 2021 and 2055 and whose key elements are: (i) the presence of a full management concession, (ii) growth of commercial revenues, thanks to planned incisive investments, (iii) the review, in light of the current general 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 (2021-2030) refers to the explicit forecast cash flows scenario 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 1% 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 5.1%.

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. 5.1%.

### **Value of concession from the acquisition of a further minority shareholding in Aeroporto Valerio Catullo di Verona Villafranca S.p.A.**

An impairment test was undertaken to establish the existence of 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”), 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 of Catullo, with subsequent subscription to a share capital increase and finally the exercise of the pre-emption right on a further 5.3% relating to shareholders who opted to exercise the right to withdrawal, resulted in a SAVE holding at December 31, 2015 of 40.31% in Catullo. As a result of subsequent additional purchases, the interest held at December 31, 2020 is 41.84% of the investee's capital.

The investee was included in the consolidated financial statements at equity and therefore the above-stated goodwill was included in the investment's value.

The cash flows of the Cash Generating Unit concerning Catullo, while reflecting the current uncertainty resulting from the global coronavirus health emergency, covers a timeframe between 2021 and 2055. The first period of the scenario covering the years 2021-2030 highlights as key elements: (i) fast recovery of pre-COVID traffic levels thanks to the particular nature of the airport's passenger profile, mainly “leisure” and “domestic” travelers, with thereafter the 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 (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 1% on revenues and costs of the year 2030.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 4.8%. The recoverable value, i.e. the value in use as identified above, applying the variables identified for the test to the drivers of the economic-financial scenario, was higher than the carrying value of the investment. The WACC value which renders the value in use of the CGU equal to the relative carrying amount is approx. 6.9%.

### **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.

As a result of this reorganisation, the Group now holds 50% of Airst Retail S.p.A.. The investee was included in the consolidated financial statements at equity and therefore the above mentioned value at the time of concession is included in the value of the investment.

The cash flows of the Airst 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. The reference time period running from 2021 and to 2028 coincides with the duration of the sub-concession contract for the F&B and Retail spaces at Venice and Treviso airports

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 4%. The analyses indicated that the value in use so calculated is higher than the carrying value of the investment. The WACC value which renders the value in use of the CGU equal to the relative carrying amount is approx. 5.4%.

## Accounting policies

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 an 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 IFRS 9, 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 year 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	%
Buildings	3%
Runway vehicles and equipment	10% - 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

Assets acquired through finance lease contracts, which substantially transfer the majority of the risks and benefits related to the ownership of an asset to the Group, are capitalised at commencement of the lease at the fair value of the asset or, if lower, at the present value of the minimum lease payments on the recording of a liability to the leasing company. 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. See the first section of these notes for the accounting treatment of operating leases in accordance with the accounting standard IFRS 16.

### Impairments on intangible assets and property, plant and equipment

The carrying amount of intangible assets and property, plant and equipment 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 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 profit.

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*

The Group undertakes an impairment test on goodwill 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.

#### **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. Management must be committed to the sale, whose completion must be expected within one year from the date of the classification.

In the consolidated income statement 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.

## **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 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 Consolidated Financial Statements 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)”.

If the liability relates to a tangible fixed asset (demolition of assets), the provision is recognised in line with the asset to which it refers; the recognising of the charge to the income statement is made through depreciation.

The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discounting rate; the revision of estimates is recorded in the same income statement accounts in which the provision was recorded, when the liability relates to tangible fixed assets, and in the asset account to which it refers.

### **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 profits and losses deriving from the conversion are recorded in the income statement.

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

### **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).

All gains and losses are recognised in the income statement when the liability is settled, in addition through the amortisation process.

## **Derecognition of financial assets and liabilities**

### *Financial assets*

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised from the financial statements when:

- the right to receive the financial flows of the asset terminate;
- the Group retains the contractual right to receive the cash flows from the asset, but assumes a contractual obligation to pay the cash flows fully and without delay to a third party;
- the Group has transferred its right to receive the cash flows from the asset and (a) has transferred substantially all of the risks and rewards of ownership of the financial asset or (b) has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control over same.

Where the Group has transferred all the contractual rights to receive the cash flows from an asset and has not transferred or withheld substantially all of the risks and rewards or has not lost control, the asset is recorded in the financial statements of the Group up to the amount of its residual holding in the asset. Residual involvement that takes the form of a guarantee on the transferred asset is valued at the asset's initial book value or the maximum consideration that the Group could be required to pay, whichever is less.

### *Financial liabilities*

A financial liability is derecognised from the financial statements when the underlying liability is settled or cancelled.

## **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.

## **Revenues and other 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 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 mainly the following:

IRES	24%
IRES	27.5% (airport companies for tax periods 2020 and 2021)
IRAP	4.20% (Airport Companies)
IRAP	3.90%

## **Translation of accounts in foreign currencies**

The present 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 consolidated balance sheet date. All exchange differences are recognised 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.

## Information concerning the Principal Clients

Approx. 8.9% of the total revenues for 2020 of the subsidiary SAVE S.p.A. derived from the airline easyJet; the subsidiary Aer Tre S.p.A. derive however approx. 56.6% of its revenues from the airline Ryanair and approx. 8.3% from Wizz Air.

## Net Financial Position

The breakdown of the Group's net financial position is as follows:

(EURO THOUSANDS)	12/31/2020	12/31/2019
Cash and cash equivalents	52,719	2,199
Other financial assets	150	0
<b>Financial assets</b>	<b>52,869</b>	<b>2,199</b>
Bank payables	37,971	3,484
Other financial liabilities – current portion	3,325	2,606
<b>Current liabilities</b>	<b>41,296</b>	<b>6,090</b>
Bank payables – less current portion	992,787	882,806
Other lenders – less current portion	4,806	5,305
<b>Non-current liabilities</b>	<b>997,593</b>	<b>888,111</b>
<b>Net Financial Position</b>	<b>(986,020)</b>	<b>(892,002)</b>
Total gross payables to banks	1,030,758	886,290

## ANALYSIS OF THE MAIN BALANCE SHEET ACCOUNTS

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

### ASSETS

#### Current Assets

at

I 2.3 I.2020	€	88,590
I 2.3 I.2019	€	56,360
Cge.		32,230

The items of the above stated account are as follows:

#### 1. Cash and cash equivalents

at

I 2.3 I.2020	€	52,719
I 2.3 I.2019	€	2,199
Cge.		50,520

These concern the bank current accounts available and cash and cash equivalents at the reporting date.

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 consolidated financial statements.

#### 2. Other financial assets

at

I 2.3 I.2020	€	150
I 2.3 I.2019	€	-
Cge.		150

The other financial assets concern financial receivables from the associate Save Cargo S.p.A..

### 3. Tax receivables

at

I2.3I.2020	€	6,566
I2.3I.2019	€	5,348
Cge.		1,218

The item includes for Euro 3,231 thousand the IRES receivable arising in the year with the sending of the integrated tax declaration for 2017 following the positive opinion from the Tax Agency to the appeal on new investments No. 956-5/2018, prepared by the company in relation to the acquisition of the investment in SAVE S.p.A. for Euro 2 million, the Tax Credit for excess IRES paid, utilisable to offset other taxes and contributions during the subsequent year, for Euro 0.4 million the IRAP tax credit not used for the payment of the 2020 IRAP advances and for Euro 0.6 million the Group VAT Credit; it includes in addition tax credits for new investments under Law No. 160 of December 26, 2019 (2020 Budget Law). During the year, Euro 2.4 million was received as reimbursement for the IRES credit for IRAP, whose application was presented by the Group in previous years.

### 4. Other receivables

at

I2.3I.2020	€	5,895
I2.3I.2019	€	3,258
Cge.		2,637

The analysis is as follows:

(Euro thousands)	I2.3I.20	I2.3I.19	CHANGE
ENAC guarantee deposits	2,205	-	2,205
Social security institution receivables	1,434	12	1,422
Suppliers for advances	722	694	28
Other receivables	1,412	2,321	(909)
Other assets for suspended financial charges	122	231	(109)
<b>Total other receivables</b>	<b>5,895</b>	<b>3,258</b>	<b>2,637</b>

The increase in this item, primarily due to security deposits from ENAC (Euro 2.2 million), is the result of a reclassification from non-current assets following the recent ruling by the Lazio Regional Administrative Court, which affirmed AerTre S.p.A.'s right "to obtain authorisation to release the amounts paid as security, corresponding to the difference between 100% of airport fees and the amounts spent". Subsequent to this measure, the Decree of the Ministry of Infrastructure and Transport was sent, authorising the "release of the relative amounts" of the guarantee deposits paid by AerTre S.p.A., for a total amount of Euro 2.2 million.

Receivables from social security institutions for Euro 1.4 million mainly refer to receivables from INPS for the Extraordinary Temporary Lay-off Scheme or to the wage supplement for December 2020 already advanced by the companies of the Group to their employees and subsequently requested to be reimbursed also through offsetting. Suppliers for advances refers mainly to contractual advances for investments and the reduction in this account in the period reflects the advancement of investment projects. Other receivables include the provisions recognised during the year in respect of white certificates accrued as at the reporting date.

## 5. Trade receivables

at

12.31.2020	€	21,088
12.31.2019	€	43,475
Cge.		(22,387)

The breakdown of trade receivables is outlined below:

(Euro thousands)	12.31.20	12.31.19	CHANGE
Trade receivables – third parties	19,019	33,175	(14,156)
Trade receivables - related parties	2,069	10,300	(8,231)
<b>Total trade receivables</b>	<b>21,088</b>	<b>43,475</b>	<b>22,387</b>

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

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

(Euro thousands)	12.31.20	12.31.19	CHANGE
Trade receivables	20,831	34,688	(13,857)
Doubtful debt provision	(1,811)	(1,513)	(298)
<b>Total trade receivables</b>	<b>19,019</b>	<b>33,175</b>	<b>(14,156)</b>

The Group doubtful provision amounts to Euro 1.8 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 applied over time and is considered compliant with IFRS 9 described above. The analysis took into account the economic environment in which all airport operators find themselves.

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

(Euro thousands)

<b>Balance at 31/12/2019</b>	<b>(1,513)</b>
Utilisations and other movements	177
Provisions	(475)
<b>Balance at 31/12/2020</b>	<b>(1,811)</b>

An analysis of the aging of the Group's net trade receivables from third parties at December 31, 2020 is reported below (in thousands of Euro):

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
12/31/2020							
Net receivables	<b>19,019</b>	4,576	2,076	2,132	1,638	2,046	6,550

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	<b>33,175</b>	16,130	7,137	4,828	2,336	619	2,125

An analysis of receivables based on the above seniority criterion shows that the net amount of receivables is significantly lower than in the previous year, due to the sharp reduction in the Group's turnover, and a significant increase in the value of the most mature past due brackets, reflecting the difficult times experienced by airport operators in the current market.

The monitoring and reminder activities to limit credit risk continued with even greater focus in view of the current environment.

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, as follows:

(Euro thousands)	12.31.20	12.31.19	CHANGE
Airest Retail S.p.A. Group	746	8,265	(7,519)
2A - Airport Advertising S.r.l.	347	1,260	(913)
Aeroporto Valerio Catullo S.p.A.	439	375	64
Save Cargo S.p.A.	536	381	155

Other minor	I	19	(18)
<b>Total</b>	<b>2,069</b>	<b>10,300</b>	<b>(8,231)</b>

## 6. Inventories

at

I2.31.2020	€	2,172
I2.31.2019	€	2,080
Cge.	€	92

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

## Non-current assets

at

12.31.2020	€	1,877,715
12.31.2019	€	1,907,663
Cge.		(29,948)

The account is comprised as follows:

### 7. Property, plant & equipment

at

12.31.2020	€	66,773
12.31.2019	€	77,280
Cge.		(10,507)

The increase relates mainly to new investments of approx. Euro 1.5 million, net of depreciation. The account includes Euro 4.5 million relating to “Rights-of-use of buildings” in application of IFRS 16.

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

### 8. Intangible Assets

at

12.31.2020	€	1,685,136
12.31.2019	€	1,700,853
Cge.		(15,717)

The intangible asset items are indicated separately.

In detail:

(Euro thousands)	12.31.20	12.31.19	CHANGE
Airport Concession rights	626,831	609,041	17,790
Concessions	741,623	774,797	(33,174)
Other intangible fixed assets with finite useful life	6,149	6,482	(333)
Goodwill – other intangible assets with indefinite life	310,533	310,533	-
<b>Total intangible assets</b>	<b>1,685,136</b>	<b>1,700,853</b>	<b>(15,717)</b>

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 Euro 15.7 million was reported in the period, with amortisation of approx. Euro 59.5 million. See the paragraph “Accounting policies – Intangible assets”, where the accounting treatment of investments in accordance with IFRIC 12 is described.

The breakdown of “Concessions” is as follows:

(Euro thousands)	12.31.20	12.31.19	CHANGE
Save S.p.A.	726,959	759,705	(32,746)
Aer Tre S.p.A.	14,664	15,092	(428)
<b>Total concessions</b>	<b>741,623</b>	<b>774,797</b>	<b>(33,174)</b>

Concessions reflect the greater amount paid by Milione S.p.A. on the acquisition of the controlling interest in SAVE in 2017 allocated to the Save S.p.A. and Aertre S.p.A. concessions. During the year, the amortization schedule for these amounts was modified due to the extension of the duration of the concessions by two years, in accordance with the above-mentioned legislation.

The breakdown of the account Goodwill, with reference to the cash generating units identified from the acquisition operations, is outlined below:

(Euro thousands)	12.31.20	12.31.19	CHANGE
Save S.p.A.	303,556	303,556	-
Aer Tre S.p.A.	6,937	6,937	-
N-Aitec S.r.l.	40	40	-
<b>Total Goodwill</b>	<b>310,533</b>	<b>310,533</b>	<b>-</b>

The account comprises:

- for Euro 303,556 thousand the portion allocated to “Goodwill” of the amount paid in excess of equity on the acquisition of the controlling interest in SAVE 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 N-aitec S.r.l..

In order to establish the recoverability of the principal amounts, the Company carried out impairment tests, whose features are outlined in the paragraph “Recoverability of assets or group of assets”, to which reference should be made. The tests performed did not indicate a need for impairment.

## 9. Investments

at

12.31.2020	€	82,030
12.31.2019	€	101,467
Cge.		(19,437)

The “Investments in companies carried at equity” and “Other investments” are reported separately.

(Euro thousands)	12.31.20	12.31.19	CHANGE
Investments in companies carried at equity	80,878	100,322	(19,444)
Other investments	1,152	1,145	7
<b>Total investments</b>	<b>82,030</b>	<b>101,467</b>	<b>(19,437)</b>

“Investments in companies carried at equity” are outlined below.

(Euro thousands)	% HELD	12.31.20	12.31.19	CHANGE
Venezia Terminal Passeggeri S.p.A.	22.18	10,789	13,538	(2,749)
GAP S.p.A.	49.87	306	303	3
Brussels South Charleroi Airport SA	27.65	11,377	18,187	(6,810)
2A – Airport Advertising S.r.l.	50	12	12	-
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	41.84	23,719	29,456	(5,737)
Airest Retail S.p.A.	50	33,816	37,715	(3,899)
Save Cargo S.p.A.	50	859	1,112	(252)
<b>Total Investments carried at equity</b>		<b>80,878</b>	<b>100,322</b>	

The above table highlights how the COVID-19 pandemic has had significant repercussions on the net results of the associates and joint ventures, particularly with regards to Bruxelles South Charleroi Airpost SA, Aeroporto Valerio Catullo di Verona Villafranca S.p.A., Airest Retail S.r.l. and Venezia Terminal Passeggeri S.p.A..

The changes in these investments measured at equity reflect in fact the losses incurred by these companies in 2020 due to the market conditions.

However, with regards to the investments held in the companies Aeroporto Valerio Catullo di Verona Villafranca S.p.A. and Airest Retail S.p.A. an impairment test was carried out, whose characteristics are outlined in the “Tests on the recoverability of assets and group of assets” paragraph, and whose outcome did not require any write-downs.

## 10. Other assets

at

I2.3I.2020	€	64
I2.3I.2019	€	2,269
Cge.		(2,205)

Reference should be made to Note 4 with regards to the reclassification of the account Security deposits from ENAC.

A breakdown is provided in the following table:

(Euro thousands)	I2.3I.20	I2.3I.19	CHANGE
Other guarantee deposits	64	64	-
ENAC guarantee deposits		2,205	(2,205)
<b>Total</b>	<b>64</b>	<b>2,269</b>	<b>(2,205)</b>

## 11. Deferred tax assets

at

I2.3I.2020	€	43,712
I2.3I.2019	€	25,794
Cge.		17,918

Deferred tax assets have a total value of Euro 43.7 million and are fully utilisable in the medium/long-term period. Their recoverability is considered probable in view of the estimates of the Group's assessable income based on the operating-financial scenario approved by the Directors on March 17, 2021. Deferred tax assets mainly concern:

- tax losses recorded during the year deemed recoverable in the medium term;
- temporary differences in relation to depreciation deductible in the future following the revaluation of fixed assets in application of Article 110 of Decree Law 104/2020 carried out by the subsidiary Marco Polo Park S.r.l.;
- deferred tax assets on the realignment of the higher tax values of the investments in application of Article 15, paragraphs 10 *bis* and 10 *ter* of Legislative Decree No. 185/2008;
- 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);
- write-down of intangible assets and other amortisation deductible in subsequent periods;
- adjustments relating to the discounting of pension provisions in line with international accounting standards;
- other consolidation adjustments which generate deferred tax assets.

**DEFERRED TAX ASSETS**

(amounts in thousands)

Rate 24% - 27.5%	ASSESSABLE				TAX			
	12/31/2019	INCREASES	DECREASES	12/31/2020	12/31/2019	INCREASES	DECREASES	12/31/2020
Provision for impair. of receivables	1,766	316	581	1,501	499	76	142	433
Amortisation, depreciation & write-downs	16,384	1,075	127	17,333	3,928	259	30	4,157
Deferred charges	4,396	-	843	3,553	1,194	-	230	964
Tax losses	-	55,691	1,049	53,886	-	13,675	252	13,423
ACE Tax Break	-	3,785	-	2,211	-	908	-	908
GOI	-	1,773	-	1,773	-	425	-	425
Losses from transparent companies	-	1,132	-	1,132	-	271	-	271
Revaluation of tangible fixed assets DL 104/2020	-	8,054	-	8,054	-	1,934	-	1,934
Assets under concession replacement provision	5,039	5,333	5,872	4,500	1,613	1,281	1,434	1,460
Risks provision and other future deductible costs	4,583	18,234	1,847	20,969	1,042	3,153	309	3,886
Goodwill amortisation	5,549	-	694	4,855	1,402	-	191	1,211
Concessions amortisation	50,300	-	6,288	44,012	12,513	-	1,730	10,783
Employee benefits IAS 19	320	84	-	402	79	19	-	98
Operating leases IFRS 16	87	341	-	428	21	83	-	104
Intercompany eliminations	12	-	2	10	5	-	1	4
<b>IRIS Deferred tax assets</b>	<b>88,436</b>	<b>95,818</b>	<b>17,303</b>	<b>164,619</b>	<b>22,297</b>	<b>22,084</b>	<b>4,319</b>	<b>40,062</b>

(amounts in thousands)

Rate 3.9% - 4.2%	ASSESSABLE				TAX			
	12/31/2019	INCREASES	DECREASES	12/31/2020	12/31/2019	INCREASES	DECREASES	12/31/2020
Amortisation, depreciation & write-downs	15,291	987	77	16,201	642	41	3	680
Deferred charges	563	-	77	486	21	-	3	18
Revaluation of tangible fixed assets DL 104/2020	-	8,054	-	8,054	-	338	-	338
Assets under concession replacement provision	10,265	2,281	1,176	11,370	481	108	50	539
Risks provision and other future deductible costs	576	162	104	634	24	7	5	26
Goodwill amortisation	5,549	-	694	4,855	212	-	29	183
Concessions amortisation	50,301	-	6,288	44,013	2,113	-	264	1,849
Operating leases IFRS 16	87	341	-	428	3	14	-	17
Intercompany eliminations	-	-	-	-	-	-	-	0
<b>IRAP Deferred tax assets</b>	<b>82,632</b>	<b>11,825</b>	<b>8,416</b>	<b>86,041</b>	<b>3,497</b>	<b>508</b>	<b>354</b>	<b>3,651</b>

**TOTAL MOVEMENTS IN DEFERRED TAX ASSETS**

**25,794      22,592      4,673      43,712**

## LIABILITIES

### Current liabilities

at

12.31.2020	€	143,458
12.31.2019	€	155,205
Cge.		(11,747)

The account is comprised as follows:

### 12. Trade payables

at

12.31.2020	€	61,294
12.31.2019	€	92,409
Cge.		(31,115)

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. As can be seen from the cash flow statement, the balance compared with last year is significantly reduced due to the cost-cutting measures implemented during the year and the reduction in investments described in detail in the Directors' Report.

The breakdown of trade payables is shown below:

(Euro thousands)	12.31.20	12.31.19	CHANGE
Trade payables – third parties	61,171	92,070	(30,899)
Trade payables - related parties	123	339	(216)
<b>Total trade payables</b>	<b>61,294</b>	<b>92,409</b>	<b>(31,115)</b>

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

(Euro thousands)	12.31.20	12.31.19	CHANGE
Airest Retail S.p.A. Group	11	226	(215)
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	31	-	31
2A - Airport Advertising S.r.l.		67	(67)
Finanziaria Internazionale Holding S.p.A.	73	42	31
Other related parties	8	4	4
<b>Total</b>	<b>123</b>	<b>339</b>	<b>(216)</b>

### 13. Other payables

at

12.31.2020	€	36,399
12.31.2019	€	50,874
Cge.		(14,475)

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

(Euro thousands)	12.31.20	12.31.19	CHANGE
Payables to related parties	1,091	1,477	(386)
Customer advances	164	161	3
Personnel for deferred compensation	1,042	6,902	(5,860)
Airport concession fee	2,077	4,306	(2,229)
Fire prevention services	24,544	22,744	1,800
Municipal surtax payables	4,052	11,035	(6,983)
Other payables	3,429	4,248	(819)
<b>Total</b>	<b>36,399</b>	<b>50,874</b>	<b>(14,475)</b>

Payables due to personnel for deferred remuneration decreased significantly due to the significant use of the Temporary Lay-off Scheme, as described in the Directors' Report.

Payables relating to airport license fees fell sharply in response to the reduction in traffic at the airports managed by the Group.

Payables for municipal surtaxes reflect the reduction in the Group's aviation revenues.

Payables for the fire protection service, amounting to Euro 24.5 million, relate to the contribution to the Fire service fund, currently subject to a dispute.

Payables to related parties are broken down as follows:

(Euro thousands)	12.31.20	12.31.19	CHANGE
Payables to the Airst Group	774	1,258	(484)
Save Cargo S.p.A.	185	57	128
2A - Airport Advertising S.r.l.	132	162	(30)
<b>Total other payables to related parties</b>	<b>1,091</b>	<b>1,477</b>	<b>(386)</b>

#### 14. Tax payables

at

I2.3I.2020	€	1,347
I2.3I.2019	€	1,376
Cge.		(29)

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

(Euro thousands)	I2.3I.20	I2.3I.19	CHANGE
Employee withholding taxes	1,050	1,216	(166)
Other tax payables	297	140	157
Direct income taxes	-	20	(20)
<b>Total</b>	<b>1,347</b>	<b>1,376</b>	<b>(29)</b>

#### 15. Payables to social security institutions

at

I2.3I.2020	€	3,122
I2.3I.2019	€	4,456
Cge.		(1,334)

#### 16. Bank payables

at

I2.3I.2020	€	37,971
I2.3I.2019	€	3,484
Cge.		34,487

The account is comprised as follows:

(Euro thousands)	I2.3I.20	I2.3I.19	CHANGE
Ordinary current accounts	1	1,959	(1,958)
Short-term advances	2,500	-	2,500
Current portion of bank loans	35,470	1,525	33,945
<b>Total</b>	<b>37,971</b>	<b>3,484</b>	<b>38,403</b>

The nominal portions of medium/long-term loans falling due within 12 months amount to Euro 35.5 million. A description of these loans is provided in Note 19 below. Bank payables – less current portion

The following table provides a breakdown of bank credit lines utilised and available at December 31, 2020.

TYPE	GRANTED	USED	RESIDUAL
CASH CREDIT FACILITIES	35,127	(22,500)	12,627
ENDORSEMENT CREDIT	6,575	(211)	6,364
CASH AND CREDIT COMMITMENT	0	0	0
LEASES	0	0	0
MORTGAGES / LOANS	1,152,692	(1,022,692)	130,000
<b>TOTAL</b>	<b>1,194,394</b>	<b>(1,045,403)</b>	<b>148,991</b>

## 17. Other financial liabilities – current portion

at

12.31.2020	€	3,324
12.31.2019	€	2,606
Cge.		718

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 0.3 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.

Following the final maturity of a number of contracts and the signing of new contracts, also with regards to the loan agreed with a syndicate of banks, at December 31, 2020 Milione S.p.A. had in place:

- two Cap Rate 0.700% contracts entered into in February 2019 with effect from September 30, 2020, with a total notional value of Euro 100.5 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 31, 2022, and a premium of Euro 59 thousand to be paid quarterly from September 30, 2020 (first charge 12.31.2020) to September 30, 2022 (last charge 12.31.2022).
- 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 of Euro 260 million. As a result of these contracts, Milione S.p.A. pays a fixed rate of -0.197%, which is exchanged for a variable rate of Euribor at 3M

- two IRS contracts signed respectively on September 22 and 25, 2020, with efficacy from September 30, 2020 and maturity on September 30, 2025, for a total notional amount of Euro 170.2 million between September 30, 2020 and June 30, 2022 and a total notional amount of Euro 108.9 million from July 1, 2022 to September 30, 2025. As a result of these contracts, Milione S.p.A. pays a fixed rate respectively of -0.459% and -0.455%, which is exchanged for a variable rate of Euribor at 3M
- an IRS contract signed on December 2, 2020, with efficacy from December 31, 2020 and maturity on September 30, 2025, for a total notional amount of Euro 24.3 million between December 31, 2020 and June 30, 2022 and a total notional amount of Euro 15.6 million between July 1, 2022 and September 30, 2025. As a result of this contract, Milione S.p.A. pays a fixed rate of -0.447%, which is exchanged for a variable rate of Euribor at 3M

The following contracts were however settled during the year:

- two IRS contracts, with a total notional amount of Euro 222,243 thousand and maturing on September 30, 2020;
- 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;
- 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 0.200% contracts entered into March 2019 with effect from March 29, 2019 and maturity on March 31, 2020, with a total notional value of Euro 100 million.

The fair value of the above-mentioned IRS instruments amounts to Euro -2.5 million, while that concerning the Cap Rate contracts is Euro -0.5 million.

## Non-current liabilities

at

I2.3I.2020	€	1,242,423
I2.3I.2019	€	1,143,021
Cge.		99,402

The account is comprised as follows:

### 18. Other payables

at

I2.3I.2020		287
I2.3I.2019	€	-
Cge.		287

The item includes amounts due to the tax authorities for substitute tax to be paid beyond the next financial year.

### 19. Bank payables – less current portion

at

I2.3I.2020		992,787
I2.3I.2019	€	882,806
Cge.		109,981

(Euro thousands)	I2.3I.20	I2.3I.19	CHANGE
Medium/long-term loans	595,636	486,045	109,591
Bond loan	397,151	396,761	390
<b>Total</b>	<b>992,787</b>	<b>882,806</b>	<b>109,981</b>

Non-current bank payables comprise mainly the medium/long-term portion of loans undertaken by the Group and outstanding at December 31, 2020.

The nominal value of loan instalments due within one year totals Euro 35.5 million and beyond one year amounts to Euro 1,007.2 million.

The following loans were outstanding as at December 31, 2020:

- The loan signed by Aer Tre S.p.A. in November 2017 with Mediocredito Italiano, now Banca Intesa SanPaolo S.p.A., for an initial amount of Euro 10 million. Repayment is through equal half-yearly instalments from September 30, 2018 and with final payment on September 30, 2024. The two instalments due during 2020 were subject to a moratorium, with the final maturity of loan now September 30, 2025. The interest, settled on time during the year, is calculated at a variable rate linked to the 6-month Euribor increased by a spread. On issue, an up-front fee recognised to the financial statements in line with the valuation of financial liabilities

at amortised cost was paid. In guarantee of these loans, SAVE S.p.A. committed to repay in full the residual payable;

- The loan signed by Save S.p.A. with Banca Intesa SanPaolo S.p.A. and disbursed on September 23, 2020 with maturity on March 22, 2022, at a fixed interest rate of 1.00% and payment of interest on maturity. The loan is in use of existing cash credit lines and has no access or repayment costs;
- 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. During 2020, additional drawdowns were made for Euro 70 million on the Capex line and for Euro 30 million on the Revolving line. Therefore, at December 31, 2020, the debt totals Euro 515 million and provides for a bullet repayment at maturity in 2025 for Euro 485 million and a bullet repayment on May 31, 2021 for Euro 30 million relating to the Revolving line. The additional sum of Euro 80 million remains available to be drawn down. The loan provides for the payment of interest based on Euribor plus a spread, which is the subject of hedging derivative contracts described in detail in paragraph 16. Other financial liabilities;
- 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. In February 2020, a further tranche of the loan of Euro 20 million was disbursed. Therefore, at December 31, 2020 a total of Euro 100 million has been disbursed, of which Euro 80 million with a grace period of two years and repayment in equal capital instalments from 2021, with maturity in 2037 and Euro 20 million with a grace period of two years and repayment in equal capital instalments between 2022 and 2037. The loan stipulates the half-yearly payment of interest based on Euribor plus a spread.

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

MATURITY	CAPITAL PORTION	UP-FRONT FEE	INTEREST PORTION (*)	TOTAL
12/31/2021	35,506	(4,233)	16,234	47,507
12/31/2022	27,694	(4,328)	15,808	39,174
12/31/2023	7,693	(2,638)	17,242	22,297
12/31/2024	7,694	(1,508)	18,434	24,620
12/31/2025	492,693	(839)	18,495	510,349
12/31/2026	306,156	(429)	9,233	314,960
12/31/2027	6,155	(116)	2,000	8,039
12/31/2028	6,155	(116)	1,974	8,013
12/31/2029	6,155	(114)	1,948	7,989
12/31/2030	6,156	(114)	1,919	7,961
12/31/2031	106,155	(94)	1,893	107,954
12/31/2032	6,155	(9)	145	6,291
12/31/2033	6,155	(6)	119	6,268
12/31/2034	6,156	(5)	91	6,242

12/31/2035	6,155	(3)	64	6,216
12/31/2036	6,156	(2)	36	6,190
12/31/2027	3,703	(1)	9	3,711
12/31/2028	0	0	0	0
<b>TOTAL</b>	<b>1,042,692</b>	<b>(14,555)</b>	<b>105,644</b>	<b>1,133,781</b>

Finally, the parent company Milione S.p.A. issued the following bond loans:

- 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.

<i>(IN EURO THOUSANDS)</i>						
COMPANY	NOMINAL VALUE	BOOK VALUE	CURR.	RATE	COUPON	MATURITY
SENIOR SECURED BONDS	300,000	298,184	EURO	2.47%	SIX-MONTHLY	12/20/2026
SENIOR SECURED NOTES	100,000	98,967	EURO	1.72%	SIX-MONTHLY	09/27/2031

These financial payables stipulate a number of covenants for the parent company based on the consolidated financial statements of the Milione Group, to be verified on a half-yearly basis. As a result of the COVID-19 pandemic, management obtained specific waivers on compliance with these covenants and other contractual terms in the period between June 30, 2020 and June 30, 2021. Therefore, at December 31, 2020 the above parameters were not subject to testing.

## 20. Other lenders – less current portion

at

12.31.2020	€	4,806
12.31.2019	€	5,305
Cge.		(499)

The account refers to the medium-/long-term share of amounts payable other lenders for lease contracts in accordance with IFRS 16.

## 21. Deferred tax liabilities

at

12.31.2020	€	218,687
12.31.2019	€	230,179
Cge.		(11,492)

Deferred tax liabilities amount to Euro 218.7 million.

The principal reasons for recognition of deferred tax liabilities include:

- the higher price paid on the acquisition of control of the Save Group allocated definitively to Concessions;
- adjustments to IFRIC 12 “Service concession arrangements”;
- amortisation & depreciation and other future deductible costs.

The reduction on the previous year includes the effects from the revaluation by the subsidiary Marco Polo Park S.r.l. of a building redeemed as part of a finance lease contract and which in these consolidated financial statements has been recognised in accordance with IFRS 16. Following this transaction, the temporary difference resulting in the recognition of deferred tax liabilities of Euro 1,607 thousand in the previous year no longer exists.

(amounts in thousands)

Rate 24% - 27.5%	ASSESSABLE				TAX			
	12/31/2019	UTILIS.	INCREASES	12/31/2020	12/31/2019	UTILIS.	INCREASES	12/31/2019
Leasing	6,627	6,627	-	-	1,605	1,607	-	2
Other amortisation & depreciation	230	-	-	230	69	-	-	69
Suspension of depreciation DL 104/2020	-	-	2,001	2,001	-	-	482	482
Assets under concession accumulated amortisation	28,910	1,579	-	27,331	7,048	380	-	6,668
Other provisions and other future deductible costs	129	6	-	123	33	2	-	31
Revenue from amortised cost	5,458	1,305	-	4,153	1,310	313	-	997
Gains on concessions & goodwill	774,799	34,921	-	739,878	186,134	7,962	-	178,172
<b>IRES deferred tax liabilities</b>	<b>816,153</b>	<b>44,438</b>	<b>2,001</b>	<b>773,716</b>	<b>196,199</b>	<b>10,264</b>	<b>482</b>	<b>186,417</b>

(amounts in thousands)

Rate 3.9% - 4.20%	ASSESSABLE				TAX			
	12/31/2019	UTILIS.	INCREASES	12/31/2020	12/31/2019	UTILIS.	INCREASES	12/31/2020
Leasing	6,627	6,627	-	-	253	252	-	1
Assets under concession accumulated amortisation	28,117	1,579	-	26,538	1,181	65	-	1,116
Other provisions	78	6	-	72	4	-	-	4
Gains on concessions & goodwill	774,799	34,921	-	739,878	32,542	1,393	-	31,149
<b>IRAP deferred tax liabilities</b>	<b>809,621</b>	<b>43,133</b>	<b>-</b>	<b>766,488</b>	<b>33,980</b>	<b>1,710</b>	<b>-</b>	<b>32,270</b>

**TOTAL DEFERRED TAX LIABILITIES**

**230,179      11,974      482      218,687**

## 22. Post-employment benefits and other employee provisions

at

12.31.2020	€	3,808
12.31.2019	€	3,905
Cge.		(97)

The change in the post-employment benefit liabilities at December 31, 2020 are outlined below:

<b>BALANCE AT 12.31.2019</b>	<b>3,905</b>
Utilisations and other changes	(359)
Advances granted in period and transfers	(45)
Payments to suppl. provision and INPS Treasury	(2,142)
Substitute tax	(8)
Provisions and revaluations	2,366
Change due to actuarial calculation	92
<b>BALANCE AT 12.31.2020</b>	<b>3,808</b>

The actuarial estimates of post-employment benefits is carried out on the basis of the "benefits accrued" using the Projected Interest Credit Method, as per IAS 19. Under this method the valuation is based on the average present value of the pension obligations matured based on the employment service up to the time of the valuation, without projecting the remuneration of the employee in accordance with the regulatory modifications introduced by the Pension Reform.

The method can be divided into the following components:

- projection for each employee in service at the measurement date, of the post-employment benefit already provisioned which will mature up to the payment date;
- determination for each employee of the probable post-employment benefit payments which will be made by the company in the case of the employee leaving due to dismissal, resignation, injury, death or pension, as well as the advanced payments requested;
- discounting, at the measurement date, of each probable payment.

For the actuarial calculation of the post-employment benefit provision, the Group utilised the valuations of an independent actuary, carried out on the basis of the following fundamental assumptions:

- mortality rate: table IPS55
- inability rate: table INPS - 2000
- employee turnover: 1.5%
- discount rate: 0.34%
- growth rate of salaries: 1.5%
- rate of advances: 1%
  
- inflation rate: airline inflation 0.5%

### 23. Other provisions for risks and charges

at

12.31.2020	€	22,048
12.31.2019	€	20,826
Cge.		1,222

The account comprises:

(Euro thousands)	12.31.20	12.31.19	CHANGE
Provisions for risks and charges	1,923	2,206	(283)
Assets under concession replacement provision	20,125	18,620	1,505
<b>Total other provisions for risks and charges</b>	<b>22,048</b>	<b>20,826</b>	<b>1,222</b>

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

(Euro thousands)

<b>Balance at 12.31.2019</b>	<b>2,206</b>
Utilisations and other changes	(503)
Provisions for risks and future charges	220
<b>Balance at 12.31.2020</b>	<b>1,923</b>

“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, based on a reasonable estimate according to the available information and having consulted with legal experts.

### Assets under concession replacement provision

at

12.31.2020	€	20,125
12.31.2019	€	18,620
Cge.		1,505

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

(Euro thousands)

<b>Balance at 12.31.2019</b>	<b>18,620</b>
Utilisations and other changes	(1,099)
Provisions for risks and future charges	2,604
<b>Balance at 12.31.2020</b>	<b>20,125</b>

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 annually based on a technical evaluation of the estimated future charges relating to the cyclical maintenance of the assets and is utilised based on the maintenance undertaken during the year. The utilisations during the year refer to maintenance work done drawing down the accruals recognised in previous years.

## Shareholders' Equity

### 24. Shareholders' Equity

at

I2.3I.2020	€	580,424
I2.3I.2019	€	665,797
Cge.		(85,373)

The Shareholders' Equity comprises the Group Shareholders' Equity of Euro 573.2 million and Minority interest shareholders' equity for Euro 7.2 million.

Shareholders' Equity consists of:

#### Share capital

at

I2.3I.2020	€	189
I2.3I.2019	€	189
Cge.		-

#### Share premium reserve

at

I2.3I.2020	€	27,651
I2.3I.2019	€	27,651
Cge.		-

#### Legal reserve

at

I2.3I.2020	€	76
I2.3I.2019	€	76
Cge.		-

#### Other reserves and retained earnings

at

I2.3I.2020	€	625,892
I2.3I.2019	€	606,884
Cge.		19,008

## Minority interest shareholders' equity

at

12.31.2020	€	7,221
12.31.2019	€	10,597
Cge.		(3,376)

The minority interest shareholders' equity concerns the share of shareholders' equity and the net result concerning the minority interests 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

#### 25. Operating revenue and other income

2020	€	70,267
2019	€	240,443
Cge.		(170,176)

#### Other operating revenues

2020	€	61,857
2019	€	223,799
Cge.		(161,942)

#### Other income

2020	€	8,410
2019	€	16,644
Cge.		(8,234)

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

### COSTS OF PRODUCTION

2020	€	143,642
2019	€	191,959
Cge.		(48,317)

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

#### 26. Raw materials and goods

2020	€	1,496
2019	€	1,928
Cge.		(432)

## 27. Services

2020	€	27,512
2019	€	43,941
Cge.		(16,429)

(Euro thousands)	2020	2019	CGE.
Utilities	3,829	6,026	(2,197)
Maintenance	6,902	10,118	(3,216)
Professional services	2,690	4,320	(1,630)
Cleaning and waste removal	3,197	5,254	(2,057)
Development charges and traffic promo	1,299	2,869	(1,570)
Other general services	1,652	3,971	(2,319)
Corporate board fees	1,394	1,889	(495)
Other personnel charges	824	2,166	(1,342)
Recovery of expenses	1,907	2,377	(470)
Insurance	1,378	1,327	51
Operating services	343	602	(259)
IT Systems	847	1,120	(273)
Other sales expenses	1,250	1,900	(649)
<b>Total</b>	<b>27,512</b>	<b>43,941</b>	<b>(16,428)</b>

The following table reports the contractual fees concerning the auditing of accounts and other services provided in relation to the 2020 financial statements of the Milione Group by the Independent Audit Firm and its network.

(IN EURO/1000)

TYPE OF SERVICE	PARTY PROVIDING THE SERVICE	COMPANY	
Audit	Deloitte & Touche S.p.A.	Parent Company	72
Audit	Deloitte & Touche S.p.A.	Subsidiaries	89
Audit	Deloitte Bedrijfsrevisoren/Reviseurs d' entreprises	Subsidiaries	7
Other services	Deloitte & Touche S.p.A.	Parent Company	-
Other services	Deloitte & Touche S.p.A.	Subsidiaries	22
<b>Total Remuneration</b>			<b>190</b>

## 28. Rents, leasing and similar costs

2020	€	3,934
2019	€	11,291
Cge.		(7,357)

They consist of:

(Euro thousands)	2020	2019	
Airport concession fee	3,750	11,062	(7,312)
Rentals and other	184	229	(45)
<b>Total Lease and rental costs</b>	<b>3,934</b>	<b>11,291</b>	<b>(7,357)</b>

The airport concession fee for the year, relating to Venice and Treviso airports, significantly decreased due to the air traffic performance in the year.

## 29. Personnel costs

2020	€	34,635
2019	€	56,811
Cge.		(22,176)

## 30. Amortisation, depreciation & write-downs

2020	€	70,691
2019	€	70,742
Cge.		(51)

This account is divided as follows:

(Euro thousands)	2020	2019	
Amortisation & write-down of intangible assets	59,150	58,343	807
Amortisation & write-down of tangible assets	11,541	12,399	(858)
<b>Total amortisation &amp; depreciation</b>	<b>70,691</b>	<b>70,742</b>	<b>(51)</b>

## 31. Write down of current assets

2020	€	475
2019	€	208
Cge.		267

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.

### 32. Changes in inventories of raw materials and goods

2020	€	(184)
2019	€	26
Cge.		(210)

Change in inventories principally concerns consumable material stores.

### 33. Provisions for risks

2020	€	220
2019	€	320
Cge.		(100)

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

### 34. Assets under concession replacement provision

2020	€	2,604
2019	€	4,537
Cge.		(1,933)

The accrual in the year takes into consideration the most up-to-date estimates on the extraordinary maintenance and restoration/renewal actions at Venice and Treviso airports.

### 35. Other charges

2020	€	2,259
2019	€	2,155
Cge.		104

Other charges comprise:

(Euro thousands)	2020	2019	
Sector association contributions	412	413	(1)
Taxes	1,282	1,209	73
Charitable donations and gifts	108	136	(28)
Other costs	457	397	60
<b>Total other charges</b>	<b>2,259</b>	<b>2,155</b>	<b>104</b>

## FINANCIAL INCOME AND CHARGES

### 36. Financial income and charges

2020	€	(43,067)
2019	€	(22,040)
Cge.		(21,027)

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

(Euro thousands)	2020	2019	CHANGE
Financial income and revaluation of financial assets	178	22	156
Interest, other financial charges	(23,492)	(24,991)	1,499
Profit/losses from associates carried at equity	(19,753)	2,929	(22,682)
<b>Total financial income and expenses</b>	<b>(43,067)</b>	<b>(22,040)</b>	<b>(21,027)</b>

For a further breakdown of the nature of the accounts included in the previous categories, reference should be made to the following tables.

### Interest, other financial charges and write-down of financial assets

(Euro thousands)	2020	2019	CHANGE
Interest charges	(175)	(173)	(2)
Interest charges on loans	(18,166)	(16,633)	(1,533)
Other financial expenses	(5,151)	(7,515)	2,364
Write-down of financial fixed assets other than equity investments	-	(670)	670
<b>Total</b>	<b>(23,492)</b>	<b>(24,991)</b>	<b>1,499</b>

Interest charges on loans increased by approx. Euro 1.5 million on the previous year due to greater debt, whereas other financial charges declined by approx. Euro 2.4 million, substantially due to the recognition in 2019 of the early repayment charges for a portion of the syndicate loan of Milione S.p.A..

In the previous year, the account included for Euro 670 thousand the write-down of security deposits paid by the subsidiary Aertre S.p.A. to ENAC, currently classified among current assets.

## Profit/losses from associates/JV's carried at equity

The change in profit and losses concerning associates and joint ventures carried at equity is provided in the following table:

(Euro thousands)	2020	2019	CHANGE
Valuation at equity of GAP S.p.A.	3	32	(29)
Valuation at equity of BSCA SA	(6,810)	305	(7,115)
Valuation at equity of Aeroporto Catullo di Verona Villafranca S.p.A.	(5,877)	(239)	(5,638)
Valuation of equity of 2A S.r.l.	(169)	(164)	(5)
Valuation at equity of Airst S.p.A.	(3,899)	3,037	(6,936)
Valuation at equity of VTP S.p.A.	(2,749)	(170)	(2,579)
Valuation at equity of Save Cargo S.p.A.	(252)	129	(381)
<b>Total</b>	<b>(19,753)</b>	<b>2,929</b>	<b>(22,682)</b>

The valuation at equity resulted in the recognition of charges in 2020 which reflect the losses incurred by the investees, which operate also in sectors heavily impacted by the COVID-19 pandemic. Reference should be made to the comments on investments at Note 9.

## INCOME TAXES

### 37. Income taxes

2020	€	(32,424)
2019	€	6,797
Cge.		(39,221)

Income taxes in the year comprised:

(Euro thousands)	2020	2019	CHANGE
Current income taxes	(3,478)	10,916	(14,394)
Deferred tax income & charges	(28,946)	(4,119)	(24,827)
<b>Total income taxes</b>	<b>(32,424)</b>	<b>6,797</b>	<b>(39,221)</b>

Income taxes indicate the recognition of both current and deferred net tax income. In particular, current taxes are positive (net income) as in 2020, following the response received from the Revenue Agency to the application submitted with reference to the 2017 financial year, a supplementary declaration was filed for that year resulting in a reduction on the taxes calculated of Euro 3.2 million, which was therefore recorded as income in 2020.

Deferred tax assets have been calculated on the tax loss generated during the year, as considering it probable that the Company will generate net profits in future years, sufficient to recover the amount in full. The benefit was calculated according to an IRES rate of 24% as their use is expected to occur even after the period of application of the 3.5% increase in the ordinary rate established for the 2020-2022 three-year period as per Article 1, paragraph 716, of the 2020 Budget Law (Law No. 160/2019), in respect of “income on business conducted under airport management concessions”.

The analysis of tax adjustments, resulting in a change in the effective tax rate compared to the notional rate of 24%, is outlined in the following table.

Tax rate reconciliation (Euro thousands)	2020	%	2019	%
<b>Profit/(loss) before taxes</b>	<b>(116,442)</b>		<b>26,444</b>	
Profit/(loss) on assets held-for-sale	50		1,131	
<b>Reclassified profit/(loss) before taxes</b>	<b>(116,392)</b>		<b>27,575</b>	
<b>Notional taxes</b>	<b>(27,934)</b>	<b>24.00%</b>	<b>6,618</b>	<b>24.00%</b>
<b>Effective taxes</b>	<b>(32,412)</b>	<b>27.85%</b>	<b>6,798</b>	<b>24.65%</b>
<b>Net profit/(loss)</b>	<b>(83,980)</b>		<b>20,777</b>	
<b>Difference from theoretical tax rate of 24%</b>	<b>(4,478)</b>	<b>3.85%</b>	<b>180</b>	<b>0.65%</b>
<i>Permanent differences:</i>				
i) effect of increased IRES rate on current taxes			1,983	7.19%
i) effect of increased IRES rate on deferred taxes	(15)	0.01%	(766)	-2.78%
iii) IRAP	(853)	0.73%	2,636	9.56%
(iv) ACE transferable to CNM	(916)	0.79%	(399)	-1.45%
v) exempt dividends			(905)	-3.28%
vi) exempt gains			(146)	-0.53%
vii) other non-deductible costs / exempt income	(712)	0.61%	(2,745)	-9.95%
viii) income taxes of prior years	(3,317)	2.85%	845	3.06%
ix) valuation of investments at equity	4,223	-3.63%	(291)	-1.06%
x) tax receivables			(32)	-0.12%
(iv) GOI transferable to CNM	729	-0.63%		
xii) deferred tax assets on reval. as per Decree Law No. 104/2020	(1,841)	1.58%		
xiii) deferred tax liab. on reval. as per Decree Law No. 104/2020	(1,776)	1.53%		
	<b>(4,478)</b>	<b>3.85%</b>	<b>180</b>	<b>0.65%</b>

The increase of 3.85% in the effective tax rate of 27.85% compared with the theoretical IRES rate of 24% is primarily due to lower current taxes referring to previous years, the effect of deferred tax assets and the release of deferred tax liabilities on the revaluation of tangible assets as per Decree Law No. 104/2020, the effect of deferred tax assets allocated on the ACE tax break and Gross Operating Income transferable to the tax consolidation in the medium term on the basis of agreements signed between the parties for the three-year period 2020-2021 and tax benefits for super and hyper-amortization, offset by the write-down of equity investments using the equity method.

### 38. RESULT FOR THE YEAR

2020	€	(83,980)
2019	€	20,778
Cge.		(104,758)

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

(Euro thousands)	2020	2019	CHANGE
Net profit(loss) for the year	(83,980)	20,778	(104,758)
Minority interest loss/(profit)	(3,375)	378	(3,753)
<b>Group Net Profit/(loss)</b>	<b>(80,605)</b>	<b>20,400</b>	<b>(101,005)</b>

### Profit/(loss) from Discontinued Operations

The profit/loss from discontinued operations/held-to-sale relates to the recognition of the positive effect, net of the tax effect, of a reimbursement obtained in relation to the agreements signed with the Lagardere group for the partial sale of the investment in the Airst group. The comparative figure refers to the income deriving from the sale of 50% of the investment in Save Cargo S.p.A..

at

2020	€	38
2019	€	1,131
Cge.		(1,093)

### **39. 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 December 31, 2020 overall accounted for 46.5% of the total value of the 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 in 2025 for Euro 485 million and bullet repayment in May 2021 for Euro 30 million concerning the revolving line and supported by a set of secured guarantees.

The loans stipulates, among other conditions, compliance by the company with a series of financial covenants measured on the Group, to be verified on a half-yearly basis and which at December 31, 2020 were subject to waivers and therefore were not subject to testing.

The following table provides a breakdown of the derivative instruments in place at Group level at December 31, 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 12/31/2020	AMOUNT OUTSTANDING AT 12/31/2019	FAIR VALUE (MARK TO MARKET) AT 12/31/2020	FAIR VALUE (MARK TO MARKET) AT 12/31/2019
IRS	MILLIONE SPA	CHANGE IN INTEREST RATES	UNICREDIT SPA	8/10/2017	8/10/2017	9/30/2020	111,122	0	111,122	0	(310)
IRS	MILLIONE SPA	CHANGE IN INTEREST RATES	INIESA SANPAOLO SPA	8/10/2017	8/10/2017	9/30/2020	111,122	0	111,122	0	(310)
IRS	MILLIONE SPA	CHANGE IN INTEREST RATES	UNICREDIT SPA	10/19/2017	11/10/2017	9/30/2020	79,478	0	79,478	0	(206)
IRS	MILLIONE SPA	CHANGE IN INTEREST RATES	INIESA SANPAOLO SPA	10/19/2017	11/10/2017	9/30/2020	79,478	0	79,478	0	(206)
SWAPTION (PAY FIX)	MILLIONE SPA	CHANGE IN INTEREST RATES	UNICREDIT SPA	10/19/2017	9/30/2020	6/30/2022	53,898	0	35,000	0	0
SWAPTION (PAY FIX)	MILLIONE SPA	CHANGE IN INTEREST RATES	INIESA SANPAOLO SPA	10/19/2017	9/30/2020	6/30/2022	53,898	0	35,000	0	0
CAP RATE (*)	MILLIONE SPA	CHANGE IN INTEREST RATES	UNICREDIT SPA	2/27/2019	9/30/2020	12/31/2022	15,250	15,250	15,250	(236)	(260)
CAP RATE (*)	MILLIONE SPA	CHANGE IN INTEREST RATES	INIESA SANPAOLO SPA	2/27/2019	9/30/2020	12/31/2022	15,250	15,250	15,250	(236)	(259)
CAP RATE	MILLIONE SPA	CHANGE IN INTEREST RATES	UNICREDIT SPA	3/25/2019	3/29/2019	3/31/2020	50,000	0	16,900	0	0
CAP RATE	MILLIONE SPA	CHANGE IN INTEREST RATES	INIESA SANPAOLO SPA	3/25/2019	3/29/2019	3/31/2020	50,000	0	16,900	0	0
IRS	MILLIONE SPA	CHANGE IN INTEREST RATES	UNICREDIT SPA	9/25/2019	9/30/2020	6/30/2023	130,000	130,000	130,000	(1,124)	(179)
IRS	MILLIONE SPA	CHANGE IN INTEREST RATES	INIESA SANPAOLO SPA	9/25/2019	9/30/2020	6/30/2023	130,000	130,000	130,000	(1,129)	(192)
IRS (**)	MILLIONE SPA	CHANGE IN INTEREST RATES	INIESA SANPAOLO SPA	9/22/2020	9/30/2020	9/30/2025	85,094	85,094	0	(124)	0
IRS (**)	MILLIONE SPA	CHANGE IN INTEREST RATES	UNICREDIT SPA	9/25/2020	9/30/2020	9/30/2025	85,094	85,094	0	(137)	0
IRS (***)	MILLIONE SPA	CHANGE IN INTEREST RATES	SOCIETE GENERALE SA	12/2/2020	12/31/2020	9/30/2025	24,313	24,313	0	(48)	0
<b>TOTAL</b>							<b>1,073,997</b>	<b>485,001</b>	<b>775,500</b>	<b>(3,034)</b>	<b>(1,922)</b>

\* 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

\*\* THE CONTRACTUAL NOTIONAL AMOUNT IS 85.09 MILLION FROM 09.30.2020 TO 06.30.2022 AND 54.47 MILLION FROM 07.01.2022 TO 09.30.2025

\*\*\* THE CONTRACTUAL NOTIONAL AMOUNT IS 24.3 MILLION FROM 12.31.2020 TO 06.30.2022 AND 15.56 MILLION FROM 07.01.2022 TO 09.30.2025

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	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
DERIVATIVE INSTRUMENTS WITH NEGATIVE MTM	(3,298)	(1,568)	(1,298)	(1,095)	(2,000)	(473)	0	0
MEDIUM/LONG-TERM LOANS	(1,148,336)	(1,021,644)	(51,740)	(17,168)	(605,753)	(91,169)	(490,843)	(913,307)
<b>TOTAL</b>	<b>(1,151,634)</b>	<b>(1,023,212)</b>	<b>(53,038)</b>	<b>(18,263)</b>	<b>(607,753)</b>	<b>(91,642)</b>	<b>(490,843)</b>	<b>(913,307)</b>

## **Cash flow sensitivity analysis**

The Group prepared a cash flow analysis concerning loans in place. The analysis begins with the market position at December 31, 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 +/-4.2 million for a 0.25% interest rate increase/decrease, and Euro +8.4 million for an increase in the interest rate of 0.50% and Euro -7.8 million for a decrease in the interest rate also of 0.50%.

## **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.

## **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, continued to favour prudence. The impact on Group operations and the wider sector from the restrictions introduced to contain the COVID-19 outbreak required the adoption of measures to safeguard Group liquidity and its ability to operate as a going concern.

In particular, as outlined in greater detail in the Directors' Report, moratoriums were requested and obtained on loans due in the year, with new loans obtained and the support tools made available under the emergency legislation utilised, such as the Extraordinary Temporary Lay-off Scheme, while costs were reduced significantly and investment plans revised. This has enabled the Group to offset the impact of the drastic decline in business volumes in the year and to maintain an adequate level of security in the management of financial resources.

Unutilised credit lines of the banking system at Group level amount to Euro 12.6 million, while the credit lines not yet utilised concerning the loan contract subscribed amount to Euro 130 million.

The financial payables of the Parent Company stipulate a number of covenants based on the consolidated financial statements of the Milione Group (to be verified on a half-yearly basis). As a result of the COVID-19 pandemic, management obtained specific waivers on compliance with these covenants and other contractual terms in the period between June

30, 2020 and June 30, 2021. Therefore, at December 31, 2020 the above parameters were not subject to testing.

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 December 31, 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 December 31, 2020 are classifiable to hierarchy Level 2 of the fair value measurement. During 2019, no transfers occurred from Level 1 to Level 2 or Level 3 or vice-versa.

## **40. 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 and accounting situations prepared in accordance with the accounting standards adopted by each company.

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

Percent control: 100%; 98.81% net of treasury shares held by the company.

SAVE S.p.A. 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 mainly in companies operating in the airport management sector. The subsidiary's 2020 financial statements present a value of production of Euro 59.7 million and a pre-tax loss of Euro 53 million.

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

Holding: 100%

The company manages airport parking directly and under sub-concession from SAVE and Aer Tre.

A value of production of approx. Euro 6.1 million was reported in 2020, and a pre-tax loss of Euro 0.3 million.

- **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 the fourth quarter of 2009, also as a vehicle company for the acquisition of Brussels South Charleroi Airport SA in December 2009.

The company incorporates the investment in Brussels South Charleroi Airport SA, consolidated 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 Masterplan.

In 2020, the value of production totalled Euro 2.6 million; the company reported a pre-tax loss of Euro 0.3 million.

• **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.

A value of production of Euro 3.8 million was reported in 2020, with a pre-tax profit of Euro 1.2 million.

• **Aeroporto di Treviso AER TRE S.p.A.**

Holding: 80%

The Company Aer Tre S.p.A. holds the concession for the management of Treviso airport. The value of production totalled Euro 4.3 million; a pre-tax loss of Euro 4.7 million was reported for 2020.

• **Società Agricola Save a r.l.**

Holding: 100%

The company is wholly-owned by Save S.p.A., following the spin-off of Agricola Cà Bolzan a r.l. in 2013 and is exclusively involved in the activities established by Article 2135 of the Civil Code. The value of production amounted to Euro 0.4 million, with a pre-tax profit of Euro 50 thousand.

• **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.

The value of production amounted to Euro 7.1 million, with a pre-tax the loss of Euro 3.2 million.

• **Archimede 3 S.r.l.**

Holding: 100%

The company was acquired in 2004. No significant costs or revenues were reported in the year.

### **Associates and joint ventures**

The key financial highlights of the joint ventures and associated companies considered significant are reported. The figures reported below are based on the financial statements at year-end of the respective companies, prepared in accordance with the accounting standards adopted by each company.

Reference should be made to the supplementary table Attachment D for the key quantitative disclosure required by IFRS 12.

#### **• Airst Retail S.r.l.**

Holding: 50%

The company manages food & retail sales points within the airports where the Save Group operates at Venice, Treviso and Verona and wholly-owns the company Airst Collezioni Venezia S.r.l. which manages through sub-license some retail sales points at the Venice airport.

The value of the investment at the date of these consolidated financial statements amounts to Euro 33.8 million; this includes the effect of the valuation at equity reflected in the income statement in a write-down of Euro 3.9 million. The investment is considered an associate as the shareholder agreements establish that control is exercised exclusively by the shareholder Lagardère.

#### **• Aeroporto Valerio Catullo di Verona Villafranca S.p.A.**

Holding: 41.84%

The value of the investment at the date of these consolidated financial statements amounts to Euro 23.7 million; this includes the effect of the valuation at equity reflected in the income statement in a write-down of Euro 5.9 million. The shareholder agreements provide for joint control of the company.

#### **• Brussels South Charleroi Airport S.A.**

Holding: 27.65% through Belgian Airport SA.

The company manages Charleroi airport. The company was consolidated at equity. The value of the investment of Euro 11.4 million includes the effect of the valuation at equity reflected in the income statement in a write-down of Euro 6.8 million.

#### **• V.T.P. S.p.A. (Venezia Terminal Passeggeri)**

Holding: 22.18%.

The company, founded by the Venice Port Authority, provides embarkation/disembarkation services for cruise ships, ferries, hydrofoils, recreational craft and all other passenger vessels using Venice Port.

The company was consolidated at equity; the investment was recognised for a value of Euro 10.8 million and includes the effect of the valuation at equity reflected in the income statement in a write-down of Euro 2.7 million.

- **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 2016, Save conferred the "Cargo" business unit to the subsidiary Save Cargo S.p.A.; in 2019, it sold 50% of the investment.

- **2A – Airport Advertising S.r.l.**

Holding: 50%

The company was incorporated in 2012 for the management of advertising spaces. The shareholder agreements provide for joint control of the company.

## **Subsequent events and business outlook**

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

As noted, after a slight recovery during the summer months, the resurgence of infections in the autumn slowed global output which, particularly in advanced countries, is still ongoing.

In the initial two months of 2021, approx. 126 thousand passengers transited Venice airport, down 89.9% on the same period of the previous year. Treviso Airport on the other hand has not reported yet any commercial aviation traffic and has only seen a limited number of general aviation operations. The restrictions on free movement between countries and the quarantine provisions still in force continue to severely impact the airport sector, rendering the time frame and methods of recovering passenger traffic uncertain.

These extraordinary circumstances are still contributing to significant uncertainty. The launch of vaccination campaigns at the start of 2021 reflects favourably on the outlook for the medium term, although the timing and extent of the recovery remain uncertain. The potential effects of this phenomenon will continue to be constantly monitored by the company's management and Board of Directors.

The Directors' assessments regarding the consolidated financial statements that may be more subject to the uncertainty arising from the circumstances described above are those relating to the accounts that require a higher level of judgement and are described in the paragraph of these consolidated financial statements "Significant accounting estimates".

## Disclosure as per Article 1, paragraph 125 of Law No. 124 of August 4, 2017

In relation to the provisions of Article 1, paragraph 125 of Law 124/2017, regarding the obligation to report in the notes to the financial statements contributions or aid in cash or in kind received during the year by way of grants, subsidies, advantages not of a general nature and without consideration, remuneration or compensation, from the entities referred to in paragraph 125 of the same article, the company certifies that it received the following public disbursements during the year:

(in Euro)	Invitalia	Ministry of Economy and Finance					TOTAL
	(1)	(2)	(3)	(4)	(5)	(6)	
SAVE S.P.A	150,000					28,297	178,297
AERTRE S.P.A						17,725	17,725
TRIVENETO SICUREZZA S.R.L.	9,998					23,439	33,437
MARCO POLO PARK S.R.L.				5,487		2,337	7,824
NAITEC S.R.L.			4,691	6,160	24,650		35,502
SOCIETÀ AGRICOLA SAVE A R.L.		2,000					2,000
	<b>159,998</b>	<b>2,000</b>	<b>4,691</b>	<b>11,647</b>	<b>24,650</b>	<b>71,798</b>	<b>274,785</b>

Safe enterprise tender - Art. 43, paragraph 1, Decree Law, March 17, 2020 No. 18

Grant - Art. 25, paragraph 1, Decree Law, March 19, 2020 No. 34

Leases tax credit - Art. 28, Decree Law, May 19, 2020 No. 34

Repeal Irap balance 2019 - Art. 24, Decree Law, May 19, 2020 No. 34

Repeal first IRAP advance payment 2020 - Art. 24, Decree Law, May 19, 2020 No. 34

Sanitation tax credit - Decree Law, May 19, 2020 No. 34 and decree law April 8, 2020 No. 23

## Related parties transactions

The consolidated financial statements at December 31, 2020 include the financial statements of Milione S.p.A. and its subsidiaries, as indicated in the paragraph "Consolidation scope".

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

## Annex 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	Purchases	Decreases	Grants	Reclassifications/ Other movements	Value at 12/31/20	Value at 01/01/20	Increases	Utilisation	Reclass./ Other movements		Value at 12/31/20
Airport Concession rights	703,953	33,812	(2)	0	16,451	754,215	143,003	22,856	(1)	0	165,858	588,357
Assets in progress and advances	48,091	7,377	(102)	0	(16,891)	38,474						38,474
<b>Sub-total airport concession rights</b>	<b>752,044</b>	<b>41,189</b>	<b>(104)</b>	<b>0</b>	<b>(440)</b>	<b>792,689</b>	<b>143,003</b>	<b>22,856</b>	<b>(1)</b>	<b>0</b>	<b>165,858</b>	<b>626,831</b>
<b>Concessions (*)</b>	<b>865,401</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>865,401</b>	<b>90,604</b>	<b>33,175</b>	<b>0</b>	<b>0</b>	<b>123,779</b>	<b>741,623</b>
Other intangible fixed assets with finite useful life	28,200	1,004	(3,731)		422	25,895	22,821	3,120	(3,731)	0	22,210	3,685
Assets in progress and payments on account	1,103	1,836	0		(476)	2,463	0	0	0	0	0	2,463
<b>Subtotal other intangible fixed assets with finite useful life</b>	<b>29,303</b>	<b>2,840</b>	<b>(3,731)</b>	<b>0</b>	<b>(54)</b>	<b>28,358</b>	<b>22,821</b>	<b>3,120</b>	<b>(3,731)</b>	<b>0</b>	<b>22,210</b>	<b>6,149</b>
<b>Goodwill and other intangible assets with indefinite useful life (*)</b>	<b>310,533</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>310,533</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>310,533</b>
<b>Total intangible assets</b>	<b>1,957,281</b>	<b>44,029</b>	<b>(3,835)</b>	<b>0</b>	<b>(494)</b>	<b>1,996,982</b>	<b>256,428</b>	<b>59,150</b>	<b>(3,732)</b>	<b>0</b>	<b>311,847</b>	<b>1,685,135</b>

## Additional Statements

## Annex 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	Purchases	Decreases	Grants	Reclassifications/ Other movements	Value at 12/31/20	Value at 01/01/20	Increases	Utilised	Reclassifications / Other movements		Value at 12/31/20
Land and buildings	52,735	58	(806)		54	52,041	3,720	1,067	0	0	4,786	47,254
Plant and machinery	80,857	454	(565)		110	80,856	52,755	5,885	(482)	0	58,158	22,698
Industrial and commercial equipment	9,080	178	(37)		43	9,264	6,124	731	(37)	0	6,819	2,445
Other assets	30,435	521	(3,509)		688	28,135	21,370	2,871	(3,435)	0	20,806	7,329
Impairment							14,326	987	0	0	15,313	(15,313)
Assets in progress and payments on account	2,468	292	0		(401)	2,359						2,359
<b>Total tangible assets</b>	<b>175,575</b>	<b>1,502</b>	<b>(4,917)</b>	<b>0</b>	<b>494</b>	<b>172,654</b>	<b>98,294</b>	<b>11,541</b>	<b>(3,954)</b>	<b>0</b>	<b>105,882</b>	<b>66,773</b>

**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	FINANCIAL ASSETS	TRADE RECEIVABLES	TRADE PAYABLES	OTHER PAYABLES	
Save Cargo S.p.A.	-	150	536	5	185
Airest Retail S.r.l.			625	11	774
Airest Collezioni Venezia S.r.l.			121		
2A - Airport Advertising S.r.l.			347	2	132
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.			439	31	
Gabriele D'Annunzio Handling S.p.A.			-		
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)				73	
<b>TOTAL</b>	<b>-</b>	<b>150</b>	<b>2,069</b>	<b>122</b>	<b>1,091</b>

AMOUNTS STATED IN EURO THOUSANDS	OPERATING REVENUE	OTHER INCOME	SERVICES	RENT, LEASE AND SIMILAR	OTHER CHARGES	
Save Cargo S.p.A.		235			155	
Airest Retail S.r.l.		2,754		443	3	
2A - Airport Advertising S.r.l.		1,358			1	
Airest Collezioni Venezia S.r.l.		412			20	
Airest S.p.A.						
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.		84		25	-	
Gabriele D'Annunzio Handling S.p.A.		5			2	
Brussels South Charleroi Airport (BSCA) SA		28			1	
Venezia Terminal Passeggeri (VTP) S.p.A.		-		-	10	
Finanziaria Internazionale Holding S.p.A.				73		
Banca Finint S.p.A. (PC)					1	
Finint Corporate Advisors S.r.l.				-		
<b>TOTAL</b>		<b>4,876</b>		<b>542</b>	<b>-</b>	<b>3</b>

Supplementary Statements

Annex D1

Key Financial Highlights of the subsidiaries with minority holdings

(in Euro/1000 as per IFRS before inter-company eliminations)	Aertre S.p.A.		Belgian Airport SA	
	12 31 2020	12 31 2019	12 31 2020	12 31 2019
Dividends paid to minority interests	0	0	0	0
current assets	5,326	10,486	670	678
non-current assets	38,308	38,472	11,249	11,249
current liabilities	18,112	20,934	9	6
liabilities held-for-sale				
non-current liabilities	10,684	9,807	0	0
revenues	3,638	23,328	0	0
profit (loss) on continuing operations	(3,378)	842	(11)	(11)
profit (loss) on discontinued operations				

Supplementary Statements  
Attachment D2  
Key Financial Highlights of the  
associates/Joint Ventures  
communicated to the Parent Company  
as per local GAAP

	Aeroporto Valerio Catullo di Verona Villafranca S.p.A.		Venezia Terminal Passeggeri S.p.A.		Brussels South Charleroi Airport SA		Airest Retail S.p.A.	
(in Euro/1000)	12 31 2020	12 31 2019	12 31 2019	12 31 2018	12 31 2020	12 31 2019	12 31 2020	12 31 2019
Dividends paid to joint ventures or associates			o	4,378			o	6,000
<b>Key Financial Highlights</b>								
current assets	33,399	36,425	24,425	22,859	38,320	45,458	11,757	22,536
non-current assets	99,269	97,612	21,117	21,638	46,110	49,955	53,093	60,203
current liabilities	(54,673)	(59,894)	(972)	(3,225)	(47,684)	(33,611)	(8,241)	(20,140)
non-current liabilities	(43,235)	(30,596)	(4,392)	(909)	(13,240)	(17,150)	(2,146)	(1,972)
net equity	(34,760)	(43,547)	(40,178)	(40,363)	(23,506)	(44,652)	(54,463)	(60,627)
<b>Revenues</b>	<b>16,890</b>	<b>46,948</b>	<b>34,433</b>	<b>32,814</b>	<b>58,165</b>	<b>110,139</b>	<b>20,563</b>	<b>101,067</b>
Raw materials and goods	(746)	(1,290)	(212)	(187)	(242)	(579)	(8,608)	(38,755)
Services	(15,180)	(21,453)	(14,656)	(13,490)	(43,149)	(56,392)	(3,663)	(12,424)
Rent, leases and similar	(1,164)	(2,876)	(5,664)	(5,563)			(3,496)	(16,425)
Personnel costs	(6,141)	(8,100)	(3,762)	(3,395)	(27,896)	(41,751)	(5,345)	(15,558)
Other charges	(559)	(554)	(202)	(101)	(2,536)	(4,300)	(159)	(12)
<b>EBITDA</b>	<b>(6,899)</b>	<b>12,675</b>	<b>9,937</b>	<b>10,078</b>	<b>(15,658)</b>	<b>7,117</b>	<b>(708)</b>	<b>17,893</b>
Amortisation, depreciation & write-downs	(3,448)	(6,266)	(4,480)	(4,491)	(7,183)	(7,388)	(7,237)	(7,227)
Provisions	(1,131)	(1,309)	(14)	(20)	(56)	(256)	(18)	(10)
<b>EBIT</b>	<b>(11,478)</b>	<b>5,100</b>	<b>5,443</b>	<b>5,567</b>	<b>(22,897)</b>	<b>(527)</b>	<b>(7,963)</b>	<b>10,656</b>
Financial income	1	1	265	488	930	247	182	22
Financial charges	(634)	(479)	(1)	(1)	(378)	(437)	(22)	(131)
Impairments on financial assets and write downs	(576)	(1,425)		(153)				567
Extraordinary income and charges								
<b>Profit/(loss) before taxes</b>	<b>(12,686)</b>	<b>3,196</b>	<b>5,707</b>	<b>5,902</b>	<b>(22,345)</b>	<b>(717)</b>	<b>(7,803)</b>	<b>11,114</b>
Income taxes	168	(1,059)	(1,515)	(1,524)	(61)	(34)	1,639	(3,199)
<b>profit (loss) on continuing operations;</b>	<b>(12,518)</b>	<b>2,137</b>	<b>4,193</b>	<b>4,378</b>	<b>(22,406)</b>	<b>(751)</b>	<b>(6,164)</b>	<b>7,915</b>
profit (loss) on discontinued operations / held-for-sale								
<b>Net profit/(loss)</b>	<b>(12,518)</b>	<b>2,137</b>	<b>4,193</b>	<b>4,378</b>	<b>(22,406)</b>	<b>1,062</b>	<b>(6,164)</b>	<b>7,915</b>
Cash and cash equivalents	6,637	7,156	18,960	19,392	15,395	19,800	74	890
Financial receivables								8,083
Current financial liabilities	(9,083)	(9,120)	(8,806)	(7)	o	o	(7,124)	(68)
Non-current financial liabilities	(19,485)	(7,841)		o	o	o		
<b>Financial position</b>	<b>(21,931)</b>	<b>(9,805)</b>	<b>10,154</b>	<b>19,385</b>	<b>15,395</b>	<b>19,800</b>	<b>(7,050)</b>	<b>8,905</b>

## INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of  
Milione S.p.A.

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated financial statements of Milione Group (the Group), which comprise consolidated balance sheet as at December 31, 2020, consolidated income statement, statement of consolidated comprehensive income, statement of changes in shareholders' equity, consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Milione S.p.A. in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter

We draw the attention to the relevant information included in the paragraphs of the explanatory notes entitled "Covid-19 impacts" and "Test on the recoverability of assets and group of assets" in which the Directors, among others, describe the main aspects of impairment tests performed with regards to the recoverability of Group's assets.

Our opinion is not qualified in respect of these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Palermo Parma Roma Torino Treviso Udine Verona

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## Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of Milione S.p.A. or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10

The Directors of Milione S.p.A. are responsible for the preparation of the Directors' report of Milione Group as at December 31, 2020, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the Directors' report with the consolidated financial statements of Milione Group as at December 31, 2020 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned Directors' report is consistent with the consolidated financial statements of Milione Group as at December 31, 2020 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by  
Barbara Moscardi  
Partner

Treviso, Italy  
April 15, 2021

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

# MILIONE S.P.A.

**Milione S.p.A.**

Viale G. Galilei, 30/1 - 30173 Tessera-Venezia (Ve)