ANNUAL REPORT 2022

SEA MilanAirports

ANNUAL REPORT
AT DECEMBER 31, 2022

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KEY FIGURES AND GENERAL INFORMATION

Key figures and general information

THE SEA GROUP

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

MILAN MALPENSA

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

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

MILAN MALPENSA CARGO

is the nerve centre of inbound and outbound cargo distribution in Italy. It played a fundamental role in 2020 due to the increase in cargo flights tied to the significant influx of anti-Covid medical devices and the development of e-commerce, establishing itself as a primary hub for cargo in the years to come.

MILAN LINATE

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

MILANO LINATE PRIME AND MILANO MALPENSA PRIME

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

SEA GROUP STRUCTURE AND INVESTMENTS IN OTHER COMPANIES

INVESTMENTS OF SEA S.P.A. AT DECEMBER 31, 2022

- *Controlling shareholding*
- *Associate*
- *Investment in other companies*

** Please note that the holding in SEA Energia was sold on September 29, 2022.*

SHARE CAPITAL STRUCTURE

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

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

At December 31, 2022, SEA does not hold treasury shares. The ownership structure is as follows:

Public Shareholders

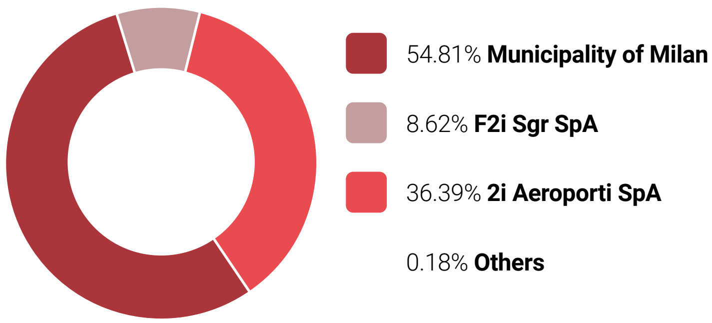
8 entities/companies	
Municipality of Milan(*)	54.81%
Municipality of Busto Arsizio	0.06%
Other public shareholders	0.08%
Total	**54.95%**

Private Shareholders

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

(*) Holder of Class A shares

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



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

CORPORATE BOARDS

BOARD OF DIRECTORS

(2022/2024, appointed by the Shareholders' Meeting of May 3, 2022)

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

BOARD OF STATUTORY AUDITORS

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

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

INDEPENDENT AUDIT FIRM

Deloitte & Touche SpA

[1] Non-Executive Vice Chairperson

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

[3] Member of the Remuneration and Appointments Committee

[4] Member of the Ethics Committee

[5] Member of the Supervisory Board

** Daniele Angelo Contessi, who had already been appointed Alternate Auditor at the SEA Shareholders' Meeting on May 3, resigned from office to take up the position of Statutory Auditor on November 9, 2022, replacing Felice Morisco.*

2022 KEY FINANCIAL HIGHLIGHTS & OTHER INDICATORS

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

Operating results

(Euro thousands)	2022	2021	Change
Revenues	767,516	348,981	418,535
EBITDA [1]	290,249	31,741	258,508
EBIT	199,500	(80,794)	280,294
Pre-tax result	199,572	(100,971)	300,543
Net result from assets held-for-sale	(3,960)	2,100	(6,060)
Group Net Result	182,460	(75,119)	257,579

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

Financial data

(Euro thousands)	December 31, 2022	December 31, 2021	Change
Fixed assets (A)	1,354,637	1,344,898	9,739
Net Working Capital (B)	(356,944)	(192,242)	(164,702)
Provisions for risks and charges (C)	(229,124)	(213,112)	(16,012)
Employee provisions (D)	(30,942)	(44,036)	13,094
Other non-current payables (E)	(6,590)	(84,736)	78,146
Net capital employed (A+B+C+D+E)	**731,037**	**810,772**	**(79,735)**
Group Shareholders' equity	342,836	155,906	186,930
Minority interest Shareholders' equity	31	31	0
Net financial debt [2]	388,170	654,835	(266,665)
Total sources of financing	**731,037**	**810,772**	**(79,735)**

(A) Fixed assets, including those falling under IFRIC 12, are expressed net of State and European Union contributions. At December 31, 2022, they amounted to Euro 511,873 thousand and Euro 7,019 thousand respectively (Euro 511,873 thousand and Euro 7,019 thousand respectively at December 31, 2021).

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

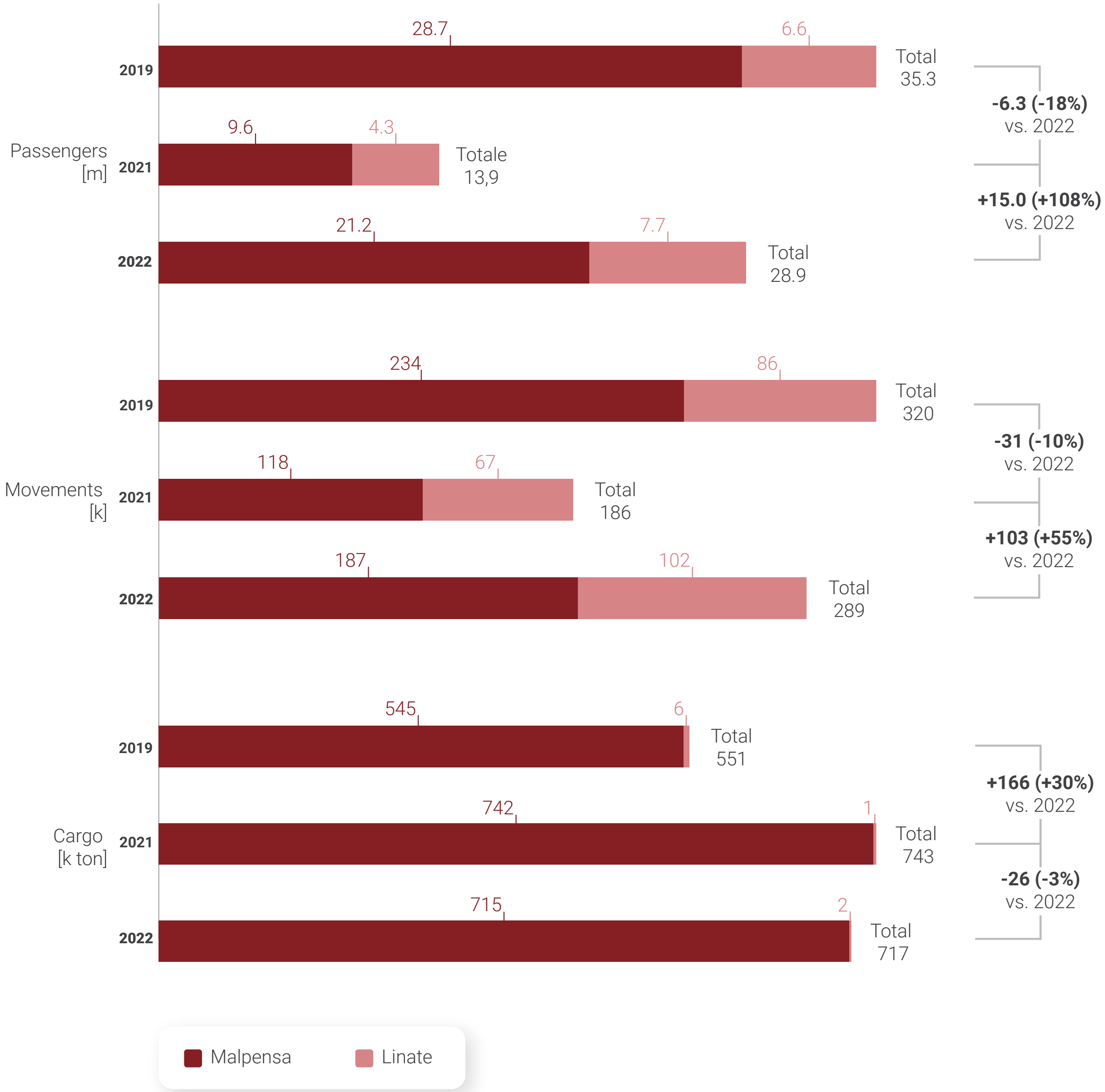
Investments

(Euro thousands)	December 31, 2022	December 31, 2021	Change
Tangible and intangible asset investments	76,819	49,909	26,910

Other Indicators

	December 31, 2022	December 31, 20221
HDC Employees (at year end)	2,570	2,682

Traffic 2022 (Commercial and General Aviation)



Traffic data for 2022 are also compared to that of 2019, which was the most recent year unaffected by the COVID-19 pandemic. This comparison allows for a better understanding of the traffic recovery that occurred during the year in question.

Directors' report 2022

DIRECTORS' REPORT 2022

SIGNIFICANT EVENTS IN 2022

COVID-19 pandemic

The early months of 2022 were marked by a new wave of the COVID-19 virus, which reached its peak during this period. Unlike in previous years, and despite the fact that many activities are now taking place outdoors, there was a severe wave of the pandemic this summer, with a steep increase in infections and transmissibility above the epidemic threshold. Faced with the progressive improvement of the pandemic in 2022 and the subsequent relaxation of the regulations and travel restrictions put in place by various countries, SEA modified its actions and services over time, in line with new regulations and guidelines.

The protocols listed below are therefore constantly updated based on prevailing legislation, the relevant aspects of airport operations, and trends in traffic:

- Company Protocol and measures to combat and contain the spread of the SARS-CoV-2/COVID-19 virus in the workplace.
- Company provisions for personnel, contractors, suppliers, visitors, and all third parties.
- Airport Health and Safety Operating Protocols for the airports managed by SEA, which contain measures to minimise the spread of the virus among passengers and airport personnel.

SEA has guaranteed compliance with the current ENAC Guidelines (ENAC Guidelines for the Recovery of Airport Traffic, Ed. 10 of June 16, 2022), which require that:

- Areas are assigned to handle suspected cases (passengers testing positive or with suspected symptoms): Malpensa has dedicated areas for both departing and arriving passengers (Extra-Schengen and Schengen), while Linate has one dedicated area for arriving passengers; any "suspected" departing passengers are asked to leave the airport.
- Hand gel dispensers are made available to all passengers.
- Appropriate signage is installed to avoid crowding, specifically totems and rolling notices on monitors.

Against this backdrop, SEA has always ensured areas and equipment are clean and sanitised, in line with the relevant standards.

In addition, SEA has offered travellers and airport operators the option to perform nasopharyngeal swabs to test for COVID-19 at contracted facilities in its Linate and Malpensa terminals.

The SEA Group maintained the same airport structure as 2021 and Linate airport, Malpensa Terminal 1 and Cargo City were all kept operational. Shopping and food & beverage activities were modified to meet the needs of a new clientele characterised primarily by passengers from Schengen destinations as non-Schengen passengers are still largely absent.

Russia-Ukraine conflict

At dawn on February 24, 2022, the Russian president ordered the invasion of Ukraine, following Moscow's decision to recognise as independent the Ukrainian territories controlled by separatists from the "People's Republics" of Donetsk and Lugansk in the Donbas. Currently, the countries of the European Union and America are acting by imposing sanctions on Russia. With regard to the aviation sector, all Russian airlines, including private planes, were prohibited by the European Union from accessing its airports and flying over its airspace in February 2022. The United States and Canada subsequently introduced the same measures. As a result, flights were cancelled and air traffic was suspended between the Russian Federation and countries that imposed a ban. In addition, the European Union (followed by the United States, Canada, and the United Kingdom) banned the export of aviation goods and technologies to Russia, preventing Russian airlines from purchasing aircraft, spare parts needed for repairs, and equipment for their fleets. We expect this ban to ground a significant share of Russia's civil aviation fleet, including for domestic flights, as it is largely built in EU countries, the United States, and Canada.

In addition, on February 24, 2022, Eurocontrol and EASA declared at risk the areas affected by the conflict and have banned their overflight.

Although the restriction measures have had a marginal impact on its business, the Company continues to monitor the conflict as it progresses.

Sale of the company SEA Energia

Following governmental authorisation (Golden Power), which was received in September 2022, the sale of the investment in SEA Energia to a2a Calore e Servizi S.p.A. was finalised. Sea Energia S.p.A. was removed from SEA's consolidation scope on September 30, 2022. The public tender procedure initiated by SEA in July 2021 for the full sale of SEA Energia involved the buying and selling of shares, in addition to the signing of two contracts. These contracts were for the supply of electricity and heat, respectively, with the latter having a duration of nine years. By leveraging the a2a Group's technological expertise in power plant management and fully utilising the thermal and electrical capacity available, the agreement will allow SEA to improve the efficiency of its plant operations.

Publication of competitive dialogue for the sale of Airport ICT Services S.r.l.

A public tender was initiated in July 2022, utilising competitive dialogue, for the sale of Airport ICT Services S.r.l., which is presently fully owned by SEA S.p.A. The tender also included the simultaneous transfer of the "non-business-specific" ICT service contract to Airport ICT Services. The tender procedure is currently underway.

Capital Increase in SEA Services S.r.l.

In December 2022, a capital increase was invested in SEA Services S.r.l., which simultaneously changed its company name to Areas Food Services S.r.l. The shareholdings of SEA and MyChef shareholders were not changed. The transaction forms part of SEA's broader strategy of improving the food and beverage sector while also directly overseeing the quality of services provided in the hope of improving passenger experience.

Settlement agreement

On July 14, 2022, SEA S.p.A. and Alitalia in A.S. signed a settlement under which the parties waived the revocation action by which Alitalia demanded that SEA reimburse the payments made in the six months prior to the date of the decree of admission to extraordinary administration. This agreement also covers the receivables due from Alitalia to SEA through a settlement by the carrier of Euro 14.8 million.

Collection of funds provided by the "Budget Law 2021"

Following completion of the process envisaged by the Decree of November 25, 2021, published in the Official Gazette on December 28, 2021, the remaining 50% of the funds requested (Euro 67.8 million) was disbursed on May 20, 2022. An advance payment of Euro 67.8 million was disbursed on March 8, 2022.

Collection of funds envisaged by the motion of the Lombardy Regional Government

On June 9, 2022, the grant envisaged by the above motion for airports of national interest belonging to the TEN-T network was disbursed to SEA S.p.A. and amounted to Euro 8.5 million.

Contributions under DL 21/22, DL 155/22, DL 144/22, and DL 176/22

Italy provides subsidies to companies for the electricity they have consumed through the above Decree-Laws. The subsidy is recognised in the form of a tax credit.

To qualify for the subsidy, companies must have electricity metres with a minimum capacity of 16.5 kWh. Additionally, they must demonstrate a cost per kWh increase of over 30% in the second, third, and fourth of 2022 to the average price recorded in those quarters in 2019, supported by relevant invoices. The subsidy granted to the SEA Group for 2022 amounts to Euro 6,099,361 (of which Euro 6,055,679 for SEA S.p.A. and Euro 43,682 for Sea Prime S.p.A.).

Redefinition of credit lines

In 2022 and early 2023 the existing committed lines of credit were renegotiated and new facilities contracted with the aim of reinforcing the SEA Group's financial structure.

In August 2022, new revolving credit lines of Euro 250 million, usable until 2027, were signed with a pool of leading Italian and international banks. These new credit lines allowed the Group to complete the early refinancing of existing lines that were maturing between the end of 2023 and the beginning of 2024. The credit lines include an ESG option, which allows the SEA Group to transform credit lines into a sustainability-linked format during their first year of subscription.

During the year, preliminary inquiries were conducted with the EIB to revise the investment plan supporting the Credit Line Agreement signed in 2019, which still has Euro 70 million remaining. The goal is to substitute postponed or revised projects to maximise use of the credit line. The period of use was extended to February 2025 from the previous deadline of February 2023.

The new structure of the committed facilities, for a total of Euro 320 million, will ensure that the SEA Group has adequate financial flexibility in the coming years, at continued favourable cost conditions.

Agreement for the purchase of the property complex owned by Gezzo S.r.l.

In August 2022, an agreement was signed between the parties for the purchase of the property complex located near Linate Airport and owned by Gezzo S.r.l.. At present, the purchase has not yet been finalised as it is subject to unverified suspensive conditions. The purchase of the above complex forms part of SEA's broader strategy to develop travel connections, in conjunction with the opening of the M4 metro and the need to build an interchange car park.

SEA commits to a green, safe, and digital European sky

As part of the SESAR 3 Joint Undertaking programme, on May 5, SEA and other founding members, EU representatives, and key stakeholders signed a new agreement in Brussels to accelerate the achievement of a more inclusive, resilient, and sustainable Digital European Sky through research and innovation. The agreement confirms SEA's commitment to achieving more sustainable air transport by means of a Single European Sky. The project seeks to improve air traffic and render it efficient, competitive, and safe, while reducing fragmentation along national borders.

Memorandum of Understanding - Malpensa 2035 Masterplan

On June 6, 2022, a memorandum of understanding associated with the Malpensa 2035 Masterplan was signed by SEA, the Lombardy Region, CUV municipalities, and ENAC. The memorandum defines the airport's future traffic development goals, the infrastructural requirements needed to respond to traffic growth, the overall interventions planned, and the environmental mitigation and compensation works in the pipeline.

ECONOMIC OVERVIEW

Q4 2022 showed signs of a deteriorating global economic situation, primarily driven by rising inflation, the ongoing Russo-Ukrainian War, and the slowdown of China's economy due to the government's COVID-19 containment measures (specifically, its "zero-COVID policy").

According to the latest OECD forecast, global GDP is expected to slow to 2.2% in 2023 - from 3.1% in 2022 - as a result of restrictive monetary policies, high energy prices, and falling household disposable income.

After a slight recovery in the summer months, GDP remained almost static in the Eurozone in Q4 2022 and consumer inflation remained high. Price dynamics continue to be affected by rising energy and food prices. At the end of 2022, the European Commission and EU Council approved the national recovery and resilience plans. The finalisation of an initial agreement on REPowerEU funding, which can be employed in national strategies to address the energy crisis, is currently underway.

In addition, the ECB raised official rates in 2022 and announced that further increases may take place in 2023 to reach inflation targets in the medium term.

In line with Europe, Italy's economic performance experienced a decline in Q4 2022, primarily due to the rise in energy costs and the slowdown in the recovery of sectors such as trade, transportation, and accommodation services. Despite income support measures, household spending also decreased. Against this backdrop, inflation continued to rise significantly, reaching new heights in autumn (12.3% in December, calculated annually).

In the second half of 2022, lending by banks to the private sector slowed due to decreased demand from both the corporate and domestic sectors for investing in housing. The rise in official rates had a knock-on effect on the cost of bank loans, in line with the average increases recorded in the Eurozone.

In Q3 2022, employment levels and hours worked remained steady, at high levels. Permanent work continued to increase, driven by several temporary contract conversions in 2021. Wage dynamics remained stable, partly due to the prolongation of negotiations in certain service sectors, where a significant proportion of workers are still awaiting the renewal of the collective agreement.

In November 2022, the Government intervened in energy matters again, primarily through the extension of most of the temporary measures implemented to alleviate the impact of rising energy prices on household and business budgets until the end of 2022, in addition to providing incentives for property portfolio redevelopment, as outlined in Decree-Laws 176/2022 and 179/2022.

AIR TRANSPORT AND AIRPORTS

In the first few months of 2022, passenger transport was still affected by the negative impacts of the pandemic, while the start of the IATA summer season saw air traffic recover to pre-pandemic levels.

The new wave of the pandemic - driven by the Omicron variant - prompted governments to impose restrictive travel measures at the end of 2021, with particular reference to intercontinental travel. An example of this is the regulation adopted by the US on December 8, 2021, imposing new entry restrictions that were stricter than the requirement for full vaccination certification, only a few weeks before the country was expected to resume operations. Performance in the first two months of 2022 was thus affected by a slowdown in sector recovery from summer onwards. The reduced risk posed by the new variant resulted in a progressive return to normalcy in April 2022.

The relaxation of protection measures contributed to an increase in travel confidence, which underpinned the recovery of domestic and European traffic. As of June 1, 2022, vaccination certificates (green passes) are no longer required for entry to Italy from EU or non-EU countries; a rapid test with a negative result is no longer required for intercontinental travel to the US, Africa, and the Middle East. The requirement to wear a face mask on board aircraft was also lifted on June 15.

This climate of confidence around international travel between Europe, the US, the Middle East, and Africa is countered by the caution exercised when resuming flights to Asia. Direct flights to Korea, Singapore, Japan, and Australia (operated by the respective national airlines) resumed in the latter half of the year, and weekly flights to/from China resumed in November, due to the Chinese government's new policy abandoning its zero COVID-19 strategy. Finally, given the multiple cases and deaths recorded in China at the beginning of December 2022 (partly due to ineffective vaccination doses), on December 28, 2022, the Ministry of Health ordered all travellers originating from China or in transit through Italy to perform compulsory antigenic swabs, in addition to molecular tests in the event of a positive result.

The ongoing conflict between Ukraine and Russia is also having a direct and indirect impact on the global air transport sector. Several measures have been taken since the start of the conflict (February 24, 2022), and as a result of the sanctions imposed on Russia by the European Commission and United Nations, including the following restrictive measures: the suspension of civil flights in Ukrainian airspace, a ban on Russian-owned and/or Russian-controlled/registered aircraft flying over EU airspace, and a ban on European and US airlines flying over Russian airspace.

In addition to banning traffic from war zones, the measures have reduced overflight possibilities over Russia, obliging the airlines concerned to lengthen routes, thus incurring higher operating costs.

In addition, the geopolitical tensions have led to a reduction in the supply of raw materials from Russia and Ukraine, specifically energy commodities (oil and gas). This shortage has resulted in a general rise in the cost of raw materials (including Jet-A1 fuel), which has had a domino effect on the economy and caused inflation to increase. The rise in fuel costs contributed to an air of uncertainty and concern regarding airline and airport manager budgets, which had already been hard hit by the pandemic; this led to an increase in airline ticket prices for summer 2022.

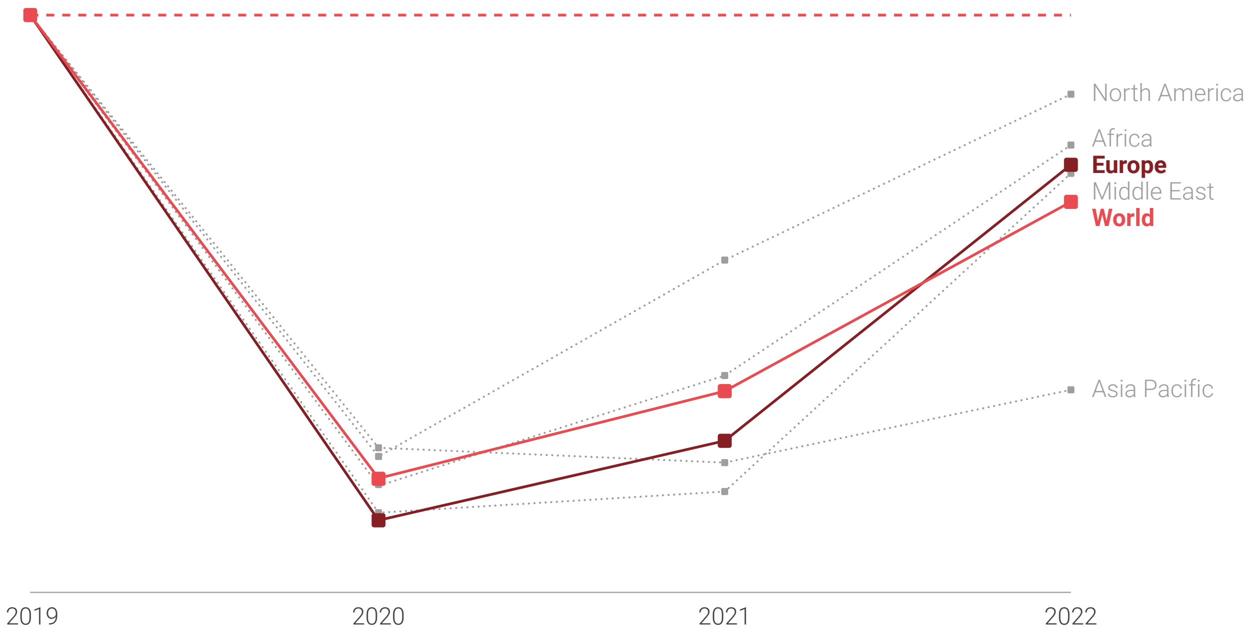
Despite the dual impacts of the pandemic and Russo-Ukraine War, there were signs of recovery in passenger traffic. In July 2022, there was an unforeseen rise in traffic, which created operational challenges for leading air transportation players (airlines, handlers, airport managers, etc.) due to the difficulty recruiting operational personnel. Some airport managers (including ADP, Fraport, and Heathrow) imposed a limit on daily outbound traffic during the summer months, and several airlines cancelled scheduled flights due to staff shortages.

Consistent with the trends observed in 2022, the latest forecasts indicate that there will be further improvements in traffic in 2023, and a full recovery to pre-pandemic levels by 2024 [1]. In support of Eurocontrol's forecasts, airlines have confirmed their medium-term growth targets, also in relation to orders for aircraft to be delivered over the next five years; these aircraft boast better range and reduced noise and air pollution.

[1] *Source: Eurocontrol "3-year Forecast June 2022" (June 1, 2022 release)*

The traffic levels recorded by airports around the globe in 2022 reflect the negative results in Q1 2022, and the subsequent recovery with the start of the IATA summer season: a sample of 1,161 airports (members of ACI World) recorded 5.5 billion passengers, up 53% on 2021 and down 26% on 2019. When comparing geographic regions, North America saw passenger numbers increase by 34% compared to 2021 (-11% vs. 2019), Africa +64% (-18% vs. 2019), the Middle East +130% (-22% vs. 2019), Europe +95% (-21% vs. 2019), and Asia +27% (-52% vs. 2019). Italy recorded +106% on 2021 (-15% on 2019).

Traffic recovery by geographical area [passengers]



100 million tonnes of cargo were handled globally in 2022, reducing on the figures for 2021 (-6.9%) and in line with 2019 (-1.2%); unlike passenger traffic, the cargo segment was not negatively affected by the pandemic, with the exception of the March-May 2020 period. The Cargo sector benefited from systematic delays throughout the cargo supply chain (seaport congestion and pandemic-related controls), with consequent increase in container hire prices and the new consumer tendencies to make direct purchases on online platforms, resulting in the growth of the e-commerce segment. The need for stocks to be replenished by production companies also had a significant impact.

The airports with the most cargo traffic are located in Asia and North America: these include Hong Kong (4.2 million tonnes) and Memphis (4.0 million tonnes) followed by Anchorage (3.5 million tonnes).

Lastly, Europe's Business and General Aviation segment also recorded an increase in the number of movements compared to the pre-pandemic period (+16% [2]); in this case, the improvement in performance recorded between 2022 and 2021 (+12% [3] of movements) notable; the pandemic appears to have contributed to structural changes to the general aviation segment: the increased flexibility of links and the enhanced safety experienced by passengers have resulted in this mode of transportation being used as a replacement for legacy flights.

[2] *Source: WINGX "Business aviation global monitor all regions" (December 2022 release)*

[3] *Source: EBAA "Business Aviation - Traffic tracker Europe" (December 2022 release)*

REGULATORY FRAMEWORK

Publication of consultation document on new airport fee governance models

With Resolution No. 80/2022 of May 12, 2022 ("Proceedings initiated with Resolution No. 42/2022 - Announcement of public consultation on revision of airport fee governance models"), the Transport Regulation Authority (ART) published a regulation scheme entitled "Airport Fee Governance Models" and called for a public consultation, inviting interested parties to submit comments and proposals on the document in question.

SEA participated, as did other parties, in the consultation by preparing its own document containing comments on the regulatory measures proposed by the Authority.

The conclusion of the procedure and publication of new models, initially set for September 30, 2022, was first extended to December 23, 2022 and subsequently to January 31, 2023, by resolution ART 248/2022. This postponement was necessary pending receipt of the required opinions from the Ministry for Infrastructure and Transport and the Ministry for the Economy and Finance.

Subsequent to the extension of the deadline for the completion of the procedure mentioned above, on December 29, the Authority postponed the implementation of the regulatory models until February 1, 2023, through Resolution No. 225/2022, in accordance with Resolution No. 136/2020. The original deadline was set for January 1, 2023.

On March 9, 2023, the Authority published the new models for regulating airport fees with Resolution No. 38/2023, which enter into force on April 1, 2023. With Resolution No. 39/2023, ART simultaneously published the value of the rate of return on investment for preparing proposals to modify airport fees. The new models will apply to SEA from January 1, 2024.

Annual consultation with the Users Committee for 2023 tariffs

SEA decided to delay the start of the new multi-year tariff regulatory period to 2024, considering the pending publication of the new airport fee regulatory models by ART and the requirement to sign the Technical Tariff Regulatory Document (DTRT) with ENAC, which obligates SEA to adopt the models.

With a note dated October 13, 2022, SEA submitted a formal request to ART to confirm the fees it regulates (airport, safety, and centralised infrastructure fees, and exclusive use asset fees), which are currently also in force for the year 2023.

With a note dated October 24, 2022, ART invited SEA to fulfil its information and transparency obligations with regard to users and, subsequently, to notify the authority of the results of its annual consultation.

On December 15, 2022, a consultation was held with users of Milan Malpensa and Milan Linate airports, where SEA proposed that current regulatory fee levels be "frozen" and extended to apply to 2023. Since there were no opinions to the contrary, this proposal was forwarded to the Authority for formal approval.

Upon the conclusion of the procedure in question, by communication of December 23, 2022, the Transport Regulation Authority approved the application of the tariff level applied in 2020 to 2023.

New fees for assisting passengers with reduced mobility (PRM)

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

On October 25, 2022, SEA submitted a proposed revision of the 2023 PRM service fees for consultation with airport users of Malpensa and Linate. The revision was prepared in line with the provisions of the aforementioned ENAC Guidelines.

At the hearing, SEA and Malpensa airport users reached an agreement on the fee submitted for consultation. The fee for 2023 has been set at Euro 1.20 per departing passenger, down 14% on the 2022 fee (Euro 1.39). The new tariff will come into effect on February 13, 2023. On the contrary, for Linate Airport, users involved in the consultation process voted against the proposed update to the tariff, which triggered the procedure envisaged by the ENAC Guidelines mentioned above in the event of a failure to reach an agreement.

SEA thus submitted a request to ENAC to start preliminary investigations to define the fees in question. On January 3, 2023 the Authority announced that the new fee would be set at Euro 1.95 per departing passenger, a small increase compared to 2022 (Euro 1.91). This new tariff will come into effect on March 4, 2023.

New de-icing service fees

Pursuant to Legislative Decree No. 18/99, de-icing is a handling activity that must be carried out under free competition rules. As no operators were found willing to provide the service, SEA has taken on the exclusive responsibility for handling it at both Milan Malpensa and Milan Linate airports. At Malpensa Airport, de-icing activities are carried out by virtue of the ENAC measure of January 14, 2021, which reserved the service's central management to SEA. Meanwhile, at Linate, the activity has been exclusively performed by SEA for several years (a de facto monopoly), as acknowledged by the same body in a note dated October 8, 2020.

With regard to handling services, Article 19 of Legislative Decree No. 18/99 states that, "in the event that airport ground handling services are performed by a single provider, the relative tariffs are approved by the Ministry for Transport and Navigation, upon proposal of ENAC and in accordance with the provisions of Article 1 of Law No. 316 of October 2, 1991".

In light of this requirement, ENAC must carry out dedicated preliminary activities to formulate a proposal for submission to the supervising Ministry. The proposal must also take into account information from the airport users consultation.

On October 21, 2022, ENAC authorised SEA to submit a proposal for the new fees in question for consultation with the Users Committees of the Milan airports. The consultation with users of Malpensa and Linate was held on October 25, 2022, after which SEA forwarded the results to ENAC so that it could reach its conclusions.

SEA is waiting to receive the provision on the new fees from ENAC.

New significant domestic and EU regulations

In September 2022, three decrees regarding fire risk prevention in workplaces came into effect, in accordance with Article 46, Paragraph 3 of Legislative Decree No. 81/08. The decrees and their effective dates are listed below:

- Inspections of fire protection systems and equipment, and other fire safety systems (Ministerial Decree of September 1, 2021 - in force since September 25, 2022).
- Criteria for managing workplaces in standard and emergency scenarios, and the characteristics of the specific fire prevention and protection service (Ministerial Decree of September 2, 2021 - in force since October 4, 2022).
- Planning and adoption of fire safety practices in workplaces (Ministerial Decree of September 3, 2021 - in force since October 29, 2022). Article 46, Paragraph 3 of Legislative Decree No. 81/2008 was implemented through these documents, which allow the adoption of one or more decrees to establish criteria for identifying:

    1. measures to prevent the outbreak of fire and limit the consequences should it occur;
    2. precautionary operating measures;
    3. methods for monitoring and maintaining fire-fighting systems and equipment;
    4. emergency management criteria;
    5. the specific characteristics of the fire prevention and protection service, including personnel and training requirements.

Slot allocation

The EU transitional regulation, effective from the IATA summer season 2021 and extended to the 2021-22 winter season, reduced the minimum slot use threshold to 50%, to maintain historical allocation levels. The minimum threshold was subsequently increased to 64% in the 2022 summer season and again to 75% in the 2022-23 winter season. With the start of the 2023 summer season, a return to the minimum threshold of 80% is planned, as provided for in EU legislation and applied until 2019.

In September 2022, the new traffic regulation decree for Linate entered into force, expanding destinations that can be managed outside the European Union with airports within a 1,500km radius, provided that the third country has signed a vertical agreement with the European Union. The agreement's geographical scope includes Great Britain, some Mediterranean countries, Eastern Europe, and the Balkans.

CLIMATE CHANGE

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

In recent years there has been an increase in extreme weather events such as cloudbursts, heat waves, and very severe storms, which cause disruptions due to the temporary suspension of activities, the additional emergency management costs incurred, and the damage caused to airport infrastructure and assets. It was therefore necessary to establish strategies for mitigating the potential impacts of climate change on airport infrastructure and activities. In 2022, the process of preparing "climate change adaptation plans for Milan's Malpensa and Linate airports" began in partnership with Fondazione Lombardia per l'Ambiente. The process will be completed in early 2024. As part of efforts to improve the resilience of airport infrastructures, SEA launched the Re-MXP initiative (Resilience improvement of the Milan MXP Airport against natural hazards by implementing infrastructure upgrades and a smart monitoring system in a multi-risk framework), a project co-funded by the European Union (32% of the total amount). The project seeks to make a series of changes to Malpensa's infrastructures to mitigate earthquake risks or those related to severe weather events such as flooding. A "smart monitoring" system (earthquake monitoring of the T1 and drainage system) is also being adopted, which will provide real-time insight into how the infrastructure behaves under normal operating conditions and in exceptional scenarios. The works, totalling some Euro 24.1 million, will be completed by 2026.

To combat climate change and as part of its environmental sustainability initiatives, SEA has undertaken various actions that are also recognised by international certifications. During 2021, both Malpensa and Linate airports obtained an Airport Carbon Accreditation (ACA) 4+ [4] certification for their efforts to reduce direct and indirect CO_2 emissions. SEA's commitment is to reduce its Scope 1 and 2 emissions by 66% by 2030, compared to 2010.

"Net Zero Emissions" is the most relevant sustainability goal for SEA. To achieve this objective, SEA has drafted a plan that is largely inspired the best practices of leading European players in the sector. Airports must primarily aim to reduce their absolute emissions and neutralise residual emissions by investing in CO_2 removal and storage. Residual emissions are offset through the acquisition of Carbon Credits accredited by the ACA programme, thus ensuring climate neutrality while in the process of meeting reduction targets. In 2022, the costs incurred for the purchase of Carbon Credits amounted to Euro 186,000.

To achieve SEA's decarbonisation targets, a "Net Zero Team" was appointed in June 2022. The multidisciplinary working group comprises representatives from six company departments, and ensures:

[4] *In November 2020 the Airport Carbon Accreditation programme added an additional level of accreditation to expand the opportunities for airport operators to demonstrate their commitment to reducing absolute greenhouse gas emissions. The current levels of accreditation are:*

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

- defining and communicating a clear, shared roadmap of initiatives, some of which are already underway based on the Sustainability Committee guidelines and SEA's sustainability plan;
- the programme management of initiatives (planning and execution), in addition to the appropriate systematisation of related information assets;
- uniformly supervising matters relating to Net Zero 2030 initiatives, including those of a financial, supply, legal or risk management nature.

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

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

Initiatives related to the first point concern the supply of electricity and heat from renewable sources. Initiatives linked to the reduction of emissions from typical airport activities include the use of electric Cobus intercity buses, the conversion of the company car fleet to hybrid or electric vehicles and the installation of facilities to support them, such as recharging stations also for electric vehicles air-side. The reduction in emissions from upstream activities is based on the assumption that true discontinuity will occur with the gradual roll-out of sustainable aviation fuels (SAFs) in place of fossil fuels, with new electric and hydrogen-powered aircraft scheduled to come to market starting in 2035.

With this in mind, several initiatives were developed and formalised under the Framework Collaboration Agreement signed with ENI at the end of 2021 to refuel private and commercial flights with SAF biofuels. Chief among these initiatives was the start of the systematic supply of Sustainable Aviation Fuel (SAF) at Malpensa and Linate airports. This supply is only currently intended for DHL flights, but the use of SAF fuel will be made available to carriers who request it in 2023.

Meanwhile, initiatives to reduce the emissions generated by downstream activities can be traced back to accessibility: at least 40% of airport emissions derive directly from road traffic. SEA hopes to promote its new "air-rail" system at both airports, which also involves a system of connections to and from the airports. Keeping this in view, various SEA initiatives were adopted in conjunction with the opening of the metro line 4, such as the preparation of an area for the installation of ten electric vehicle charging stations.

The building of a rail link between Terminal 2 and Gallarate, to which SEA is contributing by performing works on the runway shoulder, will also promote sustainable transport.

Finally, the gradual introduction of the Urban Air Mobility (small electric aircraft with vertical take-off and landing), represents a cutting-edge, zero-emissions way of reducing road traffic congestion and speeding up urban and suburban travel.

It is against this backdrop that SEA has signed a partnership agreement with Skyports, a world leader in the design and management of vertiports. The agreement seeks to assess the potential of developing and managing a network of vertiports in Italy, starting in Milan.

OPERATING AND FINANCIAL OVERVIEW

Milan Airport System key traffic figures

In 2022, the Milan Airport System managed by the SEA Group served 28.9 million passengers, up 108% compared to 2021 and 82% compared to 2019 traffic levels. Cargo, which reached an all-time record of 743 thousand tonnes handled at Malpensa and Linate in 2021, recorded a slight drop in 2022. 717 thousand tonnes of cargo were handled, down 3% on 2021 and up 30% on 2019. General aviation, with over 32.6 thousand movements managed in 2022, grew 20% on 2021 and 33% on 2019.

Commercial aviation

	2022	2021	Δ%	2019	Δ%
Passengers [k]	**28,883**	**13,879**	**+108%**	**35,243**	**-18%**
Linate	7,669	4,307	+78%	6,537	+17%
Malpensa	21,214	9,572	+122%	28,706	-26%
Cargo [k ton]	**717.2**	**743.1**	**-3.5%**	**551.4**	**+30%**
Linate	1.7	1.3	+27%	6.4	-74%
Malpensa	715.5	741.8	-3.5%	545.0	+31%
Movements [k]	**256.0**	**158.5**	**+62%**	**295.3**	**-13%**
Linate	75.4	45.4	+66%	69.8	+8%
Malpensa	180.6	113.1	+60%	225.5	-20%
of which passengers	148.9	81.3	+83%	213.2	-30%
of which Cargo	31.7	31.8	-0.4%	12.3	+158%

General aviation

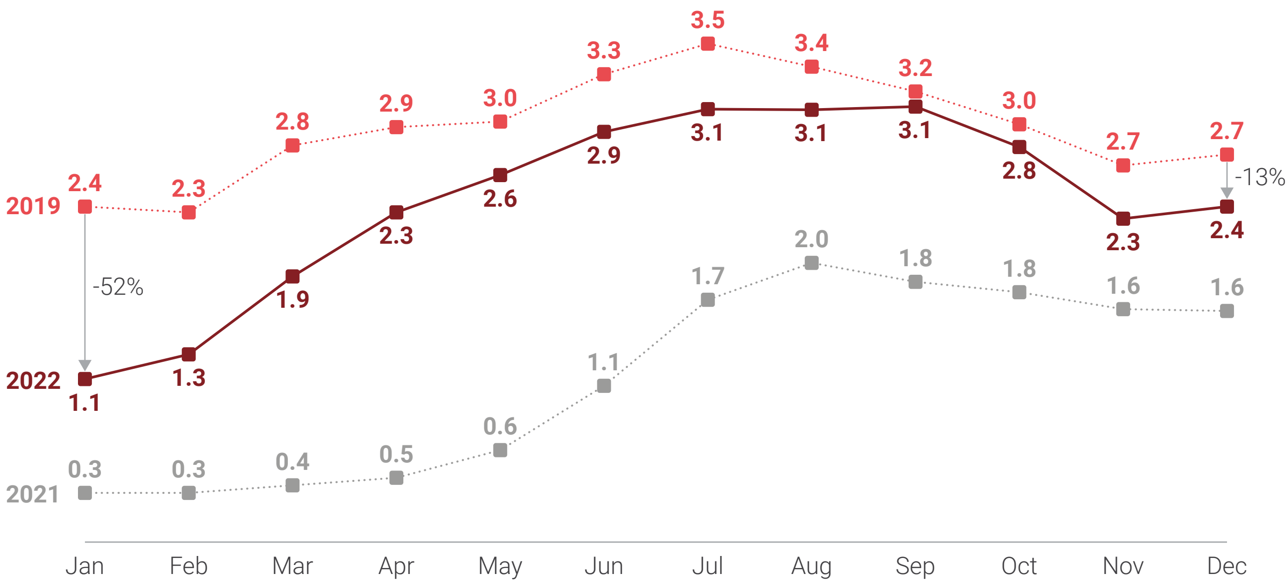
	2022	2021	Δ%	2019	Δ%
Movements [k]	**32.6**	**27.3**	**+20%**	**24.5**	**+33%**
Linate	26.6	22.0	+21%	16.0	+67%
Malpensa	6.1	5.2	+16%	8.6	-29%

Arriving and departing passengers

Imported and exported cargo

Reflecting European developments, passenger traffic at Linate and Malpensa grew from March, reaching peak values in July, August, and September, with over three million passengers per month, and an average recovery in the summer season of 89% compared to 2019. The graph below shows passenger traffic by month compared to the previous year and the 2019 financial year.

Passengers by month [million] January - December

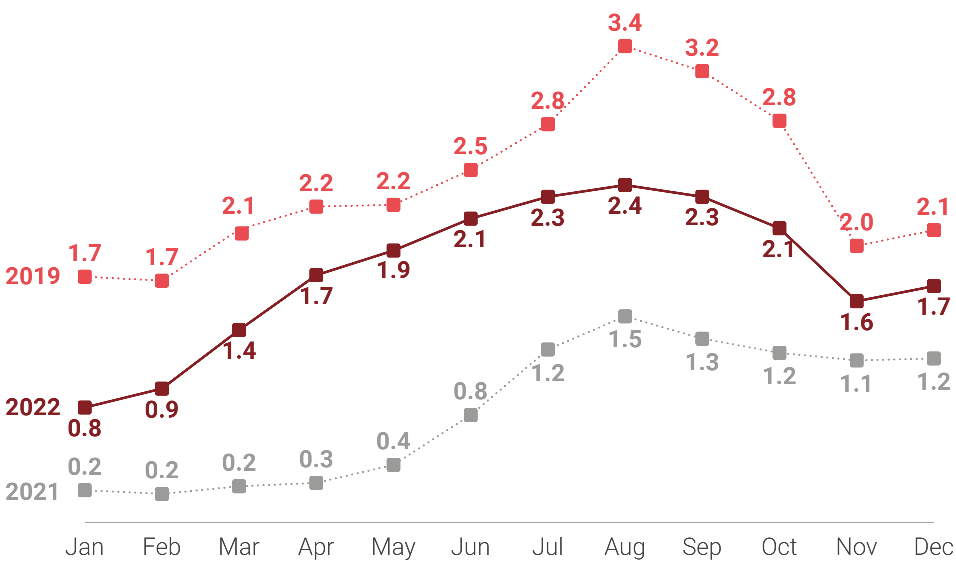


COMMERCIAL AVIATION

Malpensa

In 2022, 21.2 million passengers transited Malpensa airport, up 122% on 2021 and down 26% on 2019. The 149 thousand movements handled was an 83% rise on 2021 (-30% vs 2019). The traffic recovery on 2021 is due to the opening of new routes, the expansion of existing ones, and the higher load factor (average load factor in 2022 of 75%, compared to 63% in 2021 and 77% in 2019), together with greater aircraft size (between 2021 and 2022 average aircraft capacity increased from 190 to 192 seats per flight, up from 176 in 2019).

Passengers by month [million] January - December

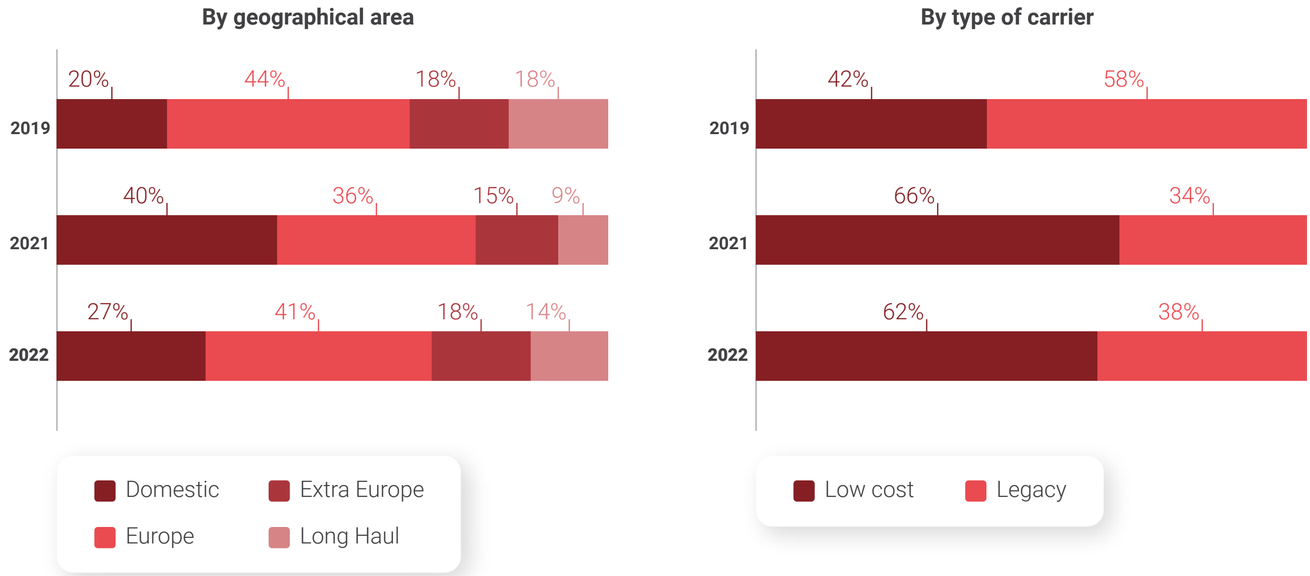


	Seats for travel	Load Factor
2019	176	77%
2021	190	63%
2022	192	75%

Amid a recovery of volumes to pre-crisis levels, the distribution of market share by geographic area was substantially stable, highlighting the high proportion of international traffic, which is supported also by the type of aircraft operating at the airport. The prevalence of low-cost airlines in fact supported domestic and European connections, which respectively generated 27% and 41% of traffic volumes at Malpensa (around two-thirds of passenger traffic at Malpensa). In addition, the refocus of low-cost carriers on domestic destinations enabled this segment to reach pre-crisis traffic volumes.

On the other hand, the non-European and long-haul segments (destinations with a distance of more than 3,500 km from Malpensa), which account for 31% of the market, are confirmed as the routes most heavily impacted by the pandemic and the conflict. While on the one hand connections to North America resumed, with in fact a greater number of aircraft operating than 2019, on the other hand significant mobility limitations remain in Asia. The first direct connections to China (Beijing and Wenzhou) only resumed in November 2022, following the revision of China's zero-Covid policy.

Market share [% passengers] January-December

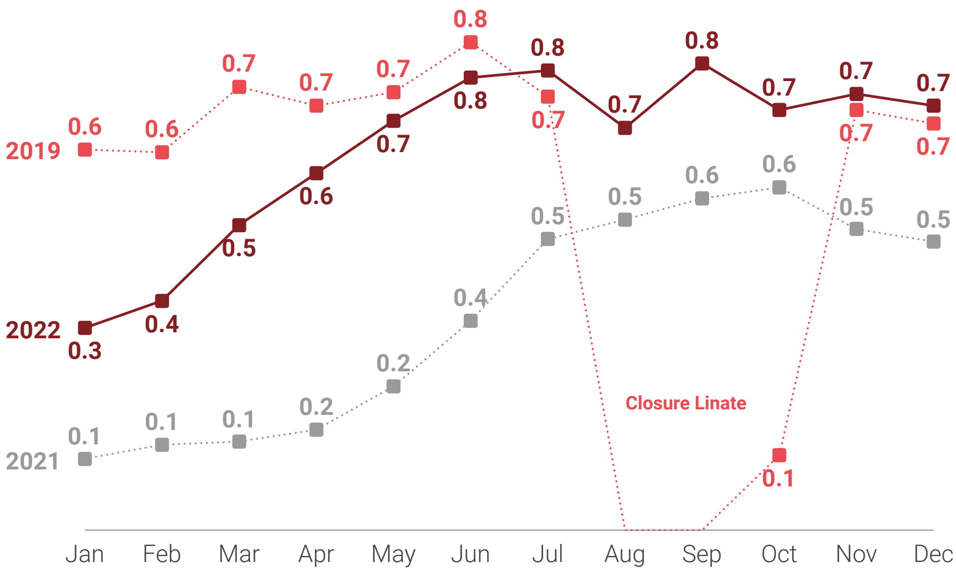


Flight restrictions, which have differed across the various traffic segments, have resulted in an increased market share for the low-cost carriers, which typically concentrate on point-to-point domestic and continental traffic and are therefore less impacted by mobility restrictions. The low-cost carriers in 2022 reached a share of 62%, up over 20 points on their market share at Malpensa in 2019.

Linate

Linate airport in 2022 carried 7.7 million passengers, up 78% on 2021 and 17% on 2019 (in 2019 Linate was closed from August to October). Movements totalled 75 thousand, increasing 66% on 2021 and 8% on 2019. Average aircraft size (in terms of available seats) also rose significantly at Linate, reaching 156 seats and therefore increasing +2% and +13% respectively on 2021 and on 2019. Passengers per movement, although the load factor was 66% in 2022 (-2% vs. 2019), increased on pre-crisis levels (94 passengers per movement in 2019 vs. 102 in 2022). The increase in average aircraft size is due to the decision of ITA and British Airways to replace the Embraers with Airbus (A319, A320 and A321) and the use of the former Alitalia - former Air Italy slots also by low-cost carriers, who operate larger aircraft.

Passengers by month [mln] January - December



	Seats for travel	Load Factor
2019	138	68%
2021	152	63%
2022	156	66%

As outlined above, in 2022 a number of the slots made available following the suspension of the flight operations of Alitalia and Air Italy were reassigned. This allowed a number of carriers to expand their operations at the airport (Air France, KLM, Air Dolomiti and easyJet) and Wizzair launched permanent operations from Linate.

The entry of new carriers and the new flag carrier structure (now ITA) also resulted in a redistribution of market share - in terms of movement - among the main carriers at the airport. Alitalia's market share for 2019, at 70%, is comparable to that of the newly established ITA Airways, at around 60% in 2022.

As was the case in 2021, again in 2022 the European regulation waived the 80% slot utilisation threshold for maintaining historical allocation levels. Specifically, until March 2022 it reduced this limit to 50%, increasing it from April and for the entire IATA Summer Season to 64%. From the 2022-2023 winter season, the minimum percentage to maintain slots was again revised to 75%.

Regional continuity agreement flights (to/from Sardinia), subject to public service charges, were a further difference from the past. These connections (managed between 2013 and 2019 by Alitalia and Air Italy (ex Meridiana), are managed in synergy between Volotea and ITA, without financial compensation. In September, both airlines cancelled this service in response to the increase in operating costs (and in fuel in particular), while ensuring continuity in the routes until February 2023, after which they will be handled by the new operators awarded the contract for service to Sardinia.

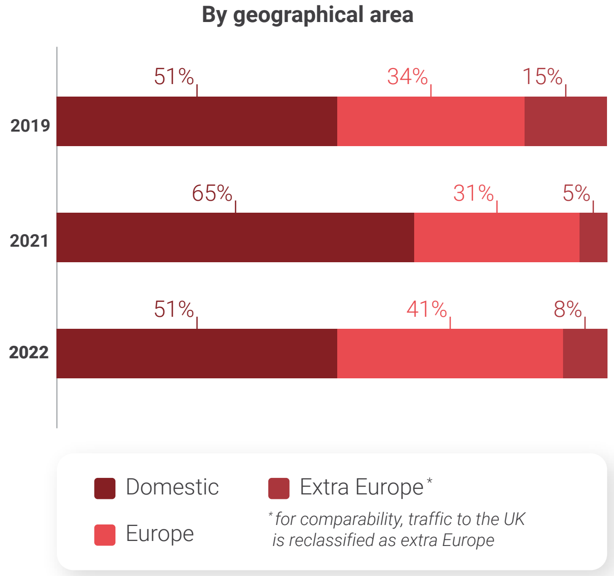
Finally, in September 2022, following the favourable opinion of the European Commission of August 18, the Giovannini Decree went into effect, thereby authorising the following for the Linate airport:

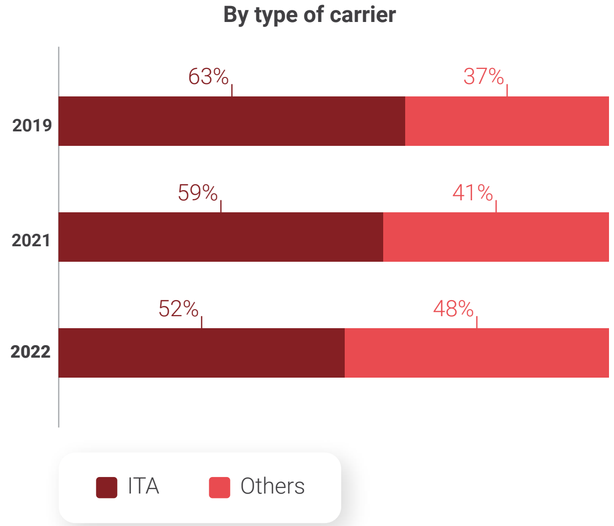
- expansion of the destinations served to routes within 1,500 km from Linate, including the UK and other non-EU destinations;
- maintenance of the maximum capacity of 18 movements/hour, movements operated by EU airlines (or from a nation specified in vertical agreements) with narrow-body aircraft;
- the restriction of flights exclusively to point-to-point connections.

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

The distribution of traffic by geographic area in 2022 was fully in line with pre-crisis levels: 51% domestic traffic and 49% international traffic (European destinations, with the exception of the United Kingdom, which was served from Linate as an exemption until the Giovannini Decree enters into force).

Market share [% passengers] January-December





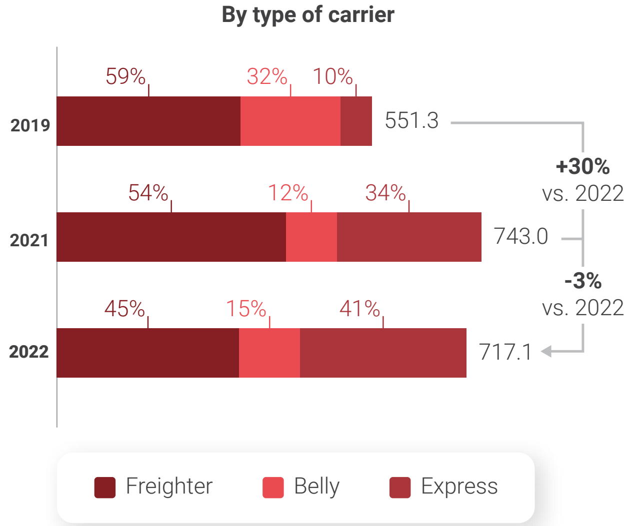
Cargo

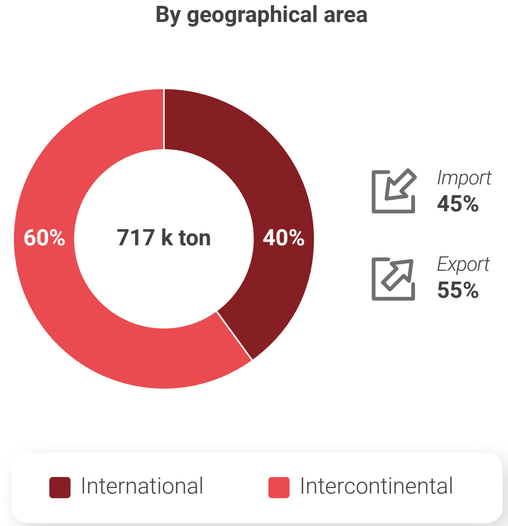
The Cargo segment managed 717 thousand tonnes in 2022 (carried on all cargo flights and in the hold of passenger flights), down 3% on 2021 and up 30% on 2019. The number of movements of all cargo flights at Malpensa (31.7 thousand in 2022) was in line with 2021 performance and rose by 158% on 2019. The sustained growth in number of movements, which was more than proportionate to the increase in cargo, is attributable to the decrease in the quantity of goods transported per individual movement due to the increased presence of express carriers, which typically transport goods of lower weight.

As indicated in the graph below, the cargo performance by type of traffic between 2019 and 2022 saw sustained express segment growth, also due to the new DHL base (completed in Q4 2020) and the new Amazon warehouses (from October 2021), with 291 thousand tonnes of cargo carried; the express segment grew 15% vs 2021 and 434% vs 2019.

Cargo traffic on mixed-configuration aircraft (belly), although still down on 2019 by 39%, also saw a +23% increase over 2021, reaching 106 thousand tonnes; the recovery of the belly segment, in 2022, is directly related to the recovery of passenger flights to medium- and long-haul destinations. Conversely, the freighter segment however saw a decline of 21% on 2021, corresponding to a 84 thousand tonne reduction in cargo (in line with 2019). This decrease also appears to stem from the reconversion to passenger transport of a number of aircraft which during the pandemic were used exclusively for cargo transport, utilising not only the hold capacity but also cabin space ("preighter" flights). This activity, which was regulated during the pandemic and has been suspended since July 2022, was only partially absorbed by belly freight on passenger aircraft.

Cargo [k tonnes] January - December





The 2022 results confirm the role of Malpensa's Cargo City as a key Italian hub for cargo imports and exports in Italy, respectively representing 45% and 55% of total cargo carried. The growth of the express segment, in combination with still recovering inter-continental traffic, has facilitated the increase in international goods cargo market share from 37% in 2021 to 40% in 2022.

GENERAL AVIATION

SEA Prime in 2022 managed 32.6 thousand general aviation movements (Linate and Malpensa), up +20% on 2021 and +33% on 2019, with a gradual recovery from the beginning of the year of the average aircraft size and of the relative movements.

Growth was driven by international traffic (+24% on 2021), with a 67% share of managed activities, reversing therefore the trend of an increasing share of domestic travel emerging during the pandemic. The resumption of in-person events, such as the Design Week held in June and the Fashion Week in September, together with the full reopening of Milan and Northern Italy to international tourism are the main drivers of traffic.

General aviation

	2022	2021	Δ%	2019	Δ%
Movements [k]	**32.6**	**27.3**	**+20%**	**24.5**	**+33%**
Linate	26.6	22.0	+21%	16.0	+67%
Malpensa	6.1	5.2	+16%	8.6	-29%
Tons [k ton]	**545.0**	**418.7**	**+30%**	**406.7**	**+34%**
Linate	437.4	329.5	+33%	261.4	+67%
Malpensa	107.6	89.2	+21%	145.3	-26%
Passengers [k]	**61.7**	**48.3**	**+28%**	**50.4**	**+22%**
Linate	50.1	39.2	+28%	31.9	+57%
Malpensa	11.5	9.2	+26%	18.5	-38%

In 2022, the average size of aircraft transiting through SEA Prime airports was 16.7 tonnes, increasing after the recovery in mid-range and long-haul traffic (15.3 tonnes for the same period of 2021) and surpassing even the 2019 level of 16.6 tonnes.

Income Statement

The accounting policies applied in preparing the 2022 consolidated figures are in line with those utilised for the 2021 consolidated financial statements. The consolidation scope at December 31, 2022 changed compared to December 31, 2021, following the sale, in the third quarter, of the company Sea Energia Spa, 100% owned by Sea Spa. Adjusted for the capital loss recognised on the consolidated financial statements, the result for the company has been recognised as "Discontinued operations result".

In addition, in December 2021 the company Airport ICT Services, involved in the provision and design of IT systems and user support, was incorporated and is wholly-owned by SEA S.p.A. In February 2022, SEA contributed property, plant and equipment of Euro 6,039 thousand and liabilities, mainly concerning the transfer of personnel, of Euro 1,482 thousand to this company.

(Euro thousands)	2022	2021	Change	C.ge % 2022/2021
Operating revenues	734,840	325,232	409,608	125.9%
Revenue for works on assets under concession	32,676	23,749	8,927	37.6%
Total revenues	**767,516**	**348,981**	**418,535**	**119.9%**
Operating costs				
Personnel costs	192,527	138,642	53,885	38.9%
Other operating costs	253,908	157,077	96,831	61.6%
Total operating costs	**446,435**	**295,719**	**150,716**	**51.0%**
Costs for works on assets under concession	30,832	21,521	9,311	43.3%
Total costs	**477,267**	**317,240**	**160,027**	**50.4%**
Gross Operating Margin / EBITDA (1)	**290,249**	**31,741**	**258,508**	**814.4%**
Provisions & write-downs	(4,745)	24,480	(29,225)	119.4%
Restoration and replacement provision	30,671	20,499	10,172	49.6%
Amortisation & Depreciation	64,823	67,556	(2,733)	(4.0%)
EBIT	**199,500**	**(80,794)**	**280,294**	**346.9%**
Investment income/(charges)	17,463	(382)	17,845	4671.5%
Net financial charges	17,391	19,795	(2,404)	(12.1%)
Pre-tax Result	**199,572**	**(100,971)**	**300,543**	**297.7%**
Income taxes	13,149	(23,755)	36,904	155.4%
Continuing Operations result	**186,423**	**(77,216)**	**263,639**	**341.4%**
Net result from assets held-for-sale	**(3,960)**	**2,100**	**(6,060)**	**(288.6%)**
Minority interest profit	3	3	0	0.0%
Group Net Result	**182,460**	**(75,119)**	**257,579**	**342.9%**

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

The result for 2022 includes revenues from grants from the Italian government and from the Region of Lombardy for a total of Euro 144,101 thousand as partial compensation for losses due to the pandemic and, after deducting energy costs, the grant of Euro 6,099 thousand in application of decrees issued in 2022 granting a tax credit to non-energy-intensive companies with electricity metres with a minimum capacity of 16.5 kWh and which have experienced an increase in cost per kWh of greater than 30% over 2019. Finally, personnel costs include Euro 26,351 thousand for the new early retirement plan launched in October 2022 for a predetermined number of workers who will, by 2025, reach (early retirement or retirement age) retirement age.

In order to present the operating performance of the SEA Group, these components were excluded from the calculation of Revenues, Costs, EBITDA and EBIT for the relative comments.

EBITDA for 2022, in the amount of Euro 290,249 thousand, would be Euro 166,400 thousand net of the extraordinary items described above, a significant increase on the previous year (up Euro 134,552 thousand). This strong performance is due to the growth in operating revenues (up Euro 265,507 thousand), as a result of the increased volume of managed traffic, and was partly offset by higher operating costs (up Euro 130,571 thousand), due not only to the increased traffic volumes, but also to the significant increase in energy costs during the year.

EBIT came to Euro 199,500 thousand, or Euro 75,651 thousand net of non-recurring items. This adjusted figure is an increase of Euro 156,338 thousand, benefiting from, in addition to the above factors, also the release of the doubtful debt provisions, increased accruals to the restoration provision, and a decrease in depreciation and amortisation.

The net result of continuing operations, which presents a profit of Euro 186,423 thousand, improved Euro 263,639 thousand on a loss of Euro 77,216 thousand in 2021.

The main income statement accounts are broken down as follows:

Revenues

Operating revenues in 2022, net of public grants, totalled Euro 590,739 thousand and comprised:

- **Aviation revenues** of Euro 343,442 thousand rose Euro 147,592 thousand on the preceding year due to greater passenger traffic, additional capacity made available by carriers and the improved average aircraft load. The cargo business, on the other hand, slightly underperformed the previous year, particularly due to the decrease in available capacity with the end of the "preighter" flights (i.e. passenger craft used solely for cargo transport) as well as the halting of trade from/to Russia.
- **Non-Aviation revenues** of Euro 231,982 thousand were up Euro 115,332 thousand on the previous year, as a result of the increased passenger traffic. All segments posted improved performance over 2021, with particular growth seen in both shop revenues at Linate airport, due to the full operation of the commercial spaces of the new F building (opened in June 2021), and at Malpensa airport, due to the resumption of international connections and long-haul traffic.
- **General Aviation revenues** of Euro 15,315 thousand were up Euro 2,583 thousand on the previous year due to the greater number of movements and greater commercial revenues.

Revenues for works on assets under concession rose from Euro 23,749 thousand in 2021 to Euro 32,676 thousand in 2022, marking an increase of 37.6%. These revenues refer to construction work on assets under concession increased by a mark-up representing the best estimate of the remuneration of the internal cost for the management of the works and design activities undertaken, which corresponds to a mark-up which a third-party general constructor would request to undertake such activities. This account is strictly related to investment activities on assets under concession.

Operating costs

Operating costs in 2022, net of energy grants and early retirement incentives related to the mobility procedure, totalled Euro 426,183 thousand and comprised:

- Personnel costs of Euro 166,176 thousand, increasing Euro 27,641 thousand on the previous year due to the reduced use of the social support schemes following the traffic recovery, and higher salaries under the National Collective Bargaining Agreement.

  The workforce, comprising 2,627 Full Time Equivalent (FTE) staff, reduced by 30 (-1%) compared to 2021.

- Other operating costs of Euro 260,007 thousand increased by Euro 102,930 thousand on the previous year, as a result, in order to importance, of the significant rise in energy costs, the increased traffic-related costs, and the expiration of the contract amendment related to the health emergency. In line with the trend in gas prices, energy costs increased 230% on 2021. In order to mitigate the impact of energy costs on profitability, the Group implemented new and accelerated energy-saving initiatives.

Costs for works on assets under concession

Costs for works on assets under concession increased from Euro 21,521 thousand in 2021 to Euro 30,832 thousand in 2022. These costs refer to the costs for the works undertaken on assets under concession. This movement is strictly related to investment activities.

Provisions and write-downs

In 2022, provisions and write-downs report a net release of Euro 4,745 thousand (net provision of Euro 24,480 thousand in 2021), on the basis of Euro 943 thousand of net provision to the future charges provision (Euro 8,877 thousand in 2021) and net release of Euro 5,688 thousand (Euro 15,603 thousand net provision in 2021) for the doubtful debt provision.

The accruals to the future charges provision includes an accrual for labour of Euro 5,191 thousand and a net release of Euro 4,249 thousand for new disputes and insurance deductibles.

The net release of the doubtful debt provision was mainly due to the collection of receivables, following a significant settlement with a no-longer-operative carrier which, on the basis of company policy, was written down. This release was partially offset by new accruals following a reassessment of the Company's risk, which is based on the expected loss for each receivable.

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

Restoration and replacement provision

In 2022, the net accrual to the restoration and replacement provision came to Euro 30,671 thousand (Euro 20,499 thousand in 2021), and no releases were recognised during the year. The accrual reflects the assessments of the planned maintenance of the assets under the concession rights defined in the updated investment plan in the final months of 2022.

Amortisation and Depreciation

Amortisation and depreciation decreased by Euro 2,733 thousand compared to 2021, from Euro 67,556 thousand to Euro 64,823 thousand, as a result of assets that have been fully depreciated, which were only partially offset by increases in fixed assets.

Investment income and charges

In 2022, net income from investments improved Euro 17,845 thousand, from net charges of Euro 382 thousand in 2021 to net income of Euro 17,463 thousand in 2022 and include investments measured under the Equity method and other revenues and income. The improvement of Euro 17,845 thousand is substantially due to the better results of the associates compared to the previous year.

Financial income and charges

In 2022, net financial charges decreased Euro 2,404 thousand, from Euro 19,795 thousand in 2021 to Euro 17,391 thousand in 2022.

This reduction is mainly due to the lower interest matured following the reimbursements in 2021 of the "SEA 3 1/8 2014-2021" bond loan, whose repayment was funded before October 2020 through the issue of the "SEA 3 1/2 2020-2025" bond loan and by the early settlement of the 2020 Term Loans, the majority of which were repaid in in second half of 2021 and 2022.

Income taxes

Income taxes of Euro 13,149 thousand were recognised in 2022 on substantially lower taxable income compared to statutory income as a result of both "restoration provisions" established by Italian Law 178/2020 (received in 2022 as partial compensation for losses attributable to the COVID-19 pandemic) and the tax credit for "non-energy intensive businesses" as allowed under Italian Law Decree 21/2022 *et seq.* (granted in order to offset the greater costs incurred for energy purchases) not being relevant for tax purposes, along with the "participation exemption" of the gain on the sale of SEA Energia.

Discontinued Operations profit/(loss)

The Discontinued operations result, relating to the Energy sector, reported a net loss of Euro 3,960 thousand (net profit of Euro 2,100 thousand in 2021). As already illustrated above, this item includes the result of SEA Energia for a profit of Euro 127 thousand, recognised for the first 9 months of 2022, when the company was a part of the SEA Group. It also includes the loss of Euro 4,087 thousand at the consolidated level on the sale of the equity investment and calculated on equity at the time of the sale, adjusted in accordance with IAS/IFRS.

Group Net Profit

As a result of the dynamics outlined above, the Group's net profit was Euro 182,460 thousand, improving Euro 257,579 thousand on 2021 (net loss of Euro 75,119 thousand).

Reclassified statement of financial position

(Euro thousands)	December 31, 2022	December 31, 2021	Change
Intangible assets	939,793	945,659	(5,866)
Property, plant & equipment	142,994	146,556	(3,562)
Leased assets right-of-use	14,008	12,996	1,012
Investment property	3,399	3,401	(2)
Investments in associates	82,178	65,745	16,433
Other investments	1	1	0
Deferred tax assets	111,768	118,132	(6,364)
Other non-current receivables	60,496	52,408	8,088
Fixed assets (A)	**1,354,637**	**1,344,898**	**9,739**
Inventories	1,558	1,738	(180)
Trade receivables	122,628	95,928	26,700
Tax receivables	4,769	794	3,975
Other receivables	6,853	4,961	1,892
Current assets	**135,808**	**103,421**	**32,387**
Assets held-for-sale and discontinued operations	**0**	**47,512**	**(47,512)**
Trade payables	190,558	145,040	45,518
Other payables	290,727	177,234	113,493
Income tax payables	11,467	8,609	2,858
Current liabilities	**492,752**	**330,883**	**161,869**
Liabilities related to assets held-for-sale and discontinued operations	**0**	**12,292**	**(12,292)**
Net Working Capital (B)	**(356,944)**	**(192,242)**	**(164,702)**
Provisions for risks and charges (C)	(229,124)	(213,112)	(16,012)
Employee provisions (D)	(30,942)	(44,036)	13,094
Other non-current payables (E)	(6,590)	(84,736)	78,146
Net capital employed (A+B+C+D+E)	**731,037**	**810,772**	**(79,735)**
Group Shareholders' equity	(342,836)	(155,906)	(186,930)
Minority interest Shareholders' equity	(31)	(31)	0
Net financial debt [1]	(388,170)	(654,835)	266,665
Total sources of financing	**(731,037)**	**(810,772)**	**79,735**

All fixed assets, including those falling under IFRIC 12, are expressed net of those funded by State and European Union contributions. At December 31, 2022, they amounted to Euro 511,873 thousand and Euro 7,019 thousand respectively (at December 31, 2021, Euro 511,873 thousand and Euro 7,019 thousand respectively).

[1] Net financial debt or Net financial position (NFP) is the sum of liquidity, financial receivables and current securities, net of financial payables (current and non-current) and the fair value of financial debt hedging derivatives. The net financial debt, similar to the other items of the Statement of financial position, do not include the financial debt of the discontinued operations.

Fixed assets of Euro 1,354,637 thousand increased by Euro 9,739 thousand over December 31, 2021, mainly due to: *i)* the amount of investments and amortisation and depreciation in the period, respectively of Euro 54,551 thousand (net of restoration provision utilisations) and Euro 62,282 thousand (amortisation and depreciation stated net of the effect of IFRS 16); *ii)* the increase in the right-of-use assets, amounting to Euro 1,012 thousand at December 31, 2021; *iii)* the increase in the value of investment in associates (Euro 16,433 thousand), which reflects the measurement at equity of investments in associates; *iv)* the increase in net deferred tax assets of Euro 6,364 thousand; *v)* the increase in Other non-current receivables of Euro 8,088 thousand mainly due to the adjustment of the indemnification rights related to the sub-entry as per Article 703 (paragraph 5) of the Aviation Code.

Net working capital of -Euro 356,944 thousand, increased by Euro 164,702 thousand over December 31, 2021.

This movement is based on a range of factors. Current assets increased due to the increase in trade receivables, mainly as a result of higher turnover, similar to tax and other receivables. Short-term liabilities also positively impacted working capital movements, with both trade payables and other payables increasing. The increase in other payables is mainly due to the reclassification to short-term of the payable regarding the second tranche of the extraordinary dividend approved by shareholders on September 30, 2019, in the amount of Euro 84,728 thousand. In light of 2022 performance and the excellent outlook on both profitability and traffic, the Company has deemed it appropriate to reclassify this payable as short-term, although verification of the Company's financial equilibrium remains the responsibility of the Board of Directors, which will have to approve the payment when it is deemed that the conditions have been met.

Increases in other payables also concern the concession fee payable to the State, a sign of the recovery in business, and employee payables following the start, on September 28, 2022, of the mobility procedure establishing early retirement incentive payments for a pre-determined number of workers who will qualify for (early retirement or retirement age) pension benefits by 2025.

Following the sale of SEA Energia on September 29, 2022, assets held for sale and liabilities related to assets held for sale, with balances of Euro 47,512 thousand and Euro 12,292 thousand, respectively, at December 31, 2021, now have zero balances.

Net capital employed at December 31, 2022 amounted to Euro 731,037 thousand, with a decrease of Euro 79,735 thousand over December 31, 2021.

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

(Euro thousands)	December 31, 2022	December 31, 2021	Change
Inventories	1,558	1,738	(180)
Trade receivables	122,628	95,928	26,700
Trade payables	(190,558)	(145,040)	(45,518)
Other receivables/(payables)	(290,572)	(180,088)	(110,484)
Assets held-for-sale and discontinued operations	0	47,512	(47,512)
Liabilities related to assets held-for-sale and discontinued operations	0	(12,292)	12,292
Total net working capital	**(356,944)**	**(192,242)**	**(164,702)**

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

Net financial debt

At the end of December 2022, net financial debt amounted to Euro 388,170 thousand, improving by Euro 266,665 thousand compared to December 31, 2021 (Euro 654,835 thousand).

The improvement in the net financial debt concerns, in addition to favourable cash flow from operating activities, also the collection of the funds under the "2021 Budget Law" and as per the motion of the Lombardy Regional Council, totalling Euro 144,101 thousand.

Reconciliation between equity of the Parent and consolidated equity

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

(Euro thousands)	Net Equity at December 31, 2021	Equity movements	OCI Reserve	Net profit /(loss)	Net Equity at December 31, 2022
Parent Company Financial Statements	**77,582**		**4,470**	**194,919**	**276,971**
Share of net equity and net profit of the consolidated subsidiaries attributable to the Group, net of the carrying amount of the relative investments	35,782	(3)		(27,961)	7,818
Adjustments for measurement at equity of associates	47,778			15,264	63,042
Other consolidation adjustments	(5,204)			241	(4,963)
Consolidated Financial Statements	**155,937**	**(3)**	**4,470**	**182,463**	**342,867**

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

SEA GROUP INVESTMENTS

The SEA Group in 2022 made investments of Euro 76,819 thousand. The COVID emergency had resulted in the postponement of a number of project development initiatives mainly focused on non-aviation activities, privileging investments to ensure airport safety, regulatory compliance, operational continuity and passenger services. With the recovery in traffic after the health emergency and related travel restrictions coming to an end, it has become necessary to reschedule certain investments in order to ensure the reopening of Malpensa's Terminal 2.

The following table shows the investments made in 2022. It should be noted that no research and development activities were carried out.

(Euro thousands)	2022
Flight infrastructure	13,486
Airports (including BHS)	35,863
Cargo	4,233
Misc. buildings	7,968
Roadways and parking	2,001
Networks and plant	5,519
ICT Systems/Projects	4,646
Various equipment	3,103
Total investments	**76,819**

The amounts are reported net of the 6% remuneration based on IFRIC 12 (Euro 1.8 million), the portion of financial charges (Euro 0.11 million) and other components of an exclusively monetary nature. Total investments do not include increases for the recognition of fixed assets IFRS 16.

Work carried out on airside infrastructure at Malpensa airport mainly regarded the upgrading of existing areas and projects linked to the objectives of maintaining and increasing levels of security and operational functionality at the airport. In particular, works were completed to improve the functionality and reliability of the luminous visual aids system and progressed to implement a surveillance and control system for aircraft (ASMGCS) and vehicles, in the manoeuvring and movement areas.

The main works involving airside infrastructure at Linate concerned the upgrading of a number of existing floor areas, the completion of work to renew the optical guide system, to upgrade the video surveillance system of the aircraft apron and to convert light towers to LED, as well as other work to upgrade luminous visual aids.

The main works carried out at Terminal 1 concerned work to improve functionality, safety, and the level of comfort offered to passengers. In particular, we highlight the following main projects:

- entry into use of the self-service bag drop at check-in No. 10;
- continuation of the programme to upgrade and standardise public toilets;
- the installation of new equipment for checking in hold baggage;
- the start of work regarding the project "Smart Security" (i.e. installation of new automated lines and new EDS devices);
- the start of work to install the self-enrolment devices needed in order to properly manage the new Entry/Exit System (EES) to be applied in 2023;
- layout changes to increase passenger waiting areas;
- the creation of new pre-boarding areas at the central satellite gates.

Also of note are the anti-earthquake works on the roof and unification, the continuation of works to unify and update the technology of the fire detection system, and works to improve safety levels in BHS.

At Linate, the main investments concerned the continuation of the works for the upgrading and standardisation of the bathrooms open to the public, completion of the project "Smart Security" (with new automated lines and new EDS devices), and the beginning of works related to the upcoming entry into operation of Entry/Exit System procedures.

At Terminal 2, projects to complete the works that had been suspended as a result of the closure, such as the self-bag-drop equipment in the check-in area and upgrading of the HBS system to ECAC standard 3, resumed in the final months of 2022, in addition to restoring the full functionality of all operational subsystems and various facilities.

In the cargo area, work mainly concerned updating the fire-prevention system and restoring the waterproofing of the roofing of a number of warehouses. In addition, Amazon's operations have been transferred to a cargo warehouse in the northern area of the site, which is once again up and running.

At Malpensa we recall the extraordinary maintenance work on networks and systems, and the installation of new electric vehicle charging points on the airside.

The main projects in other areas of the airport include the upgrades to the P3 parking area, work to upgrade the fire-prevention systems of the SEA Prime hangars and work to prepare for construction of the control tower, the ongoing construction of Hangar X for general aviation aircraft, which has been designed with a view to achieving Building Research Establishment Environmental Assessment Method (BREEAM) certification, and the start of construction of a new fuel depot, which will also be able to process SAF (sustainable aviation fuel), thus encouraging the use of fuels that will reduce the environmental impact of air transport.

Investments in information and communication technology primarily concerned airport operating systems, facility management, workflow management, and document management. Also of note were the works to enhance network infrastructure and the baggage handling system (BSH).

SUBSEQUENT EVENTS

Sale of the investment in Malpensa Logistica Europa (MLE)

On February 10, 2023, SEA S.p.A. and BCUBE Air Cargo S.p.A. signed an agreement for the sale of the minority holding in the company Malpensa Logistica Europa S.p.A. currently held by SEA S.p.A. The sale has not yet been completed, as the agreement stipulates conditions which have yet to be satisfied.

OUTLOOK

The air traffic numbers for the initial months of 2023 confirmed the recovery of pre-crisis levels from 2022. The traffic mix was very similar to 2022 - featuring mainly short to medium-haul destinations and a low-cost carrier market share comparable to that of the legacy carriers.

With the recovery of legacy carrier operations and the resumption of the hub&spoke models, a number of low-cost carriers are expected to restore their pre-COVID network structures, with a greater focus on international destinations.

The traffic hit hardest during the pandemic (i.e. connections to Asia) resumed from November 2022, also following the lifting of the zero-COVID policies by a number of Asian governments (mainly China). In Q1 2023, the number of routes to Asia served by Malpensa increased. Further openings are expected over the coming months, alongside an increase of frequencies to China (Shanghai and Beijing), Hong Kong, the Gulf and North America.

In terms of general aviation traffic, 2022's domestic and international connections are expected to consolidate in 2023, in addition to increased long-haul operations, with impacts on average aircraft size.

Finally, in relation to the cargo segment - which in recent years has returned record results - in the initial months of 2023 cargo transported (as well as all-cargo flights) declined on the same period of 2022. This contraction relates on the one hand to the resumption of long-haul connections (passenger flights with significant hold capacity), and on the other to a recovery of cargo transport by ship as a result of the reduction in sea container freight prices.

SEA's operating and industrial environment in 2023 remains uncertain: air traffic growth shall depend on a number of factors, including: geo-political developments (particularly with regards to the Russia-Ukraine conflict), energy and oil price movements, inflation and the containment policies put in place by the central banks.

With regards to energy commodity prices (which in 2022 quintupled on pre-COVID prices), the initial months of 2023 confirmed the downtrend in the price of gas emerging from the end of 2022. The most recent forecasts indicate a stabilisation of prices at current levels, at least until the end of the summer heating season - also in view of domestic storage levels and a lesser dependency on methane supplies from Russia. Despite the positive signals, the energy commodities market still features significant volatility and a lack of liquidity: any increase in prices could have a direct impact on the company's operating costs (primarily energy), with an indirect effect on traffic volumes (increased airline operating costs would be reflected in flight ticket prices).

In terms however of construction material costs, also in view of that witnessed in the initial part of 2023, the company does not expect further prices increases on 2022's levels.

In view of that outlined above, the SEA Group's 2023 results are expected to continue the recovery emerging in 2022.

Management continues to closely monitor the development of the situation by constantly updating traffic projections, carrying out periodic surveys of the prices of commodities and construction materials and developing sensitivity analyses aimed at quantifying the operating and financial impact from the industry developments outlined above.

OPERATING PERFORMANCE - SECTOR ANALYSIS

Commercial Aviation

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

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

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

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

General Aviation

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

Energy

Following the sale of SEA Energia S.p.A. on September 29, 2022 (see the paragraph "Subsequent events" for more information), segment analysis at December 31, 2022 no longer includes the Energy business, which concerned the generation and sale of electricity.

In application of IFRS 5, the income statement at December 31, 2021, already did not include the figures for this operating segment, which had been recognised to the "Discontinued operations result".

	Commercial Aviation		General Aviation		Consolidated	
(Euro thousands)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
OPERATING REVENUES	718,032	312,500	16,808	12,732	734,840	325,232
OPERATING COSTS	(440,926)	(291,595)	(5,509)	(4,124)	(446,435)	(295,719)
EBITDA	278,950	23,134	11,299	8,607	290,249	31,741
EBIT	190,333	(87,346)	9,167	6,552	199,500	(80,794)

Revenues, costs and margins include public grants from the State and the Lombardy Region and the grants as partial compensation for the rising electricity costs. The EBITDA shown above includes the IFRIC margin.

Commercial Aviation

Revenues

Commercial Aviation business revenues in 2022 totalled Euro 718,032 thousand, up Euro 405,532 thousand on the previous year (+130%), of which Euro 142,608 thousand concerning state and regional public grants to offset losses due to the COVID-19 pandemic related to 2020 and 2021, as authorised by the competent authorities and received by SEA in 2022.

Net of these grants, segment revenues totalled Euro 575,424 thousand, increasing Euro 262,924 thousand (+84%) on 2021. The Aviation and Non-Aviation segments contributed to this increase, as described below.

Aviation revenues increased overall by Euro 147,592 thousand. This growth is tied to the increase in passenger traffic, the greater number of movements, and increased aircraft load factors. The cargo business, conversely, posted poorer performance than that of the previous year due to the decrease in available capacity as a result of the "preighter" flights and the interruption in trade to/from Russia.

Non-Aviation revenues overall increased by Euro 115,332 thousand, as a result of the increased passenger traffic. In particular:

- The Retail segment (Stores, Catering, Car rentals and Banks) reports revenues of Euro 94,358 thousand, up Euro 57,025 thousand (+153%). This increase is more than proportional with the rise in passenger traffic and benefited from the full operability of the new building F at the Linate terminal (opened in June 2021), the end of discounts granted to tenants during the pandemic, and revenue management efforts during the year.
- The parking business, due to the increase in traffic and the recovery of airport operator activities, was up Euro 32,090 thousand (+95% on 2021), generating Euro 65,789 thousand in 2022. The less-than-proportionate growth as compared to traffic is attributable to the greater competitive pressures on passenger parking by other operators, which has led to a reduction in prices, and to the share of parking revenues for the airport operators, the performance of which is less dependent on traffic.
- Revenues in the Premium Services segment, in the amount of Euro 19.863 thousand, rose Euro 13,358 thousand (+205%) as a result of both the recovery of traffic and the reopening of the VIP lounges, which were closed in 2021 due to the health emergency.

Operating costs

Operating costs for the ***Commercial Aviation*** business increased from Euro 291,595 thousand in 2021 to Euro 440,926 thousand in 2022 (+Euro 149,331 thousand).

Net of non-recurring items, these costs amounted to Euro 420,762 thousand, an increase of Euro 129,167 thousand on the previous year.

This movement was based on:

- **personnel costs** which increased Euro 27,385 thousand, from Euro 136,437 thousand in 2021 to Euro 163,822 thousand in 2022 as a result of the lesser use of the social security schemes, a greater need for personnel to manage the greater traffic volumes, and salary increases as of July 1, 2022, on the basis of the National Collective Bargaining Agreement;
- **external costs**, of Euro 256,940 thousand, which increased Euro 101,886 thousand, mainly due to the sharp rise in energy costs (up Euro 58,213 thousand) and higher costs linked to traffic volumes, particularly for the public body fees and for the reactivation of costs for the management of parking, VIP lounges, and airport infrastructure.

EBITDA and EBIT

As a result of the developments outlined above, EBITDA came to Euro 278,950 thousand (Euro 156,506 thousand net of non-recurring components).

Amortisation and depreciation were in line with the previous year, while accruals to the restoration provision increased on 2021 (up Euro 10,162 thousand).

Accruals to the risks and charges provisions in the year reduced on 2021 (-Euro 29,307 thousand), as a result of the release of doubtful debt provisions made in the preceding year.

Commercial Aviation business EBIT totalled Euro 190,333 thousand (Euro 67,889 thousand net of the non-recurring components).

Investments

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

- upgrades to the baggage handling system (BHS) at Malpensa's Terminal 1 to meet the industry's regulatory standards;
- creation, at Linate and Malpensa, of the Entry/Exit System applicable to the European Union's Schengen area for passengers residing outside that area;
- maintenance of flight infrastructures at Linate and Malpensa;
- creation of the new Smart Security lines at Linate and Malpensa to check the carry-on bags of outgoing passengers;
- work to reopen Malpensa Terminal 2.

Other information

Retail development

The first quarter of 2022 saw a recovery in passenger traffic, although to a limited extent due to the Omicron variant of COVID-19 before increasing further in the summer months. The traffic was, however, prevalently domestic or otherwise within the Schengen area and remained far from pre-COVID levels for destinations outside the Schengen area, particularly for the segment of greatest interest to retail travel, such as Russian and Chinese passengers.

The enhancements to the offering of food and beverages, which is at least more elastic with regard to passenger type, allowed for an increase in revenue with the rise in Schengen traffic, particularly at Linate, where performance also improved in the retail sector.

Malpensa confirmed the market trend in retail travel, where luxury travel proved to be a particularly resilient segment, and the significant contribution of the summer return of American tourists and of the volumes of low-cost carriers partially offset the absence of Russian and Chinese passengers. The main new openings in 2022 concerned Pomellato, Fratelli Rossetti, and Pineider.

Within the scope of the project for the new airside area on the first floor at Linate, there were also the openings of Rocca 1974, Fratelli Rossetti, Feltrinelli (a new addition that has been very well received by Linate passengers), and Swarovsky.

Bilateral Agreements

A major bilateral agreement between the EU and ASEAN was signed in October 2022. The agreement defines an open skies environment between all member countries with unlimited third and fourth freedoms for destinations/frequencies and unlimited fifth freedoms for all-cargo flights, with the provision of some fifth freedom rights also for passenger flights.

Following this agreement, Singapore Airlines expanded the *fifth freedoms* [5] from Malpensa to Barcelona from three flights per week to five.

An open skies agreement was also approved between the EU and Qatar, operating on a provisional basis and due to be ratified in the coming months, which sets out a full deregulation framework between the two parties for third and fourth freedom flights and the extensive deregulation of all-cargo flights operating under the fifth freedom.

Finally, Italy and the United Kingdom signed a bilateral agreement governing certain aspects not covered by the Trade and Cooperation Agreement (TCA) between the European Union and the United Kingdom. In particular, this bilateral agreement expands on the prerogatives of the TCA to cover all-cargo and charter service under the *fifth freedom*.

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[5] *The 5 freedoms of the air, as defined under the 1944 Chicago Convention and increased by 4 in 1997 (in response to European Union specifications), define the technical and commercial rules for passenger and cargo aircraft flying through foreign airspace or landing in foreign countries.*

Destination management and co-marketing activity

SEA has extended the collaboration with the Region of Lombardy, the City of Milan, SACBO and ENIT from 2022 to 2023 with the goal of promoting:

1. the participation in Europe-Bergen routes (May), Asia-Da Nang routes (June) and World-Las Vegas routes (October);
2. campaigns of destination promotion, focusing on target markets, particularly North American for the summer season and Europe (France, Belgium, Germany, Great Britain, Poland, the Netherlands, and the Scandinavian nations) for the winter season, including with a view to the 2026 Olympics.

In line with the turnaround in traffic, marketing support activities for airlines have been developed to organise events and for the launching of new routes.

General Aviation

Revenues and Operating Costs

General Aviation revenues amounted to Euro 16,808 thousand in 2022, up Euro 4,076 thousand (+32%) on 2021, of which Euro 1,493 thousand concerning the government grants received in the year.

Segment revenues, net of grants, totalled Euro 15,315 thousand, increasing Euro 2,583 thousand on 2021. The increase was the result of the growth in traffic.

Operating costs totalled Euro 5,509 thousand, increasing on 2021 (up Euro 1,384 thousand). Excluding non-recurring costs, the total comes to Euro 5,421 thousand. The increase was the result of costs related to the growth in traffic, the rising energy costs, and personnel expenses due to the decreased use of social security schemes.

EBITDA and EBIT

As a result of the developments outlined above, General Aviation business EBITDA was Euro 11,299 thousand (Euro 9,894 thousand net of non-recurring components). Amortisation and depreciation were in line with the previous year and no significant provisions for risks and charges were made.

The EBIT was Euro 9,167 thousand (Euro 7,762 thousand net of the non-recurring components).

Investments

In 2022, the primary investment concerned construction of the new Hangar X at Linate, which is to be completed in 2023.

RISK MANAGEMENT FRAMEWORK

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

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

In order to reduce exposure to such events, the Group adopted specific processes and procedures to safeguard airport safety and the quality of services offered, for the protection of tangible and intangible assets of interest to stakeholders and to ensure the long-term creation of value.

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

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

Methodological approach

The adopted risk governance model is based on:

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

The SEA Group Risk Model is a list of all the potential risks to the Company, and consists of four categories: external risks, operational and business risks, financial risks and legal and compliance risks, including specific environmental, social and governance risks.

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

Governance of Risk Management

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

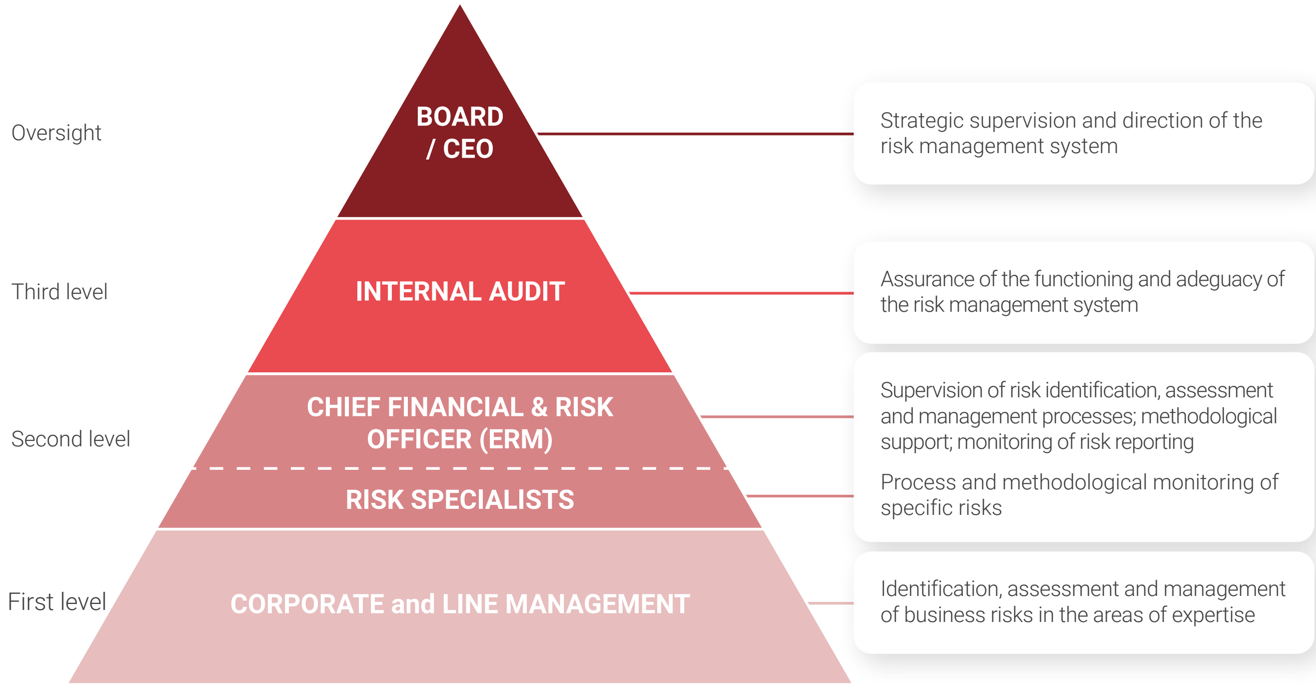
This defines a second level of risk management control in the ERM division, with the aim of supporting corporate structures in the identification and management of corporate risks and at the same time guaranteeing periodic reporting to top management on the risk profile's evolution.

The model is based on the principle that the management of risks involves the organisation at all levels and that management is the primary owner of risks, since it manages risks and opportunities on a daily basis in line with business propensity and is responsible for the definition and implementation of identified mitigation plans.

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

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

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



SEA Group Main Risk Factors

The periodic Risk Assessment to update the Risk Heat Map, which identifies the most significant risk factors for the Group, was performed during the last quarter of 2022. This activity involved senior management and the ERM division. The meetings were focused on updating the assessments and mitigation plans of previously identified risks. The plan has a five-year timeline, but risks that could potentially extend beyond this time period (e.g., ESG risks) have also been included in the scope of analysis.

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

1. External risks

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

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

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

Air traffic development

COVID-19 outbreak

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

The restrictions imposed on travel and a climate of closure or semi-closure of the borders of non-European and European countries in a short time frame reduced passenger traffic to almost zero at most airports around the world.

Travel restrictions were gradually loosened in 2022, as the deep crisis impacting the air transport industry in 2020 and 2021 lessened.

The gradual recovery culminated in August 2022, when passenger traffic surpassed that of the same period of 2019 for the first time.

In any case, the situation remains very uncertain. Europe and the rest of the world have suffered from successive waves of the virus, as well as the emergence of virus mutations (variants), some of which are more contagious than others, leading to fears that new variants could potentially become resistant to current vaccines. In addition, the emergence of new variants in the near future cannot be ruled out. In China, the sudden interruption of the "Zero COVID" policy in December 2022 resulted in a rapid increase in cases in the country's major urban areas, the consequences of which remain difficult to determine.

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

Other pandemic illnesses

At present, it is also not possible to exclude the possibility of another illness that could rise to the level of pandemic as determined by the World Health Organization and have an impact on the air transport industry similar to that of COVID-19.

Airline strategies

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

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

The unprecedented crisis situation generated by the global spread of COVID-19 and the consequent collapse in air traffic levels has put many airlines under serious financial strain.

The difficult situation caused by the pandemic is compounded by the uncertainty surrounding the business plans of the public airline ITA (formerly Alitalia). The carrier has a hub at Fiumicino and started operating in October 2021, focusing its activities exclusively on Linate Airport. Negotiations for the sale of the carrier to a leading player in the industry are ongoing. The operating structure of the carrier and its impact on the Group's airports (and on Linate in particular) will largely depend on who acquires the carrier.

Development of the regulatory framework and applicable rules

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

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

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

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

New tariff models

In 2022, following the transfer of tariff regulation responsibilities from ENAC to ART (Italy's Transport Regulation Authority) in 2019, the rate freeze for 2022 was formalised, and ART defined new tariff models to be applied to the regulatory period 2024-2028 following the public consultations to be held in 2023.

To date, there is still uncertainty surrounding methods of implementation of the models, particularly the calculation of some parameters. It is also possible that a mechanism for the partial recovery of the extra energy costs in 2022 will be included in the models. The extent of this mechanism remains difficult to determine. This uncertainty could have an impact on the Group's future financials.

Group decarbonisation targets

In 2021, both Malpensa and Linate airports achieved Airport Carbon Accreditation (ACA) Level 4+ thanks to their efforts to combat climate change and to actively manage emissions.

SEA has also joined other European airports in committing to the Net-Zero 2030 target of zero CO_2 emissions by

2030, ahead of the 2050 deadline.

The road map towards zero emissions has been partially defined within the airport industry and the Group, where efficiency investments have already been made.

In addition to rising inflation, global supply chain disruptions are also preventing the achievement of decarbonisation targets. The supply and demand mechanism significantly influences prices and the supply of instruments that can help to reduce emissions.

Failure to meet targets exposes the Company to reputational risks with all stakeholders, including the financial community.

Fit for 55

On July 14, 2021, the European Commission presented a comprehensive package of proposals called "Fit for 55". Its objective is to align existing climate and energy legislation with the new target of reducing net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels, with a view to achieving climate neutrality by 2050.

As one of the sectors contributing most to the growth of CO_2 emissions, air transport is grappling with a series of counter-actions, including:

- Projects to revise CO_2 neutralisation regulations and the requirement for airlines to use increasing percentages of sustainable fuels (SAFs).
- A lack of support for airport expansion projects from governments in the absence of specific CO_2 reduction actions.

Potential effects on air transport are likely to include higher ticket prices with the risk of a progressive drop in demand.

Russian invasion of Ukraine

On February 24, 2022, Russian troops invaded Ukraine, escalating military relations between the two countries. The United States and the European Union progressively introduced economic sanctions as a response to the invasion, intervening with the closure of airspace and the exclusion of some Russian financial institutions from international payment circuits. Russia responded in kind, resulting in the suspension of traffic to and from Russia and Belarus at SEA-managed airports. These actions had a significant impact on energy markets and exacerbated global supply chain challenges caused by the pandemic, resulting in increased prices for all major commodities.

We cannot rule out the chance of the ongoing conflict continuing beyond 2023 and causing even more severe repercussions if military escalation expands to other area or sanctions become more stringent.

Eurozone recession

A recession in the Eurozone caused by ongoing inflation, additional interest rate rises, worsening geopolitical tensions, and China's return to its zero-Covid strategy, could affect demand for air transport. The Group is therefore exposed to the risk of a decrease in passenger numbers as a result of falling demand.

2. Operating and business risks

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

Activity and Service Interruptions

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

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

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

Infrastructure investment

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

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

Safety & security

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

In terms of aviation safety, the Group's Safety Management System, which is also validated and controlled by the Italian Civil Aviation Authority (ENAC) and by the European Union Aviation Safety Agency (EASA), maintains the highest levels of safety and service quality, acting in line with the fundamental principles of the SEA Airport safety policy.

Information Technology

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

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

In particular, SEA carries out periodic system vulnerability and penetration testing using cutting-edge technologies and methodologies, periodic audits to maintain the ISO 27001 certification for core business areas, and has defined a Cyber Risk procedure to monitor all corporate technical and behavioural security issues. Compliance activities also continued in 2022 to ensure the SEA Group is included in Italy's National Cyber Security Perimeter.

Supplier Reliability

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

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

The operational stoppage resulting from the spread of the virus also generated difficulties in procuring certain goods during the initial months of the pandemic, including, in particular, personal safety equipment. This trend worsened in 2021 and 2022, highlighting the general lack of resilience of the global supply chain and production sector. Essential raw materials needed for construction sites were either unavailable or suffered delays, resulting in additional costs and investment delays. If the situation continues, or worsens still, there could be significant consequences for the Group in 2023 and subsequent years, and beyond.

People shortage

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

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

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

The SEA Group's airports have managed to cope with the disruption while minimising its impact on operations. However, the Group must closely monitor the phenomenon, which could continue into 2023, ahead of next year's summer season, when a further rise in managed traffic is expected.

3. Financial Risks

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

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

Credit risk

Credit risk represents the exposure of the SEA Group to potential losses deriving from the non-compliance of obligations by trading partners. This exposure is largely related to the deterioration of a financial nature of the main airlines which incur on the one hand the effects of the seasonality related to aviation operations, and on the other consequences of geopolitical events which impact upon the air transport sector (wars, epidemics, atmospheric events, rise in oil prices and economic/financial crises).

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

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

Market risks

Market risks to which the SEA Group is exposed comprises all types of risks directly and indirectly related to market price trends. In 2022, the market risks to which the SEA Group were subject were:

a) Interest rate risk

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

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

Variable interest loans exposes the SEA Group to a risk originating from the volatility of the interest rates (cash flow risk). Relating to this risk, for the purposes of the relative hedging, the SEA Group made recourse in the past, and could in the future make use of derivative contracts, which convert the variable rate to a fixed rate or limit the fluctuations in variable rates over a range, in this manner reducing the risk originating from the volatility of the rates. We highlight that these derivative contracts, underwritten exclusively for the purposes of hedging market rate volatility, are recorded through the cash flow hedge method. At December 31, 2022, the SEA Group has no derivative contracts in place.

At December 31, 2022 the gross financial debt of the SEA Group was comprised of medium/long-term loans (medium/long term portions of loans) and short-term loans (exclusively the medium/long-term portion of loans maturing within 12 months). At this date, the SEA Group did not make recourse to short-term debt.

b) Currency risk

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

c) Commodity risk

Before the sale of SEA Energia in September 2022, the SEA Group was directly impacted by changes in energy commodity prices, namely gas, electricity, and thermal energy, in addition to environmental certificates relating to the company's operations and related energy requirements. The pricing structures used in purchasing agreements also indirectly impacted the SEA Group. In 2022, energy raw material prices rose sharply as a result initially of the global economic environment, and thereafter in view of the uncertain international geopolitical situation following the outbreak of the Russia-Ukraine War in February 2022. This volatility in the price of energy commodities could continue into 2023, exposing the Group to higher procurement costs. In 2022, the SEA Group did not undertake any hedging of this risk, although it does have the possibility to do so in the future. Some of its current commercial supply contracts provide the opportunity to pre-fix prices for heat and electricity purchases, even if this only represents a partial solution.

Liquidity risk

The liquidity risk for the SEA Group may arise where the financial resources available are not sufficient to meet the financial and commercial commitments within the agreed terms and conditions. The liquidity, cash flows and financial needs of the SEA Group are managed through policies and processes with the objective to minimise the risk.

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

At December 31, 2022, the SEA Group may rely on Euro 160 million of liquidity, in addition to (i) irrevocable unutilised credit lines for Euro 320 million, of which Euro 250 million concerning new revolving lines underwritten in August 2022 and fully available and maturing in August 2027, and Euro 70 million concerning a line on EIB funds, whose usability by February 2023 has been extended to February 2025, and (ii) Euro 122 million uncommitted lines utilisable for immediate cash needs.

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

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

4. Legal and compliance risks

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

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

MAIN DISPUTES OUTSTANDING AT DECEMBER 31, 2022

Action brought by ATA Handling

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

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

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

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

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

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

At the hearing held on January 18, 2022 to swear in the expert witness, the deadlines for filing appeals were also defined, and the deadline for filing the final report was set for July 25, 2022. The hearing for the discussion of the report filed by the expert witness was held on September 20, 2022. After the expert witness provided an opinion that was favourable to SEA, the plaintiff requested that the witness either revise their findings or provide additional information regarding alternative scenarios or a specific method for assessing damages. SEA objected, stating that the expert witness had correctly answered the Judge's questions, since the burden of proof as to whether and how much (is due) and the causal link lay with the plaintiff. It therefore requested that a date be set for the hearing for closing arguments.

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

Action brought by Emilio Noseda before the Court of Buenos Aires

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

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

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

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

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

The case was sent to the Court of Appeal and the appellant filed its appeal. On December 14, 2021, the Buenos Aires Court of Appeal upheld the first instance ruling, rejecting in full the claims made by Mr Noseda/the Delta Group. The appeal court judgement, which ruled in favour of SEA, became final. The Buenos Aires Court subsequently published its opinion on the allocation of legal and related fees in November 2022, totalling ARS 30 million. This amount should be borne by the losing party, who, however, appears to be in receipt of poverty benefits. The lawyers appointed by SEA in Buenos Aires, aware that the latter has assets that can be seized in Uruguay, where he has relocated, filed to have said claim revoked. Once Mr Noseda has disclosed his true financial situation, he will have to pay the amount ordered by the Court.

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

Ruling on fees for fire-fighting services

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

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

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

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

"Article 39-bis, paragraph 1, of the Decree-Law of

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

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

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

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

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

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

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

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

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

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

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

With regard to the civil case pending in the Court of Appeal, the hearing for closing arguments is set for May 19, 2023.

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

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

SEA on June 9, 2017 filed at the Court of Appeal: A response and a cross-appeal. The hearing in chambers was set for March 22, 2023.

Fuel royalties dispute

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

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

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

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

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

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

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

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

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

To mitigate the bankruptcy rescindment brought by the party in bankruptcy, SEA and the Receiver reached a Settlement Agreement. SEA paid the agreed amount in February 2023 and the parties consequently terminated the proceedings. We are currently waiting for the Judge to issue a judgement, after which the litigation proceedings will be considered definitively concluded.

Dispute regarding the transfer of employment contracts

Following the transfer of the business unit engaged in "non-business specific" information and communication technology activities to the company Airport ICT Services S.r.l., a number of the transferred personnel challenged the contract transfer as lacking the necessary individual consent. SEA appeared in court and argued the genuine nature of the business unit and the consequent transfer of the employee contracts to the new Group company, which does not require a declaration of acceptance by the personnel. At the same time, SEA, pursuing a conciliatory approach, has set aside an appropriate amount in its financial statements. The outcome of the conciliation attempt is currently awaited, failing which the court process will continue.

Tax Agency - VAT assessment notices

The local customs office at Linate and Malpensa airports audited SEA to ascertain whether excise duty had been correctly paid on the electricity used to operate Linate and Malpensa airports. As a result of this audit and of the notes, on November 16, 2016, SEA received service of an assessment notice for 2011 concerning the VAT profiles in the matter. An appeal was filed against the assessment at the Provincial Tax Commission of Milan, which ruled in favour of the Tax Agency. On December 11, 2017, judgment No. 6835/2017 was filed, against which an appeal was lodged with the Lombardy Regional Tax Commission. On June 27, 2019, the Regional Tax Commission filed ruling No. 2776/2019 fully in favour of the company, by which the reasons for the appeal were accepted and the 2011 VAT Assessment Notice was cancelled. The ruling of the Regional Tax Commission was further challenged by the Tax Agency, which, on January 30, 2020, notified the company of its filing with the Court of Appeal. On August 9, 2017 the Tax Agency served four more assessment notices in respect of the subsequent years from 2012 to 2015. Reiterating its view that the tax claim in question was baseless, the Company, as it had done in reference to 2011, filed separate appeals against each notice with the Provincial Tax Commission. After the proceedings were joined, these appeals were then rejected with judgement no. 3573/12/2018. An appeal was filed with the Regional Tax Commission against this judgement, which was discussed on October 26, 2020 with a favourable outcome for the Company and the consequent nullification of the VAT Assessment Notices for the years from 2012 to 2015 as a result of judgement no. 2527/2020.

With regard to the aforementioned judgement, and as in 2011, the Tax Agency filed an appeal at the Court of Cassation on May 3, 2021. The hearing should have been held on January 13, 2022, pursuant to the Decree issued by the President of the Sixth Civil Section on December 7, 2021. Following the Interim Order of the Sixth Section of the Court of Cassation, filed on the same date, the case was referred to the Fifth Section for review at a public hearing instead of in Chambers, as originally scheduled. As such, the parties must now wait for the case to be placed on the judges calendar before receiving a date for the next discussion. On the other hand, we are waiting for a hearing to be fixed before the Supreme Court for the appeal concerning 2011.

Tax Agency - Notice of assessment for registration tax

Several assessments were received for registration tax relating to the application of the tax on the refund of sums as ordered in the judgments entered by the regular Court of Milan. The Company objected to the Tax Agency that the tax had been mistakenly applied as a proportional tax instead of at a flat rate. The tax assessment notices served to date have resulted in a drawn-out tax dispute that has so far seen the court rule in the Company's favour in both the first and second instance, with the exception of Lombardy Regional Tax Commission judgements No. 1167/2020 and No. 1168/2020, against which an appeal has been filed with the Court of Cassation to amend and consequently nullify the judgements. The Sixth Section of the Court of Cassation, through Ordinances No. 25346/2022 and No. 26185/2022, upheld the arguments presented by the Company and overturned the judgements made by the Lombardy Regional Tax Commission. It further concluded that both appeals were to be fully accepted due to the evident merits of the second Ground of Appeal.

Finally, with specific reference to the independent litigation relating to the appeal filed against settlement notice 2017/003/SC/3378/0/002 (the Swiss Air Judgement), we note that on June 14, 2021, Milan's Provincial Tax Commission filed judgement No. 2591/2021, once again fully in favour of the Company, against which the Tax Authority filed a Notice of Appeal with the Regional Tax Commission of Lombardy in December. On May 16, 2022, Lombardy Regional Tax Commission issued judgement no. 2081/2022, filed on May 23, 2022, whereby the Judges of the first chamber rejected the appeal filed by the Tax Agency and upheld the defending arguments presented by the Company, thus resulting in a fully successful outcome. The Tax Agency did not contest this ruling in the Supreme Court of Cassation within the legally prescribed time frame, rendering the issue at hand resolved given the finality of the judgement of the second instance, in favour of the Company. As a result, the original Settlement Notice was annulled.

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

Other disputes

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

On April 30, 2020, Alitalia - Società Aerea Italiana S.p.A. in Extraordinary Administration ("Alitalia" or the "Procedure") issued a writ of summons to the Court of Civitavecchia with which, pursuant to Article 67, paragraphs 2 and 3, letter a) of the Bankruptcy Law, it requested the revocation, and therefore the declaration of invalidity as a result of insolvency proceedings, of all payments made outside the terms of use, since these were payments of cash debts and receivables made to SEA by Alitalia in the six months before its administration proceedings began, and therefore while it was still solvent. The writ stipulates that SEA return and therefore pay to Alitalia the sum of Euro 27,216,138.04.

During proceedings, the parties entered into discussion with a view to reaching a settlement that would also cover other unresolved disputes between the two companies, including the payment of Alitalia's overdue debts to SEA. On July 14, 2022, a settlement was therefore formalised, whereby the parties, in exchange for Alitalia's payment of part of the aforementioned debt, mutually waived their respective claims. On August 2, the Judge declared the case dismissed.

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

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

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

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

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

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

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

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

OTHER INFORMATION

Consolidated Non-Financial Report

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

Customer Care

The SEA Group has identified the quality of services offered and passenger satisfaction as strategic priorities for corporate growth and the competitive success of the business. Despite the uncertain health, economic, and geopolitical conditions in 2022, which were marked by a progressive shift in traffic patterns, SEA maintained its commitment to adopting measures and objectives that aligned with passengers' priorities and needs. This was accomplished in a manner that was both effective and efficient, and was consistent with the superior service standards typically associated with leading European airports.

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

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

In 2022, SEA placed an emphasis on the pursuit of safety and sustainability by consolidating and developing its adoption of technological innovations that, in addition to facilitating the management of processes, also enrich the airport experience for passengers and operators.

SEA has for many years equipped itself with a Quality System, which allows the Group to make choices regarding the revision of processes and the implementation of new services. The management of service quality is guaranteed through an intricate system that includes:

- Measuring perceived quality.
- Measuring delivered quality.
- Benchmarking, which enables comparison with and access to a network of leading international airports through the international ACI ASQ programme promoted by the World Association of Airports (of which SEA is a member).
- Service certifications and audit plans.

In 2022, the Quality Management System activities mentioned above were supplemented with new and revised methodologies that allowed for a more in-depth evaluation of SEA's capacity and potential to provide ever-improving performance levels capable of satisfying the needs of passengers given the rapidly changing market.

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

The 2022 editions of the Service Charters for Linate and Malpensa were produced in line with the indications formalised by the Civil Aviation Authority. These documents provide passengers with useful information to ensure their safe transit through the terminals.

The restyling of Linate airport, which commenced in 2018, continued with the goal of providing passengers a better experience and achieving continuous enhancement. Linate has been rebranded as Milan's "City Airport", prioritising sustainability and advanced, sophisticated design, which passengers will also encounter in the airport's more conventional technical features. SEA plans to create a "sense of place" at its airports that mirrors the character of Milan and Lombardy. The atmosphere will be modern, lively, practical, and inviting, with clear signage, smooth operations, and courteous, professional airport staff focused on providing a safe environment for everyone. To tangibly enhance comfort and improve passenger satisfaction, several priority actions have been identified as part of the planned initiatives. These actions include optimising the organisation of cleaning checks and monitoring methods in the busiest areas to provide a quick response in the event of an unexpected situation or drop in performance.

SEA is also dedicated to incorporating services that have a minimal infrastructural impact but are now considered essential for passengers, such as providing quick, easy, and complimentary Wi-Fi services, along with charging points in the primary waiting areas.

A collaboration has been established with Triennale Milano and the Museum of Italian Design, which has made available a series of works by famous Italian designers.

In addition, as part of its commitment to meeting the needs of people with disabilities, SEA prioritises the accessibility of airport pathways, environments, and facilities during construction and maintenance efforts to ensure that passengers who require assistance can use the infrastructure comfortably and enjoy a more relaxing and comfortable travel experience.

The environmental dimension

The SEA Group is committed to combining the fundamental value of protecting our environmental heritage with development. In 2022, significant environmental initiatives continued based on the sustainability plan established in December 2021, focusing on decarbonisation targets outlined in the ACA4+ certification and achieving Net Zero emissions by 2030.

Environmental management processes

With reference to the Linate Master Plan 2030, the EIA procedure was successfully completed with the publication of the Environmental Compatibility Provision, a decree issued by the Ministry of the Environment, together with the Ministry of Cultural Heritage and Activities and Tourism. Following subsequent publication in the Official Gazette of the Italian Republic, it was agreed with ENAC to introduce the procedures for the launch of the Service Conference necessary to achieve urban compliance, which was successfully held on July 12, 2021. In February 2022, a meeting was convened with ENAC and the Lombardy Region to start jointly preparing the Regional Agreement required by DecVIA 348/2019.

With regard to the New Malpensa Master Plan 2035, ENAC approved the Technical Report in December 2019 and on the basis of this document the SIA (Environmental Impact Study) sent to ENAC on March 6, 2020 was drawn up. It was then agreed with the body to start the Environmental Impact Assessment procedure on June 26, 2020. The formal launch of the procedure was accompanied by the initial meetings to illustrate the main content to the bodies with greatest involvement (Municipalities of the CUV, Lombardy Region, Ticino Regional Park). Between September and December 2020, SEA received comments, requests for clarification and additions from local entities and private parties. These were formally submitted on April 19, 2021 and SEA responded to these on November 11, 2021. In February 2022, the Lombardy Region started the process of preparing a Memorandum of Understanding to facilitate the successful conclusion of the Environmental Impact Assessment (EIA) procedure at regional level. This was done ahead of the publication of the regional opinion, which is still pending. In June 2022, SEA, ENAC, and the CUV municipalities signed a protocol, which outlines an understanding between ENAC/SEA and the municipalities regarding direct and indirect compensation/mitigation efforts. This initiative sought to secure a favourable opinion from CUV municipalities, which issued a favourable opinion on November 14, 2022. We are still waiting to receive the opinion of CTVIA, which should be issued in Q1 2023, thus completing the EIA procedure.

Environmental protection

During 2022, a contract was awarded for the preparation of a noise containment plan pursuant to Ministerial Decree 29/11/00. This activity started in September and concluded on December 19, 2022 with the delivery of the plan. An analysis of the results and an internal approval process are currently being conducted to determine how to begin the formal approval procedure and notify the appropriate entities. The sensitive receptors mapping plan mentioned for Linate will also be prepared at a later date for the Malpensa area too, with the same purpose but following completion of the current acoustic zoning definition process (the Airport Commission has not yet given the final approval for the zoning proposal, deferred to the second half of 2023) and any requirements that may arise from the EIA procedure underway for the new Master Plan 2035.

European project

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

- PASS4CORE: work began on April 1, 2020, and will be completed by June 2024. The context for this proposed action is the development and improvement of a safe and protected parking network for HGVs along Italy's primary road network.
- MXP-NLINE: Work began in April 2020, and will be completed by June 2024. The project, in a partnership with FERROVIENORD, involves the construction of a rail connection between Terminal 2 at Milan Malpensa Intercontinental Airport and the Sempione train station.
- MILAN EAST HUB GATE: Work began in March 2020, and was completed in December 2022. The partnership, in partnership with the Municipality of Milan, the Municipality of Segrate, and RFI, relating to the technical and economic feasibility of a new Segrate train station and the extension of the M4 underground line to connect Milan Linate airport to the new high-speed Segrate station.
- ITAIR ISAC: the project seeks to improve the IT capabilities of Italian airport operators through the creation of an "Information Sharing Analysis Centre". Work began in September 2020 and was completed in August 2022.
- FENIX: beginning in April 2019 and expected completion in April 2023, the project has the objective to engage stakeholders in the field of logistics in the collaborative planning and monitoring of various scenarios and contexts relating to trans-European transport, telecommunications and energy networks.
- ClimOp: Climate assessment of innovative mitigation strategies towards Operational improvements in Aviation. The project will last 42 months and has an official start date of January 2020. The project seeks to evaluate, define and support the implementation of mitigation strategies to promote and implement operational improvements, in order to minimise the negative effects of air transport on climate change.
- OLGA: hOListic & Green Airport. The project started in October 2020 and will last 60 months. The OLGA project seeks to minimise the carbon footprint resulting from the 2024 (Paris) and 2026 (Milan-Cortina) Olympic Games, which have the potential to harm biodiversity and exacerbate air pollution. To accomplish this, the project intends to develop environmental innovations for green airports, which can be adapted and replicated in other airports and settings. SEA is overseeing the most relevant workpackage (WP5) as the WP leader, which requires significant investment and personnel resources. The workpackage focuses on energy, with a particular emphasis on hydrogen. SEA has agreed to design, install, and trial a "green H2 hub".
- ORCHESTRA: Coordinating and synchronising multimodal transport improving road, rail, water and air transport through increased automation and user involvement.

  The three-year project began in May 2021 and will conclude in April 2024. The project seeks to create a multi-modal traffic management ecosystem (MTME) which will enhance the coordination and synchronisation of operations within and between different modes of transport, and will help to improve safety, increase accessibility, and reduce emissions.
- RE-MXP: this project involves improving the drainage system to reduce flood risks and interventions to mitigate earthquake risks. Project completion is scheduled in 2026. For further details, see the Climate Change section of this report.
- U-ELCOME: U-space European COMmon dEpLoyment. The project, coordinated by EUROCONTROL, seeks to integrate air traffic management (ATC) and eVTOL-based services/systems (U-Space) for the transport of goods and people. The project began in November 2022 and is expected to last 36 months.

Human resources

	HEADCOUNT at December 31,			FTE* January/December		
Category	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Executives	46	44	2	45	47	(2)
Senior Managers	260	272	(12)	272	279	(7)
White-collar	1,507	1,686	(179)	1,591	1,662	(71)
Blue-collar	549	630	(81)	593	630	(37)
Temporary	208	50	158	126	39	87
Total	**2,570**	**2,682**	**(112)**	**2,627**	**2,657**	**(30)**

** Full time equivalent.*

At December 31, 2022, SEA Group employees numbered 2,570, decreasing by 112 on the end of 2021 (-4.2%). The number of Full time equivalent employees in 2022 compared to the full year 2021 decreased 30 from 2,657 to 2,627 (-1.1%).

Females at the SEA Group represented 32% of the Headcount at December 31, 2022, equally distributed across classifications.

Organisation and management of personnel

Two procedures were issued during the year: "Presentation and management of financed projects" and "Management of personal data retention times". The former outlines the protocols for participating in tenders promoted by public entities, in addition to the associated reporting requirements. The latter deals with managing personal data retention times in SEA's data processing record.

Organisational measures were adopted to match skill sets and coordinate airport area specialisations.

Training

The techniques used to manage the airport system's full recovery have led to a renewed focus on the "blended model", which includes a combination of classroom, e-learning, and distance learning.

Throughout 2021, the GoodHabitz platform, which is primarily dedicated to developing cross-cutting skills, was widely promoted. The European House of Ambrosetti was also involved in these efforts, providing videos and inspiration pathways from its Ambrosetti Library for managers. Additionally, a project was launched to promote behaviours deemed valuable to SEA, as well as a knowledge-sharing and experience-sharing initiative, and a mentoring project to connect younger employees with company management.

In the second half of 2022, the SEAAcademy began to take shape, establishing its basis on a culture of knowledge exchange (we are teachers) and continuous learning (we are learners) through a range of activities and projects.

The areas most affected by compulsory education and training included:

Workplace safety: significant efforts were made to provide employees with refresher courses on Workplace Safety per Legislative Decree No. 81/08 and the State-Regions Agreement of December 21, 2011. SEA continues to prioritise Fire Prevention Training and ensures that its Workers' Safety Representatives maintain their certification. The organisation also conducts refresher courses on Radiation Protection for Security personnel and offers introductory and refresher courses to Safety Coordinators in accordance with Legislative Decree No. 81/08, specifically Section IV. At the end of 2021, the Italian Parliament converted Decree-Law No. 146 into Law No. 215, making significant changes to Legislative Decree No. 81/08 on the topic of Workplace Safety. The appointment methods, roles, and responsibilities of officers were updated and refresher courses were organised as a result. Meanwhile, introductory courses were arranged for newly appointed officers.

Airport Safety (EASA Rules): compulsory courses related to Regulation EU139/14.

Security: security courses related to the National Safety Plan are required for the receipt and renewal of airport badges. Course content was updated and supplemented with specific Cyber Security topics.

In addition, to maintain its ENAC Certification and continue to deliver PNS Security courses (A13, A14, A15, A8), certified SEA HR instructors participated in a two-yearly refresher training course, in line with EU Execution Regulation 2019/1583.

Welfare

In 2022, technology developments and the digitalisation of welfare initiatives significantly simplified the provision of services. The Future Lab project, which is focused on supporting the education and employability of employees' children, has introduced a new method for managing study grants. This approach allows applicants to submit their requests online. In the Commuting sector, the process for requesting ATM and TRENORD season tickets has been digitised. In the Assistance and Care area, the "Listening and Help" desks at Linate and Malpensa have been supplemented by "Social Services at Work". These services are available to those in need of support or counselling for personal or family issues. After a period of remote management, the service has resumed in-person sessions.

In the area of health and prevention, the Company's yearly flu jab campaign continued.

SEA has confirmed that it will provide a financial contribution to supplement the expenses associated with employees' children's participation in summer schools.

Industrial relations

In 2022, constant discussions continued with the Trade Unions on both operational issues and those closely related to the management of the COVID-19 crisis (application of the temporary lay-off scheme (CGIS), operational provisions, and redefinition of COVID protocols).

On January 20, 2022, the failure to reach an agreement was formalised between SEA and trade unions on the matter of transferring SEA's "non-business specific" ICT department to Airport ICT Services.

At the start of the summer season, trade unions were informed about the actions to be put in place to cope with the increase in traffic. Specifically, a number of resource efficiency projects (ex. Security Linate) were presented, as were placement plans for staff working in the main operating areas (PRM, Drivers, BHS, Maintenance).

On June 29, 2022, several agreements were signed in order to:

- provide financial contributions to all employees, given the particularly high energy costs, starting in July 2022;
- define the methods for signing up to the retirement plan and voluntary incentive plan provided for in the Integrated Framework Agreement and Supplementary Integrated Framework Agreement;
- optimise the Maintenance structure model by improving the skills of the personnel tasked with maintaining runway surfaces at Malpensa and Linate airports;
- define the "Instructor on the Job" role, in addition to the appointment criteria and associated remuneration to ensure SEA's full compliance with specific training obligations;
- streamline certain remuneration mechanisms ("construction site benefits") resulting from supplementary company bargaining agreements.

On September 28, 2022, a specific agreement was signed to establish the criteria, methods, and the amounts associated with the retirement incentives devised for employees affected by the 2022-2025 mobility plan. Specifically, an agreement was signed to terminate the employment relationship of 446 workers, who will accrue the right to early retirement or a pension by August 31, 2028. SEA also gave a limited number of workers the option to join the plan on a voluntary basis, in line with company needs.

On November 8, 2022, an agreement was signed to define a hiring plan in the Security department. Specifically, a plan was established to employ 85 women as security guards. The same agreement also established criteria for progressively converting temporary employment contracts into permanent ones.

To address ongoing issues related to rising energy and consumer goods costs, an agreement was signed on November 8, 2022 to provide a financial contribution of Euro 100 to all employees in November 2022, and an additional contribution of Euro 200 in February 2023.

Occupational health and safety

In 2022, SEA's Occupational Health and Safety Management System (SGSSL), certified according to the UNI ISO 45001:2018 standard, successfully passed the surveillance audit carried out by an external "entity". The organisation was constantly monitored via internal audits, retail and non-retail concessionaire audits, and Hygiene Risk Assessment follow-ups to evaluate the suitability of its anti-COVID protocols.

The management of extraordinary activities to combat the risk of COVID-19 continued in 2022, in line with 2020-21. They included the following initiatives:

The Company Protocol of measures to combat and contain the spread of the SARS-CoV-2/COVID-19 virus in the workplace, the consequent Company provisions for personnel, contractors, suppliers, visitors, and third parties, and the Airport Health and Safety Operating Protocols, which contain measures for the Company's airports (LIN and MXP T1) to minimise the spread of the virus among passengers and people working at the airport (SEA, employees, authorities, etc.).

A total of 46 Prevention and Emergency Management simulations were carried out at company airports with positive results both in terms of awareness of the Emergency Management Plan and related procedures, and in terms of timing and responsiveness. All anomalies, discrepancies and non-conformities that emerged during fire-fighting inspections, document checks, audits and Evacuation Evidence were managed and reported in the Fire Fighting Register, where the analysis of the causes and the identification of improvement and/or corrective actions are also entered. The Emergency and Evacuation Plan for the Linate Terminal was revised in conjunction with the opening of the M4 metro line to bring it into line with the Coordination Protocol stipulated between SEA and ATM.

The Risk Assessment Documents were revised following a Work-Related Stress Assessment. Modifications were made to address potential exposure to Biological Agents such as SARS-CoV-2, through the adoption of specific measures, and updates were made to the list of Safety Officers and Managers, in line with the changes introduced by Law 215/2021 to Legislative Decree No. 81/08. Certified radioprotection experts continued to measure ionizing radiation related to the transit of radioactive packages, and through instrumental testing of the x-ray equipment present and in use by SEA personnel. The standard employee risk assessment was also prepared. The outdoor monitoring of airborne micropollutants enabled the exclusion of specific risk scenarios.

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

With the resumption of activities and subsequent increase in traffic volumes, SEA's injury rate returned to pre-pandemic levels. With a view to continuous improvement, a new performance indicator was introduced alongside the frequency index (FI), defined by UNI 7249. The new indicator evaluates injuries that can be addressed through the identification and adoption of specific preventative measures.

CORPORATE GOVERNANCE SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Introduction

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

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

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

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

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

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

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

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

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

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

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

Control, Risks and Sustainability Committee

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

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

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

Internal Audit Manager

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

Independent Audit Firm

Deloitte & Touche S.p.A. is the Independent Audit Firm appointed to audit the separate and consolidated annual financial report, to periodically verify corporate accounting practices and to carry out the limited audit of the SEA consolidated half-year financial report. The appointment was conferred by the Shareholders' Meeting on June 24, 2013 and extended to financial year 2022 by the Shareholders' Meeting of May 4, 2016. The Board of Statutory Auditors and the Independent Audit Firm regularly exchange information and data in relation to the controls carried out.

Supervisory Board as per Legislative Decree 231/2001

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

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

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

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

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

SEA has adopted an Organisation and Management Model pursuant to Legislative Decree No. 231/2001 - which lays down the "Rules on the administrative liability of legal persons, companies and associations, including those without legal status" (the "Decree") to prevent the offences envisaged by the Decree. The Model was adopted by the SEA Board of Directors by motion of December 18, 2003 and more recently amended and supplemented by the Board of Directors motion of May 31, 2022, and includes all the offences listed by the Decree at that date. The Model consists of a "General Section", a "Special Section" and individual "Components". SEA's subsidiary companies have adopted their own Organisation and Management Model pursuant to Legislative Decree 231/2001.

Whistleblowing - Managing reports

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

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

The reporting management process is defined in a specific procedure applicable to SEA S.p.A. and adopted by its subsidiaries, in line with their organisational structures.

The procedure specifically lists the reporting channels, receiving bodies, and verification process. It also defines the safeguards put in place for whistleblowers and the confidentiality obligations, in line with the regulations in force.

Anti-Corruption Focal Point

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

Anti-corruption Measures

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

Related Parties Transactions Policy

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

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

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

Code of Ethics

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

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

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

Diversity policies

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

BOARD OF DIRECTORS' PROPOSALS TO THE SHAREHOLDERS' MEETING

The Board of Directors approves the 2022 Financial Statements of SEA S.p.A., prepared in accordance with IFRS, which report a net profit of Euro 194,918,804.50.

The Board of Directors, also considering the prospects of a recovery of resources both in income and equity terms, proposes to allocate the profit for 2022 in the amount of Euro 194,918,804.50 as follows:

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

The Chairperson of the Board of Directors
Michaela Castelli

SHAREHOLDERS' MEETING RESOLUTIONS

The Shareholders' Meeting of April 28, 2023:

1. approved the Financial Statements for the year ended December 31, 2022, prepared in accordance with IFRS, and its annexes, which report a net profit of Euro 194,918,804.50;
2. allocated the net profit for the year of Euro 194,918,804.50 as follows:
   - Euro 120,366,865.50 to fully cover the loss for 2020;
   - Euro 74,551,939.00 to the extraordinary reserve.

The Chairperson of the Board of Directors
Michaela Castelli

SEA GROUP CONSOLIDATED FINANCIAL STATEMENTS

SEA Group Consolidated Financial Statements

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		December 31, 2022		December 31, 2021	
(Euro thousands)	Note	Total	of which related parties	Total	of which related parties
Intangible assets	8.1	939,793		945,659	
Property, plant & equipment	8.2	142,994		146,556	
Leased assets right-of-use	8.3	14,008		12,996	
Investment property	8.4	3,399		3,401	
Investments in associates	8.5	82,178		65,745	
Other investments	8.6	1		1	
Deferred tax assets	8.7	111,768		118,132	
Other non-current receivables	8.8	60,496		52,408	
Total non-current assets (A)		**1,354,637**	**0**	**1,344,898**	**0**
Inventories	8.9	1,558		1,738	
Trade receivables	8.10	122,628	13,026	95,928	12,188
Tax receivables	8.11	4,769		794	
Other current receivables	8.11	6,853	442	4,961	
Current financial receivables	8.12			20,542	20,542
Cash and cash equivalents	8.13	160,341		134,173	
Total current assets (B)		**296,149**	**13,468**	**258,136**	**32,730**
Assets held-for-sale and discontinued operations (C)	**6.1**			**47,512**	
TOTAL ASSETS (A+B+C)		**1,650,786**	**13,468**	**1,650,546**	**32,730**
Share capital	8.14	27,500		27,500	
Other reserves	8.14	132,876		203,525	
Group Net Result	8.14	182,460		(75,119)	
Group shareholders' equity		**342,836**		**155,906**	
Minority interest shareholders' equity		**31**		**31**	
Group & Minority int. share. equity (D)	**8.14**	**342,867**		**155,937**	
Provision for risks and charges	8.15	229,124		213,112	
Employee provisions	8.16	30,942		44,036	
Non-current financial liabilities	8.17	519,516		584,235	
Other non-current payables	8.18	6,590		84,736	
Total non-current liabilities (E)		**786,172**		**926,119**	
Trade payables	8.19	190,558	8,641	145,040	21,877
Income tax payables	8.20	11,467		8,609	
Other payables	8.21	290,727		177,234	
Current financial liabilities	8.17	28,995		225,315	
Total current liabilities (F)		**521,747**	**8,641**	**556,198**	**21,877**
Liabilities related to assets held-for-sale and discontinued operations (G)	**6.1**			**12,292**	
TOTAL LIABILITIES (E+F+G)		**1,307,919**	**8,641**	**1,494,609**	**21,877**
TOTAL LIAIBILITIES & SHAREHOLDERS' EQUITY (D+E+F+G)		**1,650,786**	**8,641**	**1,650,546**	**21,877**

CONSOLIDATED INCOME STATEMENT

(Euro thousands)	Note	2022 Total	2022 of which related parties	2021 Total	2021 of which related parties
Operating revenues	9.1	734,840	53,075	325,232	26,579
Revenue for works on assets under concession	9.2	32,676		23,749	
Total revenues		**767,516**	**53,075**	**348,981**	**26,579**
Operating costs					
Personnel costs	9.3	(192,527)		(138,642)	
Consumable materials	9.4	(10,505)		(7,372)	
Other operating costs	9.5	(243,403)		(149,705)	
Costs for works on assets under concession	9.6	(30,832)		(21,521)	
Total operating costs		**(477,267)**	**(98,181)**	**(317,240)**	**(49,711)**
Gross Operating Margin / EBITDA*		**290,249**	**(45,106)**	**31,741**	**(23,132)**
Provisions & write-downs	9.7	4,745		(24,480)	
Restoration and replacement provision	9.8	(30,671)		(20,499)	
Amortisation & Depreciation	9.9	(64,823)		(67,556)	
Operating result		**199,500**	**(45,106)**	**(80,794)**	**(23,132)**
Investment income/(charges)	9.10	17,463	17,463	(382)	(382)
Financial charges	9.11	(18,188)		(21,428)	
Financial income	9.11	797	607	1,633	673
Pre-tax result		**199,572**	**(27,036)**	**(100,971)**	**(22,841)**
Income taxes	9.12	(13,149)		23,755	
Continuing Operations result (A)		**186,423**	**(27,036)**	**(77,216)**	**(22,841)**
Net result from assets held for sale (B)	**6.1 / 9.13**	**(3,960)**		**2,100**	
Minority interest profit (C)		**3**		**3**	
Group Net Result (A+B-C)		**182,460**	**(27,036)**	**(75,119)**	**(22,841)**
Basic net result per share (in Euro)	9.14	0.73		(0.30)	
Diluted net result per share (in Euro)	9.14	0.73		(0.30)	

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

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(Euro thousands)	2022 Total	2022 of which related parties	2021 Total	2021 of which related parties
Group Net Result	**182,460**	**(27,036)**	**(75,119)**	**(22,841)**
- Items reclassifiable in future periods to the net result:				
Fair value measurement of derivative financial instruments			1,201	
Tax effect from fair value measurement of derivative financial instruments			(288)	
Total items reclassifiable, net of tax effect	**0**		**913**	
- Items not reclassifiable in future periods to the net result:				
Actuarial gains/(losses) on post-employment benefits	5,881		(1,442)	
Tax effect on actuarial gains/(losses) on post-employment benefits	(1,411)		346	
Total items not reclassifiable, net of tax effect	**4,470**		**(1,096)**	
Total other comprehensive income items	**4,470**		**(183)**	
Total comprehensive result	**186,930**		**(75,302)**	
Attributable to:				
- Parent company shareholders	186,927		(75,305)	
- Minority interest	3		3	

CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)	2022 Total	2022 of which related parties	2021 Total	2021 of which related parties
Cash flow from operating activities				
Pre-tax result	199,572		(100,971)	
Adjustments:				
Amortisation, depreciation and write-downs	64,823		67,556	
Net change in provisions (excl. employee provision)	7,925		8,322	
Changes in employee provisions	(7,844)		(2,714)	
Net changes in doubtful debt provision	(5,687)		15,603	
Net financial charges	17,391		19,795	
Investment (income)/charges	(17,463)		382	
Other non-cash changes	13,582		(2,898)	
Cash generated / (absorbed) from operating activities before changes in net working capital of assets held-for-sale and discontinued operations			7,583	
Cash flow from operating activities before changes in working capital	**272,299**		**12,658**	
Change in inventories	35		370	
Change in trade and other receivables	(26,028)	(1,280)	(61,611)	5,247
Change in other non-current assets			7	
Change in trade and other payables	64,124	(13,236)	57,088	7,658
Cash generated/(absorbed) from changes in working capital of assets held-for-sale and discontinued operations			2,316	
Cash flow from changes in working capital	**38,131**	**(14,516)**	**(1,830)**	**12,905**
Income taxes paid	(2,115)		(1,277)	
Income taxes paid by assets held-for-sale and discontinued operations			(16)	
Cash flow generated /(absorbed) from operating activities	**308,315**	**(14,516)**	**9,535**	**12,905**
Investments in fixed assets:				
- intangible assets (*)	(40,033)		(26,354)	
- tangible assets and property	(12,338)		(7,656)	
- financial assets	(1,169)	(1,169)		
Divestments from fixed assets:				
- tangible assets and intangible			1,344	1,336
Cash received from disposal of SEA Energia	31,261			
Dividends received	1,757	1,757		
Cash generated/(absorbed) from investing activities of assets held-for-sale and discontinued operations			(2,167)	
Cash flow generated /(absorbed) from investing activities	**(20,522)**	**588**	**(34,833)**	**1,336**
Change in gross financial debt:				
- increase/(decrease) of short & medium-term debt	(264,045)		(400,582)	
Changes in other financial assets/liabilities	18,389	20,542	5,746	7,702
Dividends distributed	(2)		(2)	
Interest and commissions paid	(16,102)		(27,161)	
Interest received	135		912	
Cash generated/(absorbed) from financing activities of assets held-for-sale and discontinued operations			(7,720)	
Cash flow generated /(absorbed) from financing activities	**(261,625)**	**20,542**	**(428,807)**	**7,702**
Increase/(decrease) in cash and cash equivalents	**26,168**	**6,614**	**(454,105)**	**21,943**
Opening cash and cash equivalents	134,173		588,313	
- of which, cash and cash equivalents included under assets held-for-sale and discontinued operations			39	
Cash and cash equivalents at opening reported in the accounts	134,173		588,274	
Closing cash and cash equivalents	160,341		134,208	
- of which, cash and cash equivalents included under assets held-for-sale and discontinued operations			35	
Cash and cash equivalents at year-end reported in the accounts	160,341		134,173	

(*) The investments in intangible assets are net of the utilisation of the restoration provision, which in 2022 amounted to Euro 21,804 thousand (Euro 16,605 thousand in 2021).

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(Euro thousands)	Share capital	Legal reserve	Retained losses L.178 December 30, 2020	Other reserves and retained earnings	Actuarial gains/(losses) reserve	Derivative contracts hedge accounting reserve	Net result	Consolidated shareholders' equity	Minority interest capital & reserves	Group & Minority int. share. equity
Balance at December 31, 2020	**27,500**	**5,500**		**331,117**	**(3,420)**	**(913)**	**(128,576)**	**231,208**	**28**	**231,236**
Transactions with shareholders										
Allocation of 2020 net result			(120,367)	(8,209)			128,576	0		0
Other movements										
Other comprehensive income statement items result					(1,096)	913		(183)		(183)
Net result							(75,119)	(75,119)	3	(75,116)
Balance at December 31, 2021	**27,500**	**5,500**	**(120,367)**	**322,908**	**(4,516)**	**0**	**(75,119)**	**155,906**	**31**	**155,937**
Transactions with shareholders										
Allocation of 2021 net result				(75,119)			75,119	0	(3)	(3)
Other movements										
Other comprehensive income statement items result					4,470			4,470		4,470
Net result							182,460	182,460	3	182,463
Balance at December 31, 2022	**27,500**	**5,500**	**(120,367)**	**247,789**	**(46)**	**0**	**182,460**	**342,836**	**31**	**342,867**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

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

The operating performances and traffic data for 2022 confirm the recovery emerging in 2021. The lifting of the restrictions in nearly all countries, followed by the reduced spread of infections and of potential health consequences, allowed for a return to a climate of confidence for travel, which was slightly tested by the outbreak of the Russia-Ukraine conflict. The Group constantly monitors the general economic and geopolitical conditions which may impact upon its results. For further information, reference should be made to the Directors' Report.

SEA decided in 2021 to divest of the business energy line, publishing on July 12, 2021 the tender for the competitive dialogue for the sale of 100% of SEA Energia SpA and for the assignment of thermal energy and electricity supply contracts. At the same time, as part of its sustainability strategy, SEA is looking for a partner to provide added value to the management of energy at its Milan airports, with the aim of achieving zero CO_2 emissions by 2030. On September 29, 2022 SEA SpA completed the disposal of the entire holding in the company SEA Energia SpA to the company A2A Calore & Servizi Srl, recognising a charge to the consolidated financial statements of Euro 4,087 thousand, with entry to the income statement under "Discontinued operations result". On the same date, a new version of the By-Laws was adopted and the name of the company changed to A2A Airport Energy SpA, with the registered office transferred to Corso di Porta Vittoria 4 (Milan).

These events require therefore the application of IFRS 5 to the consolidated financial statement at December 31, 2021 and to the 2022 consolidated income statement until the disposal date of September 29, 2022.

The SEA Group, through the company SEA Prime, manages general aviation, providing high added value services and facilities, while through the company Airport ICT Services, manages the provision and design of information systems and provides support for their use.

The Group holds at December 31, 2022, the following investments in associates and measured under the equity method: (i) Dufrital (held 40%), which operates in the Travel Retail business at Milan Linate and Milan Malpensa and at other Italian airports, including Bergamo, Florence, Genoa and Verona; (ii) Malpensa Logistica Europa (held 25%), which undertakes integrated logistic activities; (iii) Areas Food Services (formerly SEA Services) (held 40%) which operates in the catering sector for the Milan airports; (iv) Disma (held 18.75%), which manages a plant for the storage and distribution of aviation fuel at Milan Malpensa Airport; (v) SACBO (held 30.98%), which manages the airport of Bergamo, Orio al Serio; and (vi) Airport Handling (held 30%), which provides passenger, cargo and aircraft and crew support services to all airlines.

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

2. SUMMARY OF ACCOUNTING PRINCIPLES ADOPTED

The main accounting standards and policies adopted in the preparation of the Consolidated Financial Statements at December 31, 2022, are reported below.

The Consolidated Financial Statements at December 31, 2022, and the tables included in the explanatory notes are prepared in thousands of Euro.

2.1 Basis of preparation

The Consolidated Financial Statements includes the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Comprehensive Income Statement, the Consolidated Cash Flow Statement, the Statement of Changes in Consolidated Shareholders' Equity and the relative Explanatory Notes.

The consolidated financial statements at December 31, 2022, were prepared in accordance with IFRS in force at the approval date of the financial statements and the provisions enacted as per Article 9 of Leg. Decree No. 38/2005. The term IFRS includes all of the International Financial Reporting Standards, all of the International Accounting Standards and all of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) previously called the Standing Interpretations Committee (SIC) approved and adopted by the European Union.

In relation to the presentation method of the financial statements "the current/non-current" criterion was adopted for the Statement of Financial Position while the classification by nature was utilised for the Income Statement and Comprehensive Income Statement and the indirect method for the Cash Flow Statement. Where present the balances and transactions with related parties are reported.

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

As described in the Directors' Report, on the exit from a strategic sector (as per IFRS 8 the energy sector is defined as such), IFRS 5 requires that the income statement of the energy business is not included in the results line-by-line for each cost and revenue item, but the total result of the business is recorded on a separate line in the account "Discontinued Operations result"; the same treatment is applied to the assets and liabilities related to the energy sector, which are not included in the assets and liabilities of the continuing operations but are recorded in separate accounts under assets and liabilities.

A specific paragraph of the present Explanatory Notes, to which reference should be made (Paragraph 6.1 "*Discontinued Operations result*"), illustrates the discontinued operations' accounts presented in the consolidated financial statements.

Presentation of transactions between Continuing Operations and Discontinued Operations

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

Law No. 178 of December 30, 2020

It should also be noted that Law 178 of December 30, 2020, "Government budget for fiscal year 2021 and spending plan for 2021-2023", paragraphs 714-720, which to mitigate the economic effects of the COVID-19 epidemic emergency on the entire airport sector, established a fund with assets of Euro 500 million, intended to provide compensation, with the limit of Euro 450 million, for the damages suffered by airport operators possessing the prescribed valid certificate issued by ENAC. With Decree-Law No. 73 of May 25, 2021, paragraph 2, the fund was increased by Euro 300 million, of which 285 million allocated to airport operators, bringing the portion of the fund allocated to compensate the losses suffered by management companies to Euro 735 million. On July 26, 2021, the European Commission issued a press release announcing that it had approved the above aid scheme pursuant to Article 107 2b of the TFEU. The implementing decree establishing the procedures and criteria for determining and disbursing the grant in accordance with the limits and guidelines of the European Commission went into effect with its publication in the Italian Official Journal on December 28, 2021. SEA has determined that the grant pursuant to Law No. 178 of December 30, 2020, falls within the scope of IAS 20.3, which states: "Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity." Therefore, we have adopted the guidelines of this standard in recognising the grant. More specifically, IAS 20.8 states that "[a] government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled." In accordance with this standard, which states that grants are to be recognised in profit or loss in the year in which they become collectable, and associating the concept of collectability with completion of the process defined under Articles 4 and 5 of the implementing decree, not as a mere formality but with the substantial validity of all obligations specified above, the Group has decided not to recognise this grant in profit or loss in 2021, postponing its recognition to the year in which it became collectable, i.e. when the procedures described in the implementing decree were completed, i.e. in H1 2022. The implementing decree describes the procedures to follow to ensure collectability, but this does not, on its own, establish the right for the entity to collect the grant. Supporting this assumption is also the fact that ENAC, when conducting its procedures, can recalculate the amount to be granted to each applicant. For this reason, the amount set prior to completion of the process described in the implementing decree is merely an estimate and, by definition, uncertain, even if supported by independently verified calculations. These estimates are also related to construction of the "counterfactual" scenario used in the analysis, which includes certain specific adjustments to the circumstances of SEA SpA in order to approximate what would have happened in the absence of the pandemic during the period analysed and so is, by definition, hypothetical. Therefore, the Group has assessed that the requirement of collectability, and consequent recognition of the grant, was only achieved in 2022.

DL 21/22, DL 155/22, DL 144/22, and DL 176/22

These decrees set an extraordinary contribution, in the form of a tax credit, to partially offset the higher charges effectively incurred for the purchase of the energy component. The contribution is 15% of the expenditure incurred on the purchase of the energy component in Q2 and Q3 and 30% of the expenditure incurred in Q4.

The above contributions are reserved for companies who have electricity metres with a minimum capacity of 16.5 kWh, with this condition reduced to 4.5kWh for the fourth quarter, and who have incurred a cost per kWh increase of over 30% in the second, third, and fourth quarters compared to the average price recorded in those quarters in 2019, supported by relevant invoices.

With SEA having verified that it meets the requirements of the Decrees to qualify for the benefit and having made the calculations based on the invoices received, proving the increase in the cost of the energy component as required by the Decrees, the benefit from the contribution was recognised in 2022. As the latter seeks to support enterprises in the purchase of electricity effectively used in Q2, Q3, and Q4 2022, the accounting adopted is to directly reduce the electricity purchase costs of FY 2022.

Going concern and presentation of the financial statements

The Consolidated Financial Statements were prepared in accordance with the going concern concept, therefore utilising the accounting policies of an operating enterprise. Company management has assessed that, in view of the operating performances and the traffic figures for 2022, in addition to the positive outlook for future years, there are no significant uncertainties concerning the capacity of the Group to meet its obligations in the foreseeable future, and in particular in the 12 months subsequent to approval of this report. In this regard, please refer to the observations in the Directors' Report. In the preparation of the Consolidated Financial Statements at December 31, 2022, the same accounting principles were adopted as in the preparation of the Consolidated Financial Statements at December 31, 2021. Following the issue on a regulated market of the "SEA 3 1/8 2014-2021" bond (repaid in 2021) and the SEA 10/2025 bond issue, IFRS 8 and IAS 33 concerning segment reporting and earnings per share were utilised.

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

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

2.2 IFRS accounting standards, amendments and interpretations applied from January 1, 2022

The International Accounting Standards and amendments which must be obligatory applied from January 1, 2022, following completion of the relative approval process by the relevant authorities, are illustrated below.

Description	Date approved	Publication in the Official Gazette	Effective date as per the standard	Effective date applied by SEA
Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements 2018-2020	June 28, 2021	July 2, 2021	Periods which begin from Jan 1, 2022	Jan 1, 2021

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

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

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

Description	Approved at the date of the present document	Effective date as per the standard
IFRS 17 Insurance Contracts	YES	Periods which begin from Jan 1, 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: *Disclosure of Accounting policies*	YES	Periods which begin from Jan 1, 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: *Definition of Accounting Estimates*	YES	Periods which begin from Jan 1, 2023
Amendments to IAS 12 Income Taxes: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	YES	Periods which begin from Jan 1, 2023
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information	YES	Periods which begin from Jan 1, 2023
Amendments to IAS 1 Presentation of Financial Statements: - Classification of Liabilities as Current or Non-current Date; - Classification of Liabilities as Current or Non-current - Deferral of Effective Date and; - Non-current Liabilities with Covenants	NO	Periods which begin from Jan 1, 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback".	NO	Periods which begin from Jan 1, 2024

No accounting standards and/or interpretations were applied in advance whose application is obligatory for periods commencing after December 31, 2022, and the directors no not expect any material effects.

2.4 Consolidation method and principles

The financial statements of the companies included in the consolidation scope were prepared as at December 31, 2022, and were appropriately adjusted, where necessary, in line with Group accounting principles.

The consolidation scope includes the financial statements at December 31, 2022, of SEA, of its subsidiaries, and of those subsidiaries upon which it exercises a significant influence.

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

a. power over the entity;

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

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

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

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

Associated Companies

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

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

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

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

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

2.5 Consolidation scope and changes in the year

The registered office and the share capital (at December 31, 2022, and December 31, 2021) of the companies included in the consolidation scope under the full consolidation method and equity method are reported below:

Company	Registered office	Share capital at 31/12/2022 (Euro)	Share capital at 31/12/2021 (Euro)
SEA Energia S.p.A.	Milan Linate Airport - Segrate (MI)		5,200,000
SEA Prime S.p.A.	Viale dell'Aviazione, 65 - Milan	2,976,000	2,976,000
Airport ICT Services S.r.l.	Milan Linate Airport - Segrate (MI)	600,000	25,000
Dufrital S.p.A.	Via Lancetti, 43 - Milan	466,250	466,250
SACBO S.p.A.	Via Orio Al Serio, 49/51 - Grassobbio (BG)	17,010,000	17,010,000
Areas Food Services S.r.l. (ex SEA Services S.r.l.)	Via Caldera, 21 - Milan	746,700	105,000
Malpensa Logistica Europa S.p.A.	Milan Linate Airport - Segrate (MI)	6,000,000	6,000,000
Disma S.p.A.	Milan Linate Airport - Segrate (MI)	2,600,000	2,600,000
Airport Handling S.p.A.	Malpensa Airport - Terminal 2 - Somma Lombardo (VA)	5,000,000	5,000,000

The companies included in the consolidation scope at December 31, 2022, and the respective consolidation methods are reported below:

Company	Consolidation Method at 31/12/2022	Group % holding at 31/12/2022	Group % holding at 31/12/2021
SEA Energia S.p.A.	IFRS 5	0%	100%
SEA Prime S.p.A.	Line-by-line	99.91%	99.91%
Airport ICT Services S.r.l.	Line-by-line	100%	100%
Dufrital S.p.A.	Net Equity	40%	40%
SACBO S.p.A.	Net Equity	30.979%	30.979%
Areas Food Services S.r.l. (ex SEA Services S.r.l.)	Net Equity	40%	40%
Malpensa Logistica Europa S.p.A.	Net Equity	25%	25%
Disma S.p.A.	Net Equity	18.75%	18.75%
Airport Handling S.p.A.	Net Equity	30%	30%

The decision to dispose of the energy segment resulted in the application of IFRS 5 to the discontinued operations; reference should be made to the previous paragraphs 1 - General Information and 2.1 “Basis of preparation” for the impact of the application of IFRS 5 on the 2022 income statement and the 2021 comparative financial statements.

In 2022, the Group started up the operations of the subsidiary Airport ICT Services, with the transfer to the company of SEA’s “non-business specific” ICT operations. The subsidiary was incorporated on December 20, 2021 with share capital of Euro 25 thousand, fully subscribed and paid-in by the sole shareholder SEA.

2.6 Translation of foreign currency transactions

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

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

2.7 Accounting policies

Intangible assets

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

(a) Rights on assets under concession

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

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

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

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

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

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

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

(b) Industrial patents and intellectual property rights

Patents, concessions, licenses, brands and similar rights

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

Computer software

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

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

Property, plant & equipment

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

Property

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

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

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

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

Plant & Equipment

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

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

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

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

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

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

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

Leased assets right-of-use

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

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

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

Investment property

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

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

Impairments

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

Impairment test

In 2021, despite the improving market environment and SEA Group operating performance, a number of events were noted some indicators had been detected (relating to the effects of the Covid-19 pandemic) in preparing the annual financial statements which may have resulted in impairments to property, plant and equipment, intangible assets, right-of-use and investment property. An impairment test was therefore carried out on these amounts, with no impairments recognised to the financial statements (to further details, reference should be made to the 2021 annual financial report).

At December 31, 2022, the SEA Group again checked for indicators of impairment, further to those analysed at the end of the previous year, and particularly with regards to passenger traffic, energy costs and operating performance, both for FY 2022 and on a forward-looking basis and the discount rate.

Passenger traffic

- Passenger traffic, which already by 2021 had begun to show signs of improvement on the previous year, in 2022 outperformed the forecasts underlying the impairment test at December 31, 2021, despite the slowdown in the initial months of the year;
- The most up-to-date projections prepared by the SEA Group included in the 2023-2027 business plan approved by the Board of Directors on February 10, 2023, also confirm for the coming years the recovery in traffic emerging from Q2 2022: an assumption also confirmed by recent industry studies and specialised reports;
- The outbreak of the conflict between Russia and Ukraine and the consequent cancellation of connections with these countries did not generate significant impacts on traffic in 2022, given the residual weight of this region and even if the conflict continues, its impact on the coming years is expected to be limited;

- The cancellation of flights, a phenomenon seen mainly in the summer months at the major European airports, did not impact passenger traffic at Linate and Malpensa as it was comfortably offset by an increase in the average load factor of flights operated.

Energy costs

- Energy costs increased significantly in the first half of 2022, both compared to the previous year and to the forecast underlying the impairment test at December 31, 2021. In the final months of 2022, however, energy commodity prices have been declining relative to forecasts, and the forward-looking energy scenarios included in the 2023-2027 business plan have also much improved, such that in the medium to long term they are expected to return to amounts in line with the forecasts underlying the 2021 impairment analysis.

Operating performance

- The operating performance in 2022 was better than forecast in the impairment analysis at December 31, 2021, as the increased traffic volumes generated a revenue increase in excess of the increases in energy costs and the medium-term forecasts included in the 2023-2027 business plan are in line with those underlying the 2021 impairment analysis.

Discount rate

- The increase in interest rates on the international financial markets recorded throughout 2022 and again in the first few months of 2023 would lead to an increase in the discount rate of expected cash flows, an increase which however largely falls within the sensitivity analyzes carried out for the impairment test as at 31 December 2021.

At December 31, 2022, in view of the better traffic performances in 2022 and the forecast improvements for the coming years, the better operating performance in 2022 and the forecasts in line with previous expectations for the coming years, it was considered that no additional impairment indicators were evident further to that emerging from the test at December 31.

At December 31, 2021, the impairment test on the equity investments in SACBO, Dufrital, Areas Food Services Srl, and Airport Handling, associates whose type of business is affected by the same market dynamics that affect the SEA Group, had not shown the need for impairment. At December 31, 2022, the improvement in market conditions described above has resulted in the associated companies reporting results in line with or better than the forecasts underlying the impairment at December 31, 2021, resulting in no need to test for impairment against the carrying amounts. The analysis of the impairment indicators, carried out for associated companies in a similar way to that described above for the Group, did not highlight the need to carry out a new impairment test to verify any losses in value compared to the book values.

Financial assets

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

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

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

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

Derivative financial instruments

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

The hedging relations are of three types:

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

When the option contracts are utilised to hedge highly probable scheduled transactions, the Group only designates the intricate value of the options as hedging instruments. Based on IFRS 9, the changes in the time value of options relating to the item hedged are recognised in the other items of the comprehensive income statement and are accumulated in the hedge reserve under net equity.

Trade and other receivables

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

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

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

Inventories

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

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

Cash and cash equivalents

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

Provisions for risks and charges

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

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

Restoration and replacement provision of assets under concession

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

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

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

Employee provisions

Pension provisions

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

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

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

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

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

Post-employment benefits

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

Financial liabilities

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

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

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

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

Trade payables and other liabilities

Trade and other payables are initially recognised at amortised cost.

Reverse factoring transactions - indirect factoring

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

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

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

Revenue recognition

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

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

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

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

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

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

Revenue for works on assets under concession

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

Government grants

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

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

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

Capital grants

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

Operating grants

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

Recognition of costs

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

Financial income

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

Financial charges

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

Income taxes

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

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

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

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

Dividends

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

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

3. ESTIMATES AND ASSUMPTIONS

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

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

(a) Impairments

The tangible and intangible assets and investments in associated companies and property investments are verified to ascertain if there has been a loss in value which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. The verification of the existence of the above-mentioned indicators requires the Directors to make valuations based on the information available within the Group and from the market, as well as historical experience. In addition, when it is determined that there may be a potential impairment loss, the Group determines this through using the most appropriate technical valuation methods available. The correct identification of the indicators of the existence of a potential reduction in value, as well as the estimates for their determination, depends on factors which may vary over time impacting upon the valuations and estimates made by the Directors. In view of the operating performances and the traffic figures for 2022, in addition to the positive outlook for the coming years, the company considers the results of the impairment test at December 31, 2021 as still valid. Reference should be made in addition to the paragraph below "Impairments".

(b) Amortisation & depreciation

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

(c) Provisions for risks and charges

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

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

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

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

(d) Trade receivables

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

(e) Lease

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

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

4. RISK MANAGEMENT

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

The management of the above-mentioned risks is undertaken by the parent company which identifies, evaluates and undertakes hedging of financial risks, in close collaboration with other entities of the Group.

4.1 Credit risk

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

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

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

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

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

In 2022, total receivables increased compared to 2021 following the increase in revenues. As a result, the ratio between trade receivables and security deposits/guarantees decreased.

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

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

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

Trade receivables

(Euro thousands)	December 31, 2022	December 31, 2021
Trade receivables - customers	212,816	209,694
- of which overdue	135,839	146,575
Doubtful debt provision - customers	(103,215)	(124,149)
Trade receivables - associates	13,226	10,565
Doubtful debt provision - associates	(199)	(182)
Total net trade receivables	**122,628**	**95,928**

The aging of the overdue receivables is as follows:

Trade receivables

(Euro thousands)	December 31, 2022	December 31, 2021
less than 180 days	32,763	28,096
more than 180 days	103,076	118,479
Total trade receivables overdue	**135,839**	**146,575**

The overdue receivable decreased on 2021.

The reduction in the doubtful debt provision on 2021 relates to the settlement with Alitalia in A.S., which was followed by (in July 2022) a payment by the carrier of Euro 14.8 million.

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

In 2020, as a result of the COVID-19 related airport sector crisis and the financial difficulties in which many airlines and various commercial operators find themselves, the company decided to review the rating of each client according to the exposure and the ratings information available from the major international agencies, with a consequent lowering by at least one ratings class for many clients. In light of the improved traffic figures, a number of ratings have been revised upwards.

Trade receivables

(Euro thousands)	December 31, 2022	December 31, 2021
Customer receivables	226,042	220,259
(i) receivables from parties in administration	78,899	109,437
(ii) disputed receivables	18,820	18,958
Total trade receivables net of receivables at (i) and (ii)	**128,323**	**91,864**
Receivables due other than receivables at (i) and (ii)	38,120	18,180
Sureties and guarantee deposits	86,022	74,672
Percentage of receivables guaranteed by sureties and guarantee deposits compared to the total trade receivables net of receivables at (i) and (ii)	67%	81.3%

4.2 Market risks

The market risk to which the SEA Group is exposed comprises all types of risks directly and indirectly related to market prices. In 2022, the market risks to which the SEA Group were subject were:

a) interest rate risk;

b) currency risk;

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

a) Interest rate risk

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

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

Variable interest loans exposes the SEA Group to a risk originating from the volatility of the interest rates (cash flow risk). Relating to this risk, for the purposes of the relative hedging, the SEA Group made recourse in the past, and could in the future make use of derivative contracts, which convert the variable rate to a fixed rate or limit the fluctuations in variable rates over a range, in this manner reducing the risk originating from the volatility of the rates. We highlight that these derivative contracts, underwritten exclusively for the purposes of hedging market rate volatility, are recorded through the cash flow hedge method. At December 31, 2022, the SEA Group has no derivative contracts in place.

At December 31, 2022 the gross financial debt of the SEA Group was comprised of medium/long-term loans (medium/long term portions of loans) and short-term loans (exclusively the medium/long-term portion of loans maturing within 12 months). At this date, the SEA Group did not make recourse to short-term debt.

The medium/long-term debt at December 31, 2022 is reported in the following table, which shows each loan at the nominal value (which includes a spread of between 0.25% and 1.62%, not considering the hedging operations and any accessory guarantees):

Medium/long term loans:

	December 31, 2022			December 31, 2021		
(Euro thousands)	Maturity	Amount	Average rate	Maturity	Amount	Average rate
Bonds	**2025**	**300,000**	**3.500%**	**2025**	**300,000**	**3.500%**
Bank loans - EIB funding	**from 2023 to 2037**	**207,683**	**2.19%**	**from 2023 to 2040**	**232,946**	**0.72%**
o/w at Fixed Rate		*35,963*	*2.25%*		*43,628*	*2.54%*
o/w at Variable Rate(*)		*171,720*	*2.18%*		*189,318*	*0.30%*
Other bank loans	**2024**	**25,000**	**2.87%**	**from 2022 to 2024**	**263,782**	**0.39%**
o/w at Fixed Rate						
o/w at Variable Rate		*25,000*	*2.87%*		263,782	*0.39%*
Medium/long-term gross financial debt		**532,683**	**2.96%**		**796,728**	**1.66%**

(*) Include Euro 65 million of EIB loans with specific bank guarantee

The total amount of the medium/long-term gross debt at December 31, 2022 was Euro 532,683 thousand, decreasing Euro 264,045 thousand on December 31, 2021 due to (i) the repayment of a significant portion of the term loan agreed in 2020 and 2021 to deal with the requirements of the COVID-19 pandemic, bringing forward a number of instalments so as to optimise the SEA Group's financial structure and (ii) the repayment of outstanding EIB loan instalments falling due.

The average cost of medium/long-term debt at December 31, 2022 was 2.96%, increasing 130 bps on 2021 as a result of interest rate increases on the basis of the ECB's restrictive monetary policy. Considering the cost of bank guarantees on EIB loans, the average cost of debt amounts to 3.10%, increasing 134 bps compared to 2021.

At December 31, 2022, the Group has the following bond issue with a total nominal value of Euro 300 million.

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

The fair value of the overall bank and bond medium/long-term Group debt at December 30, 2022 amounts to Euro 516,529 thousand (reduction on Euro 828,246 thousand at December 31, 2021). This value was calculated as follows:

- for the loans at fixed interest rates, the capital portion and interest were discounted utilising the spot rates for each contractual maturity, extrapolated from the market rates;
- for the bond listed on a regulated market, reference was made to the market value at December 31, 2022;
- for the loans at variable interest rates, the interest portion was calculated utilising the estimate of the expected rates at the end of each contractual maturity, increased by the spread defined contractually. The interest portion defined as outlined above and the capital on maturity was discounted utilising the spot rate for each contractual maturity, extrapolated from the market rate.

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

b) Currency risk

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

c) Commodity risk

Before the sale of SEA Energia in September 2022, the SEA Group was directly impacted by changes in energy commodity prices, namely gas, electricity, and thermal energy, in addition to environmental certificates relating to the company's operations and related energy requirements. The pricing structures used in purchasing agreements also indirectly impacted the SEA Group. From the second half of 2021 and to an even greater degree in 2022, energy raw material prices rose sharply as a result initially of the global economic environment, and thereafter in view of the uncertain international geopolitical situation following the outbreak of the Russia-Ukraine war in February 2022. This energy raw material price volatility may continue also in 2023, continuing to expose the Group to high procurement costs and an erosion of the margin over the short-term.

In 2022, the SEA Group did not undertake any hedging of this risk, although it does have the possibility to do so in the future. Some of its commercial supply contracts provide the opportunity to pre-fix prices for heat and electricity purchases, even if this only represents a partial solution.

4.3 Liquidity risk

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

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

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

At December 31, 2022, the SEA Group may rely on Euro 160 million of liquidity, in addition to (i) irrevocable unutilised credit lines for Euro 320 million, of which Euro 250 million concerning new revolving lines underwritten in August 2022 and fully available and maturing in August 2027, and Euro 70 million concerning a line on EIB funds, whose usability by February 2023 has been extended to February 2025, and (ii) Euro 122 million uncommitted lines utilisable for immediate cash needs.

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

Trade payables are guaranteed by the SEA Group through careful working capital management which largely concerns trade receivables and the relative contractual conditions established, in addition to the possibility of indirect factoring transactions which do not change the payment conditions contractually agreed between the parties, although better balancing outflows and requirements. The tables below illustrate for the SEA Group the breakdown and maturity of the financial debt (capital, medium/long-term interest and leasing) and trade payables at December 31, 2022, and December 31, 2021:

Liabilities at December 31, 2022

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

Liabilities at December 31, 2021

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

At December 31, 2022, loans due within one year relate to the capital portion falling due on the EIB loans, and interest due on the total debt. The financial resources available ensure coverage of the SEA Group's financial debt maturities, also ensuring coverage of the medium/long-term requirements.

The SEA Group has not requested any further extensions to the temporary suspension of the financial covenants upon the outstanding loans and the committed credit lines available ("holiday covenants"), obtained until June 30, 2022, as the SEA Group's strong operating - financial developments in the year allowed for compliance with these covenants.

The SEA Group is also not aware of any further default situations relating to outstanding loans.

4.4 Sensitivity

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

In particular, the analysis considered:

- bank deposits;
- loans;
- interest rate hedge derivatives (stated only for the comparative purposes with the previous year as settled in September 2021).

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

a) Assumptions: the effect was analysed on the SEA Group income statement for 2022 and 2021 of a change in market rates of +50 or of -50 basis points.

b) Calculation method:

- the remuneration of the bank deposits is related to the interbank rates. In order to estimate the increase/decrease of interest income to changes in market conditions, the change was assumed as per point a) on the average annual balance of bank deposits of the SEA Group;
- the loans measured were those at variable interest rates, which incur interest payable linked to the Euribor at 6/3 months. The increase/decrease of the interest payable to changes in market conditions was estimated applying the changes assumed as per point a) on the capital portion of the loans held during the year;
- the interest risk derivative hedge instruments were measured both in terms of cash flows and fair value (in terms of changes compared to the same period of the previous year). In both cases, the values were estimated applying the changes as per point a) to the forward curve expected for the period. Please note that as of December 31, 2022, the SEA Group has no derivative contracts in place, following their natural expiry during the year.

The results of the sensitivity analysis are reported below:

	December 31, 2022		**December 31, 2021**	
(Euro thousands)	**-50 bp**	**+50 bp**	**-50 bp**	**+50 bp**
Current accounts (interest income)(1)	-134.59	717.87	-690.87	1,525.25
Loans (interest charges)(2)	634.20	-970.39	1,444.49	-2,112.56
Derivative hedging instruments (flows)(3)	0.00	0.00	-110.79	110.79

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

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

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

The results of the sensitivity analysis undertaken on some accounts of the previous tables are impacted by the low level of the market interest rates in 2021 and the initial months of 2022. By applying a variation of -50 basis points to the market interest rate curve, the cash flow corresponding to current accounts and loans would be opposite to those provided for by the related types of contracts; in these cases, these cash flows are set at zero.

5. CLASSIFICATION OF THE FINANCIAL INSTRUMENTS

The following tables provide a breakdown of the financial assets and liabilities by category at December 31, 2022, and at December 31, 2021, of the Group.

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

(Euro thousands)	December 31, 2022				
	Financial assets measured at Fair Value to the Income Statement	**Financial assets measured at amortised cost**	**Financial assets and liabilities at fair value to the other comprehensive income items**	**Financial liabilities measured at amortised cost**	**Total**
Other investments	1				1
Other non-current receivables		96			96
Trade receivables		122,628			122,628
Tax receivables		4,769			4,769
Other current receivables		6,853			6,853
Cash and cash equivalents		160,341			160,341
Total	**1**	**294,687**	**0**	**0**	**294,688**
Non-current financial liabilities exc. leasing				507,721	507,721
- of which payables to bondholders				*299,026*	*299,026*
Non-current financial payables for leasing				11,795	11,795
Other non-current payables				6,590	6,590
Trade payables				190,558	190,558
Tax payables				11,467	11,467
Other current payables				290,727	290,727
Current financial liabilities excl. leasing				26,951	26,951
Current financial liabilities for leasing				*2,044*	*2,044*
Total	**0**	**0**	**0**	**1,047,853**	**1,047,853**

(Euro thousands)	December 31, 2021				
	Financial assets measured at Fair Value to the Income Statement	**Financial assets measured at amortised cost**	**Financial assets and liabilities at fair value to the other comprehensive income items**	**Financial liabilities measured at amortised cost**	**Total**
Other investments	1				1
Other non-current receivables		96			96
Trade receivables		95,928			95,928
Tax receivables		794			794
Other current receivables		4,961			4,961
Cash and cash equivalents		134,173			134,173
Total	**1**	**235,952**	**0**	**0**	**235,953**
Non-current financial liabilities exc. leasing				573,871	573,871
- of which payables to bondholders				*298,708*	*298,708*
Non-current financial payables for leasing				10,364	10,364
Other non-current payables				84,736	84,736
Trade payables				145,040	145,040
Tax payables				8,609	8,609
Other current payables				177,234	177,234
Current financial liabilities excl. leasing				223,422	223,422
Current financial liabilities for leasing				1,893	1,893
Total	**0**	**0**	**0**	**1,225,169**	**1,225,169**

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

6. DISCLOSURE ON FAIR VALUE

In relation to the derivative instruments measured at fair value, the methods applied are broken down into the following levels, based on the information available, as follows:

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

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

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

The present section provides a breakdown of the *Discontinued operations* accounts, as presented in the SEA Group's consolidated financial statements.

In terms of methodology utilised, *Discontinued Operations* under IFRS 5 are included in the consolidation scope of the SEA Group and therefore the aggregate balances for the entire Group are calculated with the elimination of transactions between *Continuing* and *Discontinued Operations*.

Specifically, this occurred as follows:

- The individual income statement accounts included under *Discontinued operations* concern the income statement of SEA Energia SpA for the period to September 29, 2022, with the appropriate IAS/IFRS adjustments (the comparative period includes the income statement to December 31, 2021), in addition to the loss from the disposal of the energy business of Euro 4,087 thousand.
- The individual income statement accounts relating to *Continuing Operations* are presented without eliminating inter-company transactions between *Continuing Operations* and *Discontinued Operations*, while the account *Discontinued Operations profit/(loss)* includes the effects of the eliminations of these transactions.
- The statement of financial position at December 31, 2022 does not include the *Assets held-for-sale and Liabilities related to assets held-for-sale* accounts as the disposal transactions of the subsidiary SEA Energia had concluded by December 31, 2022.
- On the balance sheet, the consolidation of the *Continuing Operations* and *Discontinued Operations* at December 31, 2021 implies, as previously described, the elimination of the intercompany transactions between them, in order that the amounts recorded under Continuing Operations and Discontinued Operations represent the balance of the assets and liabilities from transactions with third parties external to the Group. Consequently, these balances may not be representative of the SEA Group statement of financial position post-discontinuation of the energy business. The offsets of these transactions are included among *Assets held for sale and Liabilities related to discontinued operations* in order to properly present the total assets and liabilities of the Group as a whole.
- In relation to the cash flow statement, all cash flows at December 31, 2021 concerning *Discontinued Operations* are presented under the operating activities, investing activities and financing activities of the cash flow statement. These accounts represent cash flows from transactions with third parties external to the Group. Consequently, the cash flows from *Continuing Operations* and *Discontinued Operations* may not be representative of the SEA Group cash flows post-discontinuation of the energy business. In the consolidated cash flow statement, the effects of the cash flows related to Discontinued Operations are shown separately in each section of the cash flow statement.

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

Assets held-for-sale and discontinued operations Income Statement

(Euro thousands)	September, 2022	2021
Total revenues	**143,448**	**51,351**
Total operating costs	**(136,297)**	**(43,770)**
EBITDA	**7,151**	**7,581**
Provisions & write-downs	14	7
Amortisation & Depreciation	(3,009)	(3,377)
Operating result	**4,156**	**4,211**
Financial charges	(611)	(674)
Financial income		12
Pre-tax result	**3,545**	**3,549**
Income taxes	(3,418)	(1,449)
Net result	**127**	**2,100**
Capital loss on the sale of the energy business	**(4,087)**	
Net result from assets held for sale	**(3,960)**	

Operating revenues totalled Euro 143,448 thousand.

Operating revenues mainly comprise “electricity” and “thermal energy”.

The operating costs incurred in the first nine months of 2022 totalled Euro 136,297 thousand. Operating costs mainly include the purchase of methane to produce electricity and thermal energy and charges relating to CO_2 quotas.

The depreciation amounted to Euro 3,009 thousand and includes, from 2021, the depreciation of the TGE turbine at the Malpensa station.

Net financial charges amounted to Euro 611 thousand.

The “Discontinued operations result” includes the loss from the disposal of the energy business of Euro 4,087 thousand.

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

Assets held-for-sale and discontinued operations Financial Statement

(Euro thousands)	December 31, 2022	December 31, 2021
Intangible assets		125
Property, plant & equipment		56,539
Leased assets right-of-use		54
Deferred tax assets		2,377
Other non-current receivables		12
Inventories		12
Trade receivables		15,383
Tax receivables		475
Other current receivables		5,111
Cash and cash equivalents		35
Elimination of assets held-for-sale receivables and payables		(32,611)
TOTAL ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS	-	**47,512**
Share capital		5,200
Other reserves		27,920
Net Result		2,100
Provision for risks and charges		490
Employee provisions		398
Non-current financial liabilities		38
Trade payables		13,153
Income tax payables		2,689
Other payables		7,574
Current financial liabilities		20,561
Elimination of assets held-for-sale receivables and payables		(32,611)
TOTAL LIABILITIES RELATED TO ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS AND SHAREHOLDERS' EQUITY	-	**47,512**

7. DISCLOSURE BY OPERATING SEGMENT

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

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

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

The segment information illustrated below refers only to continuing operations.

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

Segment disclosure: Income statement & balance sheet at December 31, 2022

(Euro thousands)	Commercial Aviation	General Aviation	IC Eliminations	Consolidated Financial Statements
Revenues	742,425	23,143	(30,728)	734,840
of which Intercompany	(24,393)	(6,335)	30,728	
Total operating revenues (third parties)	**718,032**	**16,808**	**0**	**734,840**
EBITDA	**278,950**	**11,299**		**290,249**
EBIT	**190,333**	**9,167**		**199,500**
Investment income/(charges)				17,463
Financial charges				(18,188)
Financial income				797
Pre-tax result				**199,572**
Fixed asset investments	**47,896**	**6,655**		**54,551**
Tangible assets	5,829	6,510		12,339
Intangible assets	42,067	145		42,212

Segment disclosure: Income statement & balance sheet at December 31, 2021

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

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

8. NOTES TO THE STATEMENT OF FINANCIAL POSITION

8.1 Intangible assets

The table below reports the changes in intangible assets in 2022.

Intangible assets

(Euro thousands)	December 31, 2021	Increases in the year	Reclassifications/ transfers	Destruct./ sales	Amortisation/ write-downs	December 31, 2022
Gross value						
Rights on assets under concession	1,610,837	5,772	31,341	(23)		1,647,927
Rights on assets under concess. in prog. & advances	33,693	32,753	(30,996)			35,450
Patents and right to use intellectual property & others	99,454		481		(83)	99,852
Assets in progress and advances	1,772	3,543	(749)			4,566
Other	18,264	144	268		(212)	18,464
Total Gross Value	**1,764,020**	**42,212**	**345**	**(23)**	**(295)**	**1,806,259**
Accumulated amortisation						
Rights on assets under concession	(711,000)			8	(43,374)	(754,366)
Rights on assets under concess. in prog. & advances						
Patents and right to use intellectual property & others	(92,033)				(4,739)	(96,772)
Assets in progress and advances						
Other	(15,328)					(15,328)
Total accumulated amortisation	**(818,361)**	**0**	**0**	**8**	**(48,113)**	**(866,466)**
Net value						
Rights on assets under concession	899,837	5,772	31,341	(15)	(43,374)	893,561
Rights on assets under concess. in prog. & advances	33,693	32,753	(30,996)			35,450
Patents and right to use intellectual property & others	7,421		481		(4,822)	3,080
Assets in progress and advances	1,772	3,543	(749)			4,566
Other	2,936	144	268		(212)	3,136
Total net value	**945,659**	**42,212**	**345**	**(15)**	**(48,408)**	**939,793**

As per IFRIC 12, rights on assets under concession, net of accumulated amortisation, amount to Euro 893,561 thousand at December 31, 2022, and Euro 899,837 thousand at December 31, 2021. These rights are amortised on a straight-line basis over the duration of the concession, as they will be returned to the grantor at the end of the concession. The amortisation for 2022 amounts to Euro 43,374 thousand, while disposals total Euro 15 thousand. The increases in the year, amounting to Euro 37,113 thousand, derive mainly from the entry into use of investments made in previous years and recorded under "Assets under concession in progress and advances". The direct increases during the year of Euro 5,772 thousand refer above all to the purchase of new explosive detection system equipment for inspecting checked baggage, the x-ray equipment used to check carry-on baggage and equipment for the automatic detection of metal weapons concealed in shoes. For assets within the concession right, SEA has the obligation to record a restoration and replacement provision, in relation to which reference should be made to Note 8.15.

The account "Assets under concession in progress and advances", amounting to Euro 35,450 thousand, refers to the work in progress on concession assets, not yet completed at December 31, 2022.

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

In 2022, the SEA Group continued its commitment to the infrastructural development of the Malpensa and Linate airports. The contingent circumstances related to the COVID emergency led to the postponement of a series of investments related, above all, to commercial initiatives, as well as other projects that were not strictly necessary given current levels of passenger traffic. We highlight however that the growing traffic over the final months of 2022 indicates the need to schedule and undertake a number of actions, in order to ensure the possibility of reopening Malpensa Terminal 2 (closed since 2020 due to the COVID-19 outbreak) for summer 2023.

The main works executed in the year by the parent company SEA at Malpensa amounted to Euro 26,472 thousand and mainly concern i) at Terminal 1, the works to improve functionality, safety, and the level of comfort offered to passengers. In particular, the entry into use of the self-service bag drop at check-in island No. 10, the continuation of the programme to upgrade and standardise public toilets, the installation of new equipment for the control of checked baggage, the beginning of works on the "Smart Security project" (installation of new automated lines and new EDS equipment), the beginning of works regarding the installation of the "self-enrolment" equipment necessary for adequate management of the new border control procedures that will be applied from 2023 ("Entry Exit System"), distributional and lay-out changes in the "piazza Obicà" area, with an increase in the number of spaces for passenger parking and of walkways in the departures area and the creation of new pre-boarding areas at the gates of the central satellite; also of note are the anti-earthquake works on the roof and unification, the continuation of works to unify and update the technology of the fire detection system, and works to improve safety levels in BHS; ii) at Terminal 2, in the final months of the year, projects began for re-opening of the terminal which includes the installation of the self-service bag drop equipment in the check-in area and upgrading of the HBS system to ECAC standard 3, in addition to the restoring of full functionality of all operational subsystems and various facilities; iii) work carried out on airside infrastructure at Malpensa airport on the upgrading of existing areas and projects linked to the objectives of maintaining and increasing levels of security and operational functionality at the airport. In particular, works were completed to improve the functionality and reliability of the luminous visual aids system and progressed to implement a surveillance and control system for aircraft (ASMGCS) and vehicles, in the manoeuvring and movement areas; (iv) finally, for the cargo area, work was carried out in the offices and locker rooms of the FedEx warehouse, on upgrading of the fire prevention system of the ALHA-MLE cargo building, and work began on restoring the waterproofing of the roofing to the ALHA - MLE cargo buildings. In addition, Amazon's operations have been transferred to a cargo warehouse in the northern area of the site (Terminal 2), which is now once again up and running.

At Linate, the main works mainly concerned the continuation of the works for the upgrading and standardisation of the bathrooms open to the public, completion of the project "Smart Security" (with new automated lines and new EDS devices), and the beginning of works related to the upcoming entry into operation of Entry/Exit System procedures. Lastly, a series of internal adjustments for the redistribution of commercial space is highlighted.

The main works involving airside infrastructure at Linate concerned the upgrading of a number of existing floor areas, the completion of work to renew the optical guide system for aircraft docking at the piers, to upgrade the video surveillance system of the aircraft apron and to convert light towers to LED, as well as other work to upgrade luminous visual aids.

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

Industrial patents and intellectual property rights and other intangible assets, amounting to Euro 3,080 thousand at December 31, 2022 (Euro 7,421 thousand at December 31, 2021), relate to the purchase of software components for the airport and operating IT systems. Specifically, the increases for Euro 481 thousand in 2022 principally related to the development and implementation of the administrative and airport management systems, relating to investments in previous years and recorded in the account "Assets in progress and advances" which at December 31, 2022, record a residual amount of Euro 4,566 thousand, relating to software developments in progress. The amortisation for the year 2022 amounts to Euro 4,822 thousand.

The changes in intangible assets during 2021 were as follows:

Intangible assets

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

8.2 Property, plant and equipment

The following tables summarises the movements in property, plant and equipment in 2022.

Property, plant and equipment

(in migliaia di euro)	December 31, 2021	Increases in the year	Reclassifications/ transfers	Destruct./ sales	Depreciation/ write-downs	December 31, 2022
Gross value						
Property	230,867		1,184	(3,311)		228,740
Plant and machinery	7,038	101				7,139
Industrial and commercial equipment	46,521	243		(8)		46,756
Other assets	92,720	538	1,799	(358)		94,699
Assets in progress and advances	11,931	11,457	(3,328)			20,060
Total Gross Value	**389,077**	**12,339**	**(345)**	**(3,677)**	**0**	**397,394**
Accumulated depreciation & write-downs						
Property	(116,649)			1,630	(6,420)	(121,439)
Plant and machinery	(5,145)				(332)	(5,477)
Industrial and commercial equipment	(45,625)			2	(662)	(46,285)
Other assets	(75,104)			361	(6,458)	(81,201)
Assets in progress and advances						
Total accumulated depreciation & write-downs	**(242,523)**	**0**	**0**	**1,993**	**(13,872)**	**(254,402)**
Net value						
Property	114,219		1,184	(1,681)	(6,420)	107,302
Plant and machinery	1,894	101			(332)	1,663
Industrial and commercial equipment	896	243		(6)	(662)	471
Other assets	17,616	538	1,799	3	(6,458)	13,498
Assets in progress and advances	11,931	11,457	(3,328)			20,060
Total net value	**146,556**	**12,339**	**(345)**	**(1,684)**	**(13,872)**	**142,994**

The investments relate to the development of the Aviation sector which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions and those in the Non Aviation sector, amounting to Euro 1,184 thousand at December 31, 2022, principally related to the restyling work at Terminal 1 of Malpensa and the Terminal of Linate.

Increases in "Property, plant and equipment" by the Parent Company SEA include, in addition, furniture and furnishings (counters, benches, seats, etc.) for Euro 205 thousand and the purchase of new video terminals and personal computers for Euro 79 thousand.

The increases in "Assets in progress and advances" regarding the General Aviation business unit of Euro 6,510 thousand mainly concern the works on the new hangar X at the Linate Prime terminal.

All fixed assets, including those falling under IFRIC 12, are expressed net of those funded by State and European Union contributions. These latter at December 31, 2022, amounted to Euro 511,873 thousand and Euro 7,019 thousand respectively.

The changes in property, plant and equipment during 2021 were as follows:

Property, plant and equipment

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

8.3 Leased assets rights-of-use

"Leased asset rights-of-use" concern rights-of-use recognised as per IFRS 16. As a lessee, the SEA Group identified the relevant issues, principally industrial equipment, land and the long-term hire of vehicles, with the consequent recognition of a usage right to non-current assets equal to the present value of the outstanding instalments and with the counter-entry of a finance lease payable. The net value of leased assets right-of-use at December 31, 2022, is Euro 14,008 thousand (Euro 12,996 thousand at December 31, 2021), with depreciation in the year amounting to Euro 2,541 thousand (Euro 2,283 thousand in 2021). For the calculation of these amounts, the Group availed of an exemption permitted under IFRS 16 and which resulted in a single discount rate for each leasing portfolio.

The following tables summarises the movements between December 31, 2021, and December 31, 2022:

Leased assets rights-of-use

(Euro thousands)	December 31, 2021	Increases in the year	Destruct./ sales	Depreciation/ write-downs	December 31, 2022
Gross value					
Miscellaneous & minor equipment	4,101	148			4,249
Complex equipment	188		(188)		0
Transport vehicles	8,688	3,581	(330)		11,939
EDP	862		(862)		0
Land	4,348	203	(108)		4,443
Total Gross Value	**18,187**	**3,932**	**(1,488)**	**0**	**20,631**
Accumulated depreciation & write-downs					
Miscellaneous & minor equipment	(1,925)			(809)	(2,734)
Complex equipment	(162)		188	(26)	0
Transport vehicles	(1,669)		330	(1,313)	(2,652)
EDP	(470)		483	(13)	0
Land	(966)		108	(380)	(1,238)
Total accumulated depreciation & write-downs	**(5,192)**	**0**	**1,109**	**(2,541)**	**(6,624)**
Net value					
Miscellaneous & minor equipment	2,176	148		(809)	1,515
Complex equipment	26			(26)	0
Transport vehicles	7,019	3,581		(1,313)	9,287
EDP	392		(379)	(13)	0
Land	3,382	203		(380)	3,205
Total net value	**12,996**	**3,932**	**(379)**	**(2,541)**	**14,008**

The main increases concerned the hire of the new Cobus runway buses, recognised to the vehicle category.

The changes in leased assets rights-of-use during 2021 were as follows:

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

8.4 Investment property

Information on investment property is provided below:

Investment property

(Euro thousands)	December 31, 2022	December 31, 2021
Gross value	4,134	4,134
Accumulated depreciation	(735)	(733)
Net total investment property	**3,399**	**3,401**

Movement Accumulated Depreciation

(Euro thousands)	December 31, 2022	December 31, 2021
Opening balance	(733)	(732)
Depreciation	(2)	(1)
Closing balance	**(735)**	**(733)**

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

8.5 Investments in associated companies

The changes in the account "investments in associated companies" at December 31, 2022 and December 31, 2021 are shown below.

Investments in associates

(Euro thousands)	December 31, 2021	Movements: Increases / (decreases)	Movements: Dividends distributed	Movements: Capital increase	December 31, 2022
SACBO SpA	37,370	8,050			45,420
Dufrital SpA	9,668	3,818			13,486
Disma SpA	2,567	355			2,922
Malpensa Logistica Europa SpA	6,450	1,933	(1,757)		6,626
Areas Food Services Srl (già SEA Services Srl)	1,111	914		1,169	3,194
Airport Handling SpA	8,579	2,393	(442)		10,530
Total	**65,745**	**17,463**	**(2,199)**	**1,169**	**82,178**

The companies held are all resident in Italy.

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

On December 21, 2022, the Shareholders' Meeting of SEA Services Srl changed the company name to Areas Food Services Srl and updated the By-Laws. The share capital was increased from Euro 105,000 to Euro 746,700 thousand (SEA's holding remained unchanged at 40%).

The SEA Group share of adjusted net equity at December 31, 2022 amounts to Euro 82,178 thousand (Euro 65,745 thousand at December 31, 2021).

8.6 Other investments

The list of "Other investments" is presented below:

Company	% Holding: December 31, 2022	% Holding: December 31, 2021
Consorzio Milano Sistema in liquidation	10%	10%
Romairport Srl	0.227%	0.227%

The tables below report the changes in other investments in 2022:

Other investments

(Euro thousands)	December 31, 2021	Movements: Increases/ revaluations	Movements: Decreases/ write-downs	December 31, 2022
Consorzio Milano Sistema in liquidation	0			0
Romairport Srl	1			1
Total	**1**	**0**	**0**	**1**

8.7 Deferred tax assets

The changes in the net deferred tax assets for the year 2022 are shown below:

(Euro thousands)	December 31, 2021	(Released) / allocated to P&L	(Released) / allocated to Equity	December 31, 2022
Restoration prov. as per IFRIC 12	38,363	5,888		44,251
Write-downs assets	597	(5)		592
Provisions for risks and charges	9,180	2,767		11,947
Non-deductible doubtful debt provision	8,201	416		8,617
Inventory obsolescence provision	330	41		371
Post-em. bens. prov. discounting (IAS 19)	1,523	(576)	(1,411)	(465)
Ord. main. on assets under concession	9,330	(3,692)		5,638
Other	2,167	(80)		2,087
SEA tax losses	56,207	(11,154)		45,053
Total deferred tax assets	**125,898**	**(6,395)**	**(1,411)**	**118,092**
Amortisation & Depreciation	(2,802)	508		(2,294)
Allocation gain acquisition SEA Prime	(4,247)	218		(4,029)
Restoration provision	(717)	717		0
Total deferred tax liabilities	**(7,766)**	**1,443**	**0**	**(6,323)**
Total deferred tax assets, net of liabilities	**118,132**	**(4,952)**	**(1,411)**	**111,768**

The movement in "Deferred tax assets" mainly includes the effect related to the use of the tax loss in previous years, partially offsetting the net profit for the year.

8.8 Other non-current receivables

Other non-current receivables totalling Euro 60,496 thousand at December 31, 2022 (Euro 52,408 thousand at December 31, 2021) refer mainly to the assets relating to the indemnification right to which the company is entitled, associated with the takeover value and arising from Article 703 (paragraph 5), of the Navigation Code.

Other residual receivables, finally, refer to guarantee deposits.

8.9 Inventories

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

Inventories

(Euro thousands)	December 31, 2022	December 31, 2021
Raw material, ancillary and consumables	2,874	2,909
Inventory obsolescence provision	(1,316)	(1,171)
Total Inventories	**1,558**	**1,738**

The account comprises consumable goods held for airport activities. No goods held in inventories comprised guarantees on loans or concerning other commitments.

The comparison of inventories with the realisable value or replacement necessitated an obsolescence inventory provision amounting to Euro 1,316 thousand at December 31, 2022 (Euro 1,171 thousand at December 31, 2021).

8.10 Trade receivables

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

Trade receivables

(Euro thousands)	December 31, 2022	December 31, 2021
Trade receivables - customers	109,402	85,545
Trade receivables - associates	13,226	10,383
Total net trade receivables	**122,628**	**95,928**

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

The balance for the previous year was still impacted by the gradual easing of COVID-19 containment measures and the gradual recovery of business volumes. For an analysis of trade receivables in 2022, reference should be made to the Directors' Report.

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

The changes in the doubtful debt provision were as follows:

Doubtful debt provision

(Euro thousands)	December 31, 2022	December 31, 2021
Opening provision	(124,331)	(110,338)
IFRS 5 reclassification (*)		121
(Increases)/releases	5,688	(15,603)
Utilisations	15,229	1,489
Total doubtful debt provision	**(103,414)**	**(124,331)**

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

The reduction in the doubtful debt provision on 2021 relates to the settlement with Alitalia in A.S., which was followed by (in July 2022) a payment by the carrier of Euro 14.8 million.

The doubtful debt provision was calculated to take into account the risk in deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration, and of the risk assessed by the Group which reflects the expected loss on each receivable, as per IFRS 9.

The utilisations relating to the year 2022, amounting to Euro 15,229 thousand, refer to the closure during the year of disputes in which the provisions were accrued to cover such risks in previous years.

8.11 Tax receivables and other current receivables

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

Tax receivables and other current receivables

(Euro thousands)	December 31, 2022	December 31, 2021
Tax receivables	4,769	794
Other current receivables	6,853	4,961
Total tax receivables and other current receivables	**11,622**	**5,755**

Tax receivables of Euro 4,769 thousand at December 31, 2022 concerned for Euro 2,388 thousand (Euro 0 at December 31, 2021) the tax receivable recognised to non-energy intensive enterprises in 2022 and not yet utilised by the SEA Group; for Euro 1,813 thousand (Euro 121 thousand at December 31, 2021) VAT receivables; for Euro 69 thousand (Euro 0 thousand at December 31, 2021) current tax receivables; for Euro 499 thousand (Euro 673 thousand at December 31, 2021) other tax receivables.

The Group in 2022 benefited from the contribution of Euro 6,099 thousand, recognised by the Government in the form of a tax credit for non-energy intensive enterprises, from the second quarter of 2022, to partially offset the increase charges effectively incurred to purchase electricity during Q2, Q3 and Q4 2022. The residual receivable of Euro 2,320 thousand shall be entirely utilised in the first half of 2023.

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

Other current receivables

(Euro thousands)	December 31, 2022	December 31, 2021
Other receivables	3,683	3,287
Employee & soc. sec. receivables	897	231
Receivables from insurance companies	865	1,005
Miscellaneous receivables	966	438
Receivables for dividends	442	
Total other current receivables	**6,853**	**4,961**

"Other current receivables" amount to Euro 6,853 thousand at December 31, 2022 (Euro 4,961 thousand at December 31, 2021) and is comprised of the accounts outlined below.

"Other receivables" of Euro 3,683 thousand principally concerns accrued income related to revenues accrued in the year and costs relating to future years. The account also includes supplier advances, operating grants and other minor positions. The change during the year was mainly due to the increased receivables recognised due to prepayments during the year of costs set to accrue in the following year.

Receivables from employees and social security entities, amounting to Euro 897 thousand at December 31, 2022 (Euro 231 thousand at December 31, 2021), mainly refer to the receivables from employees related to the advanced payment of meal vouchers not yet accrued and INPS and INAIL receivables.

Receivables from insurance companies, amounting to Euro 865 thousand at December 31, 2022 (Euro 1,005 thousand at December 31, 2021) relate to amounts paid on insurance policies in advance of the period to which the cost refers.

Miscellaneous receivables amounting to Euro 966 thousand at December 31, 2022 mainly refer to receivables from payments by Telepass, credit card and POS which have not yet been credited in the bank account.

The receivables for dividends to be received of Euro 442 thousand at December 31, 2022 concern the dividends approved by the Shareholders' Meeting of Airport Handling SpA on December 15, 2022; which were collected in February 2023.

8.12 Current financial receivables

"Current financial receivables" reduced to zero following the disposal of the subsidiary SEA Energia SpA on September 29, 2022. This account totalled Euro 20,542 thousand at December 31, 2021, and included the cash-pooling receivable from SEA Energia SpA.

8.13 Cash and cash equivalents

The breakdown of the account “cash and cash equivalents” is shown in the table below.

Cash and cash equivalents

(Euro thousands)	December 31, 2022	December 31, 2021
Bank and postal deposits	160,269	134,102
Cash in hand and similar	72	71
Total	**160,341**	**134,173**

Cash and cash equivalents at December 31, 2022 increased Euro 26,168 thousand compared to the previous year.

This movement was supported by the generation of cash-flow in 2022, benefiting also from the collection of the funds established both by the “2021 Budget Law” and by the Lombardy Region for a total of Euro 144.1 million, in addition to the collection from the sale of SEA Energia by the parent company, which covered the payments to service the debt and allowing also for the early settlement of a number of 2023/2024 instalments, so as to optimise the SEA Group’s financial structure against the wider backdrop of rising interest rates.

The account at December 31, 2022 comprises bank and postal deposits on demand for Euro 160,166 thousand (Euro 134,102 thousand at December 31, 2021), restricted bank deposits of Euro 103 thousand (in line with December 31, 2021) and cash amounts for Euro 72 thousand (Euro 71 thousand at December 31, 2021).

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

8.14 Shareholders’ Equity

At December 31, 2022, the share capital of the Company amounted to Euro 27,500 thousand.

The par value of each share was Euro 0.11.

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

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

(Euro thousands)	Net Equity at December 31, 2021	Equity movements	OCI Reserve	Net profit /(loss)	Net Equity at December 31, 2022
Parent Company Financial Statements	**77,582**		**4,470**	**194,919**	**276,971**
Share of net equity and net profit of the consolidated subsidiaries attributable to the Group, net of the carrying amount of the relative investments	35,782	(3)		(27,961)	7,818
Adjustments for measurement at equity of associates	47,778			15,264	63,042
Other consolidation adjustments	(5,204)			241	(4,963)
Consolidated Financial Statements	**155,937**	**(3)**	**4,470**	**182,463**	**342,867**

On May 3, 2022, the Shareholders’ Meeting of the parent company SEA unanimously approved the 2021 Annual Accounts and the coverage of the 2021 net loss of the parent company SEA S.p.A. through the extraordinary reserve.

8.15 Provisions for risks and charges

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

Provision for risks and charges

(Euro thousands)	December 31, 2021	Provisions	(Utilisation)	(Releases)	Other movements	December 31, 2022
Restoration and replacement provision	183,722	30,671	(21,804)		8,087	200,676
Provision for future charges	29,390	5,288	(1,884)	(4,346)		28,448
Total provision for risks and charges	**213,112**	**35,959**	**(23,688)**	**(4,346)**	**8,087**	**229,124**

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 200,676 thousand at December 31, 2022 (Euro 183,722 thousand at December 31, 2021), refers to the estimate of the amount matured relating to the maintenance on assets under concession from the State which will be undertaken in future years. The provision for the year takes into account the updated long-term scheduled maintenance and replacement plans on these assets, while the utilisations in the year refer to the restoration works carried out covered by the provisions made in previous years. The utilisation for the year is mainly due to the restoration works carried out on the flight infrastructure and the Luminous Visual Aids at Malpensa and Linate airports and the upgrading of the optical guides at Malpensa. The movements of the future charges provision were as follows:

Provision for future charges

(Euro thousands)	December 31, 2021	Provisions	(Utilisation)	(Releases)	December 31, 2022
Labour provisions	3,568	5,191	(1,105)		7,654
Insurance excesses	891	97	(455)	(15)	518
Tax risks	1,816		(11)	(70)	1,735
Other provisions	23,115		(313)	(4,261)	18,541
Total provision for future charges	**29,390**	**5,288**	**(1,884)**	**(4,346)**	**28,448**

The employee provisions relate to the expected streamlining actions to be undertaken on the Group's operations. The utilisations in the year are related to the incentivised departures for which a specific provision was made in the accounts in 2021.

"Insurance excesses" equal to Euro 518 thousand refers to the charges payable by the SEA Group for damages deriving from civil responsibility.

The "Tax risks" account refers to:

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

The account "other provisions" for Euro 18,541 thousand at December 31, 2022 is composed of the following items:

- Euro 9,241 thousand for legal disputes related to the operational management of the airports; For further information, reference should be made to the Directors' Report;
- Euro 9,000 thousand relating to charges from the acoustic zoning of the peripheral areas to the Milan Airports (Law No. 447/95 and subsequent Ministerial Decrees). During 2021, technical specifications were completed in order to assign preparation of the noise containment action plan pursuant to Ministerial Decree 29/11/00. Definition of this Plan was completed in December 2022, with the delivery of the documentation produced. The process of analysing the results is currently underway. For further information, reference should be made to the Directors' Report;
- Euro 300 thousand (Euro 3,000 thousand at December 31, 2021) for various legal disputes.

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

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

8.16 Employee provisions

The changes in the employee provisions are shown below:

Employee provisions

(Euro thousands)	December 31, 2022	December 31, 2021
Opening provision	44,036	45,622
IFRS 5 reclassification (*)		(396)
Financial (income)/charges	631	81
Utilisations	(7,844)	(2,713)
Actuarial losses/(profits)	(5,881)	1,442
Total employee provisions	**30,942**	**44,036**

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

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

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

Economic-financial technical parameters

	December 31, 2022	December 31, 2021
Annual discount rate	3.51%	0.40%
Annual inflation rate	2.30%	1.75%
Annual increase in employee leaving indemnity	3.23%	2.81%

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

The sensitivity analysis for each of the significant assumptions at December 31, 2022 is shown below, indicating the effects that would arise on the post-employment benefit provision for the Parent Company SEA.

Change

(Euro thousands)	December 31, 2022	December 31, 2021
+ 1 % on turnover rate	29,654	43,140
- 1 % on turnover rate	29,416	43,948
+ 1/4 % on annual inflation rate	29,895	44,094
- 1/4 % on annual inflation rate	29,191	42,966
+ 1/4 % on annual discount rate	28,898	42,620
- 1/4 % on annual discount rate	30,107	44,461

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

Average duration of the obligation

(in years)	December 31, 2022	December 31, 2021
Duration	8.4	9.0

Expected disbursements

(Euro thousands)	December 31, 2022	December 31, 2021
Year 1	2,653	2,766
Year 2	1,548	2,384
Year 3	1,855	2,647
Year 4	2,016	2,541
Year 5	1,230	2,790

8.17 Current and non-current financial liabilities

The table below provides a breakdown of current and non-current financial liabilities at December 31, 2022 and December 31, 2021.

	December 31, 2022		December 31, 2021	
(Euro thousands)	Current portion	Non-current portion	Current portion	Non-current portion
Long-term loans	22,929	208,695	220,084	275,163
Loan charges payable	1,634		950	
Bank payables	**24,563**	**208,695**	**221,034**	**275,163**
Payables to bondholders		299,026		298,708
Payables for charges on bonds	2,388		2,388	
Lease liabilities (Financial Payables)	2,044	11,795	1,893	10,364
Payables to other lenders	**4,432**	**310,821**	**4,281**	**309,072**
Total current and non-current liabilities	**28,995**	**519,516**	**225,315**	**584,235**

The financial debt of the Group at December 31, 2022, as illustrated in the table below, is exclusively comprised of medium/long-term debt - mainly concerning the SEA Bond 10/2025 bond issue (expressed at amortised cost), the residual part of the Term Loan agreed in 2021 and the EIB loans (of which 50% with maturity beyond 5 years and only 11% maturing within 12 months).

The breakdown of the Group net debt at December 31, 2022 and December 31, 2021 is reported below:

Net financial debt

	(Euro thousands)	December 31, 2022	December 31, 2021
A.	Cash	(160,341)	(134,173)
B.	Cash equivalents		
C.	Other current financial assets (*)		(20,542)
D.	**Liquidity (A)+(B)+(C)**	**(160,341)**	**(154,715)**
E.	Current financial debt	6,066	5,231
F.	Current portion of non-current financial debt	22,928	220,084
G.	**Current financial indebtness (E + F)**	**28,994**	**225,315**
H.	**Net current financial indebtedness (G - D)**	**(131,347)**	**70,600**
I.	Non-current financial debt	220,491	285,527
J.	Debt instruments	299,026	298,708
K.	Non-current trade and other payables		
L.	**Non-current financial indebtedness (I+J+K)**	**519,517**	**584,235**
M.	**Total financial indebtedness from continuing operation (H+L)**	**388,170**	**654,835**
N.	Net financial debt from assets held-for-sale and discontinued operation		20,564
O.	**Total financial indebtedness (M+N)**	**388,170**	**675,399**

(*) Financial receivables from assets held-for-sale and discontinued operation for Euro 20,542 thousand as of December 31, 2021

At the end of December 2022, the net debt of Euro 388,170 thousand decreased Euro 287,229 thousand on the end of 2021 (Euro 675,399 thousand).

The net debt of continuing operations (in accordance with IFRS 5) at the end of 2021 does not include the debt of SEA Energia and payable to the parent company, settled in 2022 with the closing of the transaction to dispose of the shareholding.

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

a. the repayment of Euro 238,782 thousand concerning the bank term loans signed in 2020 and 2021 to deal with the COVID-19 pandemic, of which Euro 43,818 thousand in advance of original maturity (January 2023 - June 2024) in order to optimise SEA Group's financial structure against a backdrop of rising interest rates;

b. the continuation of the repayment of part of the EIB loans (principal repaid in the year totalling Euro 25,263 thousand);

c. higher IAS adjustments for Euro 1,472 thousand, due to: increased accrued liabilities on loans for Euro 684 thousand, impacted by the rising interest rates and the lower amortised costs for Euro 740 thousand, which was affected by the redefining of the revolving lines in the year and the early settlement of the bank term loans;

d. higher leasing payables, particularly due to the signing of new Cobus Interpista hire contracts.

"Current financial payables" and "Non-current financial payables" include the lease liabilities, as per IFRS 16 and representing the obligation to make contractually established payments. As per the table presented below, the current financial liabilities (maturity within 12 months) and non-current liabilities (maturity beyond 12 months) for leasing amount at December 31, 2022 respectively to Euro 2,044 thousand and Euro 11,795 thousand.

Lease liabilities (Financial Payables)

	December 31, 2022		December 31, 2021	
(Euro thousands)	current	non-current	current	non-current
Miscellaneous & minor equipment	630	1,310	683	1,802
Complex equipment			37	
Transport vehicles	1,379	8,264	998	6,277
EDP			159	273
Land	35	2,221	16	2,012
Total	**2,044**	**11,795**	**1,893**	**10,364**

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

Indirect and conditional debt

In line with Recommendations ESMA/32-382-1138, a breakdown of the Group’s indirect and conditional debt as at December 31, 2022 is presented below in order to provide an overview of any material debt that is not reflected in the debt statement and which represents an obligation that the Group may have to meet:

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

- the restoration and replacement provision, which represents a contractual obligation to maintain the infrastructure at a specified level of functionality or to restore it to a specified condition before handing it back to the grantor upon expiration of the service agreement. At December 31, 2022, the provision totals Euro 200,676 thousand. Further details are provided in paragraph 8.15;
- charges arising from acoustic zoning to meet the Plan of noise containment actions in accordance with Ministerial Decree 29/11/00. At December 31, 2021, the provision totals Euro 9 million. Further details are provided in paragraph 8.15;
- the employee leaving indemnity fund, which amounted to Euro 30,942 thousand at December 31, 2022. For further details, see paragraph 8.16;

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

iii. trade payables include sums ceded under factoring contracts for Euro 342 thousand (Euro 2,097 thousand at December 31, 2021). Invoice payment terms are non-interest bearing as they do not involve further extensions agreed upon between the supplier and the Group. For further details, see paragraph 8.19;

iv. the guarantees and commitments entered into by the Group at December 31, 2022 are described in paragraph 14.

The following is a breakdown of the variations of current and non-current financial assets and liabilities, with a separate indication of cash flows recorded in the year 2022 and other variations.

(Euro thousands)	Loans	Bond loans	Payables for charges on loans and bonds	Lease payables	Financial receivables from SEA Energia	Total
December 31, 2021	**495,248**	**298,708**	**3,338**	**12,257**	**20,542**	**830,093**
Change in cash pooling					(20,542)	(20,542)
Cash flows	(264,045)		(3,338)	(2,199)		(269,582)
Other movements						
- Amortised cost effect	422	318				740
- Accrued interest on loans and bonds"			4,022			4,022
- Change in finance lease obligations IFRS16				3,781		3,781
December 31, 2022	**231,625**	**299,026**	**4,022**	**13,839**	**0**	**548,512**

8.18 Other non-current payables

The table below reports the breakdown of the account “other non-current payables”.

Other non-current payables

(Euro thousands)	December 31, 2022	December 31, 2021
Payables to shareholders for non-current extraordinary dividends		84,736
Employee payables	5,099	
Social security institutions	1,491	
Total	**6,590**	**84,736**

“Other non-current payables” at December 31, 2021 included the portion due to shareholders for dividends concerning the second tranche of the extraordinary distribution approved by the Shareholders’ Meeting of September 30, 2019. These payables, totalling Euro 84,736 thousand, were reclassified to “Other current payables”.

The balance at December 31, 2022 therefore entirely concerns the non-current portion of payables to employees and the associated social security contributions, recorded as a result of the mobility procedure’s commencement on September 28, 2022. Through the mobility procedure, early retirement incentive payments were established for a pre-determined number of workers who will qualify for (early retirement or retirement age) pension benefits by 2025. The agreement with Trade Unions covering this procedure has been signed.

8.19 Trade payables

The breakdown of trade payables is follows.

Trade payables

(Euro thousands)	December 31, 2022	December 31, 2021
Supplier payables	179,760	131,224
Advances	2,157	2,203
Payables to associates	8,641	11,613
Total trade payables	**190,558**	**145,040**

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

The payables for advances at December 31, 2022 amounted to Euro 2,157 thousand (Euro 2,203 thousand at December 31, 2021).

In order to optimise operations with suppliers, trade payables at December 31, 2022 include sums ceded under indirect factoring contracts for Euro 342 thousand (Euro 2,097 thousand at December 31, 2021).

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

8.20 Income tax payables

The payables for taxes at December 31, 2022 of Euro 11,467 thousand (Euro 8,609 thousand at December 31, 2021) consisted of:

Income tax payables

(Euro thousands)	December 31, 2022	December 31, 2021
IRPEF payables on employees and sub-contractors	3,755	4,153
Direct income taxes	6,434	617
VAT payables	1,274	3,514
Other tax payables	4	325
Total income tax payables	**11,467**	**8,609**

8.21 Other payables

The table below reports the breakdown of the account "other payables".

Other payables

(Euro thousands)	December 31, 2022	December 31, 2021
Payables to shareholders for dividends	84,832	94
Airport fire service	91,591	84,521
Payables for additional landing rights	41,703	42,250
Other items	18,851	12,929
Employee payables for amounts matured	17,474	11,296
Payables to the state for concession fee	18,684	9,679
Payables to social security institutions	12,394	12,003
Employee payables for vacations not taken	2,701	2,791
Third party guarantee deposits	2,176	1,331
Payables to others post-employee benefits	164	217
Payables to BoD & Boards of Statutory Auditors	73	64
Payables to the state for concession fee security service	84	59
Total other payables	**290,727**	**177,234**

"Other current liabilities" increased by Euro 113,493 thousand, from Euro 177,234 thousand at December 31, 2021 to Euro 290,727 thousand at December 31, 2022.

The main change on the previous year relates to the reclassification for Euro 84,736 thousand from "Other non-current payables" of the payables for extraordinary dividends approved in 2019.

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

A case is also pending before the Rome Court of Appeal which will assess the contribution obligation. Proceedings for closing arguments have been postponed until May 19, 2023. For further details and analysis, reference should be made to the Directors' Report.

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

The account "Other payables", amounting to Euro 18,851 thousand at December 31, 2022 (Euro 12,929 thousand at December 31, 2021), mainly relates to deferred income for future periods and other minor payables.

The increase in payables to employees for amounts matured mainly concerns the current portion of the payables to employees and associated social security contributions, recorded as a result of the mobility procedure's commencement on September 28, 2022. Through the mobility procedure, early retirement incentive payments were established for a pre-determined number of workers who will qualify for (early retirement or retirement age) pension benefits by 2025.

9. INCOME STATEMENT

9.1 Operating revenues

The table below shows the breakdown of operating revenues for the years 2022 and 2021. These data, as shown in Note No. 7 “Disclosure by operating segment” reflect the operational and managerial view of the businesses in which the Group operates. Therefore, these data differ with respect to those presented at the level of the individual legal entity.

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

Operating revenues

(Euro thousands)	2022	2022 excl. Contribution by State and Lombardy Region	2021
Commercial Aviation Operating Revenues	718,032	575,424	312,500
General Aviation Operating Revenues	16,808	15,315	12,732
Total operating revenues	**734,840**	**590,739**	**325,232**

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

Commercial Aviation Operating Revenues

The breakdown of aviation operating revenues is reported below.

Aviation operating revenues

(Euro thousands)	2022	2021
Fees and centralised infrastructure	298,563	171,140
Security management revenues	34,913	16,838
Use of regulated spaces	9,966	7,872
Total Aviation operating revenues	**343,442**	**195,850**

The increase in aviation revenues is described in detail in the Directors’ Report, to which reference should be made.

Aviation revenue in 2022 increased Euro 147,592 thousand compared to the previous year. This increase is strictly related to traffic volumes, which recovered in the second half of the year thanks to the loosening of travel restrictions in Italy and Europe. The operating performance in 2021 was affected by the COVID-19 health emergency, which impacted passenger traffic volumes. For further details, see the Directors’ Report.

The breakdown of Non-Aviation operating revenues is reported below.

Non Aviation operating revenues

(Euro thousands)	2022	2021
Retail	94,358	37,333
Parking	65,789	33,699
Cargo	18,192	17,824
Advertising	6,997	4,403
Premium services	19,863	6,505
Real estate	5,601	1,204
Services and other revenues	21,182	15,682
Total Non Aviation operating revenues	**231,982**	**116,650**

The breakdown of retail revenues is reported below.

Retail Revenues

(Euro thousands)	2022	2021
Shops	45,719	16,219
Food & Beverage	23,251	9,460
Car Rental	18,743	8,995
Bank services	6,645	2,659
Total Retail	**94,358**	**37,333**

General Aviation Operating Revenues

As mentioned above, the General Aviation business includes the full range of services relating to business traffic at the western apron of Linate airport and, with effect from August 2019, at Malpensa airport also. Revenues from the General Aviation business, net of the public grants received from the State and the Lombardy Region, amounted to Euro 15,315 thousand and increased 20% on the previous year. Reference should be made to the Directors' Report for further details.

9.2 Revenue for works on assets under concession

Revenue for works on assets under concession increased from Euro 23,749 thousand in 2021 to Euro 32,676 thousand in 2022.

These revenues, as per IFRIC 12, refer to construction work on assets under concession increased by a mark-up of 6% representing the best estimate of the remuneration of the internal cost for the management of the works and design activities undertaken by the Parent Company, which corresponds to a mark-up which a general constructor would request to undertake such activities.

This account is strictly related to investment and infrastructure upgrading activities. For further information on the principal investments, reference should be made to Note 8.1.

9.3 Personnel costs

The breakdown of personnel costs is as follows:

Personnel costs

(Euro thousands)	2022	2021
Wages, salaries & social security charges	154,282	127,780
Post-employment benefits	7,724	7,639
Other personnel costs	30,521	3,223
Total	**192,527**	**138,642**

Group personnel costs, which increased Euro 53,885 thousand (+38.9%) compared to 2021, rose from Euro 138,642 thousand to Euro 192,527 thousand.

The increase is largely due to the decreased use of rotating days through the Extraordinary Temporary Lay-off Scheme against the recovery of passenger traffic and the provisioning of extraordinary costs relating to the signing of the early retirement agreement as part of the 2022-2025 personnel restructuring business plan.

The average number of full-time equivalent employees decreased from 2,657 in 2021 to 2,627 in 2022 (-1.1%).

The following table outlines the average FTE by category in the periods January-December 2022 and January-December 2021:

Average Full Time Equivalent

	January-December 2022	%	January-December 2021	%
Executives	45	1.7%	47	1.8%
Managers	272	10.4%	279	10.6%
White-collar	1,591	60.6%	1,662	63.3%
Blue-collar	593	22.6%	630	24.0%
Total full-time employees	**2,501**	**95.2%**	**2,618**	**99.7%**
Temporary workers	126	4.8%	39	1.5%
Total employees	**2,627**	**100.0%**	**2,657**	**100.0%**

9.4 Consumable materials

The breakdown of the account "consumable materials" is as follows:

Consumable materials

(Euro thousands)	2022	2021
Raw materials, ancillaries, consumables and goods	10,325	7,095
Change in inventories	180	277
Total	**10,505**	**7,372**

Consumable materials increased from Euro 7,372 thousand in 2021 to Euro 10,505 thousand in 2022, an increase of Euro 3,133 thousand on 2021, mainly due to the higher costs of de-icing liquid and stock purchases.

9.5 Other operating costs

The breakdown of "Other operating costs" is as follows:

Other operating costs

(Euro thousands)	2022	2021
Utilities	79,766	28,595
Ordinary maintenance costs	27,338	25,342
Public fees	34,470	22,257
Terminal services provided by handling company	17,688	15,146
Cleaning	14,773	13,263
Miscellaneous and local taxes	8,230	7,389
Parking management	16,490	9,949
Hardware and software fees & rental	9,050	7,891
Other costs	13,065	6,677
Security expenses	4,552	1,568
Professional services	6,548	4,082
Commercial costs	3,985	1,977
Insurance	1,652	1,578
Hire of equipment & vehicles	1,162	1,222
Disabled assistance	1,980	1,865
Emoluments & costs of Board of Statutory Auditors & BoD	954	896
Losses on disposal of assets	1,700	8
Total other operating costs	**243,403**	**149,705**

Other operating costs, amounting to Euro 243,403 thousand in 2022, increased Euro 93,698 thousand on the previous year. The higher costs reflect the higher volumes of traffic and passengers served.

"Utilities" of Euro 79,766 thousand in 2022 increased Euro 51,171 thousand on 2021. The increased costs follow the increases in commodity prices. This account in addition benefits from the contribution of Euro 6,099 thousand from the Government for non-energy intensive enterprises from the second quarter of 2022, to partially offset the increased charges effectively incurred to purchase electricity, in the form of a tax credit on energy expenses incurred in 2022. The Group recognised this contribution as a direct reduction of the cost to which the contribution is linked.

The increase in concession fees to Public Entities for Euro 12,213 thousand is due to the higher concession fee which SEA must pay for the year 2022 to ENAC. This increase is strictly correlated to the traffic numbers. The "Public fees" include: i) concession fees to the State for Euro 26,306 thousand (Euro 14,402 thousand in 2021); ii) costs for fire-fighting services at the airports for Euro 7,071 thousand (Euro 7,242 thousand in 2021); iii) concession fees to the tax authorities for security services of Euro 985 thousand (Euro 475 thousand in 2021); iv) other fees to various entities for Euro 108 thousand (Euro 138 thousand in 2021).

"Other costs", finally, include commission and brokerage costs, other industrial and administration costs, and landside transportation services and increased on 2021, mainly due to the increase in costs for accessory charges for electricity and costs connected with food services for the VIP lounges.

9.6 Costs for works on assets under concession

Costs for works on assets under concession increased from Euro 21,521 thousand in 2021 to Euro 30,832 thousand in 2022. This movement is strictly related to investment activities, for which reference should be made to Notes 8.1 and 8.2.

These costs refer to the costs for the works undertaken on assets under concession. The margin for work on assets under concession are included in the Commercial Aviation business.

9.7 Provisions and write-downs

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

Provisions and write-downs

(Euro thousands)	2022	2021
Write-downs / (releases) of current receivables & cash and cash equivalents	(5,688)	15,603
Provisions/(releases) to provisions for future charges	943	8,877
Total provisions and write-downs	**(4,745)**	**24,480**

In 2022, the provisions and write-downs amount to income to the income statement of Euro 4,745 thousand (charges in 2021 of Euro 24,480 thousand).

The doubtful debt provisions amounted to Euro 5,688 thousand and were recorded in line with IFRS 9.

The net provisions for future risks and charges, amounting to Euro 943 thousand at December 31, 2022 (Euro 8,877 thousand at December 31, 2021), principally refers to adjustments on valuations related to legal disputes with employees. For further information reference should be made to Note 8.15.

9.8 Restoration and replacement provision

The breakdown of the restoration and replacement provision is as follows:

Restoration and replacement provision

(Euro thousands)	2022	2021
Restoration and replacement provision	30,671	20,499

This account includes the provision for the year, totalling Euro 30,671 thousand, relating to the scheduled replacement and maintenance of the assets within the so-called "Concession Right".

In 2022, the utilisation of the provision amounted to Euro 21,804 thousand.

9.9 Amortisation and depreciation

The account "amortisation and depreciation" comprises:

Amortisation & Depreciation

(Euro thousands)	2022	2021
Amortisation of intangible assets	48,408	49,775
Depreciation of tangible assets & investment property	13,874	15,498
Depreciation Leased assets right-of-use	2,541	2,283
Total amortisation & depreciation	**64,823**	**67,556**

Amortisation and depreciation in the period relates to tangible and intangible assets held based on the estimated useful life by the Group, which however does not exceed the duration of the concession and the depreciation of new assets entering into service in the year.

Amortisation and depreciation decreased by Euro 2,733 thousand compared to 2021, from Euro 67,556 thousand to Euro 64,823 thousand.

9.10 Investment income (charges)

The breakdown of investment income and charges is as follows:

Investment income (charges)

(Euro thousands)	2022	2021
SACBO SpA	8,050	(2,203)
Dufrital SpA	3,818	(1,432)
Disma SpA	355	97
Malpensa Logistica Europa SpA	1,933	2,715
Areas Food Services Srl	914	494
Airport Handling SpA	2,393	(53)
Total income (charges) from investments	**17,463**	**(382)**

Net investment income show a balance of Euro 17,463 thousand and include investments carried at equity and other income and charges. The account includes the economic effects deriving from the measurement at Equity of the associated company, positive for Euro 17,463 thousand. The results of the associated companies were adjusted to take account of the Group international accounting principles and the measurement of investments as per IAS 28.

The improvement compared to the previous year concerned the entire SEA Group, given that all companies saw improved performance despite the still present effects of the COVID-19 pandemic.

The strong results of the associated companies SACBO and Airport Handling partly relates to the recognition of the receipts of the funds under both the "2021 Budget Law" and from the Lombardy Region.

9.11 Financial income (charges)

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

Financial income (charges)

(Euro thousands)	2022	2021
Exchange gains	8	1
Bank account financial income	135	912
Other financial income	654	720
Total financial income	**797**	**1,633**
Interest on medium/long term loans	(13,858)	(16,380)
Commissions on loans	(2,684)	(2,716)
Exchange losses	(15)	(3)
Financial charges on post-employee benefits	(631)	(81)
Financial charges on leasing	(269)	(239)
Financial charges on derivatives		(1,199)
Other	(731)	(810)
Total financial charges	**(18,188)**	**(21,428)**
Total financial income (charges)	**(17,391)**	**(19,795)**

Net financial charges in 2022 totalled Euro 17,391 thousand, reducing Euro 2,404 thousand on the previous year.

This trend was the result of the following main factors:

- lower interest expense on medium/long-term loans for Euro 2,522 thousand, impacted by (i) in 2021 the negative carry of the Bond 3.125, maturing in April 2021, although refinanced early in 2020, (ii) the lower amount of the Term Loans, settled between the second half of 2021 and 2022, which allowed for an offsetting of an impact from the rising interest rate environment;
- lower financial charges on derivatives, settled on maturity in September 2021;
- lower financial income, which (i) in 2021 benefited from the use of available cash on some treasury accounts that ensured better profitability and (ii) in 2022 impacted by rising interest rates only from the second half of the year.

9.12 Income taxes

The breakdown of the account is as follows:

Income taxes

(Euro thousands)	2022	2021
Current income taxes	8,197	1,350
Deferred income taxes	4,952	(25,105)
Total	**13,149**	**(23,755)**

The IRES rate for all Group companies is 24%. The IRAP tax rate for the Parent Company SEA SpA is equivalent to 4.2%, while for the other companies fully consolidated by the Group this is 3.9%.

Reconciliation between theoretical income tax rate and effective income tax rate is shown in the table below.

(Euro thousands)	2022	%	2021	%
Profit/(Loss) before taxes	**199,572**		**(100,971)**	
Theoretical income taxes	47,897	24.0%	(24,233)	24.0%
Permanent tax differences effect	(38,443)	-19.3%	1,282	-1.2%
IRAP	2,656	1.3%	(654)	0.8%
Other	1,039	0.5%	(149)	0.1%
Total	**13,149**	**6.6%**	**(23,755)**	**23.5%**

Income taxes in 2022 amounted to Euro 13,149 thousand. The Tax Rate of the 2022 consolidated financial statements is significantly lower than 2021, reflecting directly the full tax relief of the "Restoration provisions", recognised to the Airport Operator under Law No. 178/2020 in order to offset the financial impacts from the COVID-19 pandemic.

Income taxes in 2021 had a positive impact on the income statement, as substantially comprising the allocation of the deferred tax assets on the period IRES tax loss. See Note 8.7 for further details.

9.13 Discontinued Operations result

The discontinued operations result was a loss of Euro 3,960 thousand. For further information, reference should be made to paragraph 6.1.

9.14 Earnings/(loss) per share

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

Therefore, the basic earnings per share in 2022 was Euro 0.73 (net profit for the year of Euro 182,460 thousand /number of shares in circulation 250,000,000).

The basic earnings per share in 2021 was Euro -0.30 (net loss for the year of Euro 75,119 thousand/number of shares in circulation 250,000,000).

10. RELATED PARTY TRANSACTIONS

The related party transactions are not atypical or unusual and form part of the ordinary business activities of the companies of the Group.

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

The following tables show the balances with related parties at December 31, 2022 and at December 31, 2021 and the income statement amounts for the years 2022 and 2021, with indication of the percentage of the relative account.

Group transactions with related parties

	December 31, 2022					
(Euro thousands)	**Trade receivables**	**Current financial receivables**	**Trade payables**	**Operating revenues**	**Net operating costs (excl. costs for works on assets under concession)**	**Financial income**
Subsidiary						
SEA Energia (as of September 29, 2022)	n.d.		n.d.	1,755	65,000	607
Investments in associates						
SACBO (*)	737		513	1,261	11,713	
Dufrital	6,421		116	29,333	2	
Malpensa Logistica Europa	1,087		1,247	4,619	(20)	
Areas Food Services (ex SEA Services)	871		1,633	4,346	4,004	
Disma	130		115	222	(7)	
Airport Handling	3,780	442	5,017	11,539	17,489	
Total associates	13,026	442	8,641	51,320	33,181	
Total related parties	**13,026**	**442**	**8,641**	**53,075**	**98,181**	**607**
Total book value	122,628	6,853	190,558	734,840	446,435	797
% on total book value	**10.62%**	**6.45%**	**4.53%**	**7.22%**	**21.99%**	**76.16%**

	December 31, 2021					
(Euro thousands)	**Trade receivables**	**Current financial receivables**	**Trade payables**	**Operating revenues**	**Net operating costs (excl. costs for works on assets under concession)**	**Financial income**
Subsidiary						
SEA Energia	1,805	20,542	10,264	502	26,402	673
Investments in associates						
SACBO(*)	473		2,310	427	6,424	
Dufrital	3,391		460	9,521	1	
Malpensa Logistica Europa	1,264		1,106	4,723	(10)	
SEA Services	489		759	2,042	991	
Disma	119		103	226	(3)	
Airport Handling	4,647		6,875	9,138	15,906	
Total associates	10,383		11,613	26,077	23,309	
Total related parties	**12,188**	**20,542**	**21,877**	**26,579**	**49,711**	**673**
Total book value	95,928	20,542	145,040	325,232	295,719	1,633
% on total book value	**12.71%**	**100.00%**	**15.08%**	**8.17%**	**16.81%**	**41.21%**

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

The table below shows the cash flows from the transactions of the Group with related parties for the years ended December 31, 2022 and December 31, 2021, with indication of the percentage of the relative account:

Group cash flows with related parties

(Euro thousands)	December 31, 2022 Investments in associates	Investments in other companies	Total transactions with related entities	Consolidated balance	%
A) Cash flow from operating activities	(14,516)		(14,516)	308,315	-4.7%
B) Cash flow from investing activities	588		588	(20,522)	-2.9%
C) Cash flow from financing activities		20,542	20,542	(261,625)	-7.9%

(Euro thousands)	December 31, 2021 Investments in associates	Investments in other companies	Total transactions with related entities	Consolidated balance	%
A) Cash flow from operating activities	8,474	4,431	12,905	9,535	135.3%
B) Cash flow from investing activities		1,336	1,336	(34,833)	-3.8%
C) Cash flow from financing activities		7,702	7,702	(428,707)	-1.8%

The transactions between the Group and related parties for the year ended December 31, 2022 mainly related to:

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

Transactions between SEA and the subsidiary SEA Energia SpA, until September 29, 2022, concerning the supply to the Milan Airports, of electric and thermal energy produced by the Co-generation plants, located at the afore-mentioned airports, for its energy requirements, as well as the agreement for the provision, by SEA in favour of SEA Energia, of administrative services (among which legal, fiscal, planning and control). Financially, as described above, transactions between the two companies have been settled by cash pooling. This position was settled with the closing of the disposal of the shareholding.

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

10.1 Other transactions with related parties

Malpensa Logistica Europa SpA

In 2022, Malpensa Logistics distributed dividends to SEA for Euro 1,757 thousand.

Airport Handling SpA

In 2022, Airport Handling distributed dividends to SEA for Euro 442 thousand (not yet collected at December 31, 2022).

11. DIRECTORS' FEES

In 2022, the remuneration for the Board of Directors, including social security and accessory charges, amounted to Euro 694 thousand (Euro 645 thousand in 2021).

12. STATUTORY AUDITORS' FEES

In 2022, the remuneration for the Board of Statutory Auditors, including social security and accessory charges, amounted to Euro 261 thousand (Euro 251 thousand in 2021).

13. INDEPENDENT AUDIT FIRM FEES

The audit fees recognised by the company SEA SpA and its subsidiaries to the audit firm Deloitte & Touche SpA for the year 2022 amounted to Euro 217 thousand for audit services and Euro 55 thousand for other services (fees in 2021 totalled Euro 204 thousand for audit services and Euro 55 thousand for other services). The Fees of the Audit Firm are net of Consob contributions.

14. COMMITMENTS AND GUARANTEES

14.1 Investment commitments

The Group has investment contract commitments of Euro 44,766 thousand at December 31, 2022 (Euro 50,783 thousand at December 31, 2021), which are reported net of the works already realised and invoiced to the Group, as follows.

Breakdown project commitments

(Euro thousands)	December 31, 2022	December 31, 2021
Design and extraordinary maintenance civil works and plant at Linate & Malpensa	31,338	30,567
Works relating to the construction of a new hangar at the Linate Prime airport	4,243	8,535
Design and extraordinary maintenance of Linate & Malpensa AVL plant	4,755	6,078
Design and extraordinary maintenance flight infrastructure and roadways at Linate and Malpensa	1,966	1,671
Works on electrical automation and control systems at Linate and Malpensa	1,169	2,544
Extraordinary maintenance for civil works and general aviation plant	1,295	1,389
Total project commitments	**44,766**	**50,783**

14.2 Guarantees

At December 31, 2022, the sureties in favour of third parties were as follows:

- two sureties, each equal to Euro 36,422 thousand, as guarantee on funds drawn down in June 2015 and June 2017 on the EIB line subscribed in December 2014;
- surety of Euro 25,000 thousand to Banca Popolare di Milano to guarantee credit lines received from companies within the centralised treasury system;
- surety of Euro 22,500 thousand in favour of ENAC, as guarantee of the concession fee;
- surety of Euro 2,268 thousand, in favour of the European Climate Infrastructure and Environment Executive Agency (CINEA) to guarantee the RE-MXP project (Resilience improvement of the Milan MXP airport against natural hazards by implementing infrastructure upgrades and a smart monitoring system in a multi -risk framework), co-funded by the European Union;

- surety of Euro 2,000 thousand in favour of SACBO as guarantee for the parking management at Bergamo airport;
- surety of Euro 2,000 thousand in favour of the Ministry of Defence as guarantee of the obligations pursuant to the technical agreement of June 4, 2009 following the advance delivery of the “Cascina Malpensa” area;
- surety of Euro 2,200 thousand in favour of the Ministry of Défense as guarantee of the obligations pursuant to the technical agreement of June 4, 2009 following the advance delivery of the “E.I. training area” at Lonate Pozzolo;
- Euro 536 thousand for other minor sureties.

15. SEASONALITY

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

The initial months of 2022 again featured a new wave of the pandemic related to the new COVID-19 variant which affected normal business seasonality.

16. CONTINGENT LIABILITIES

Reference should be made to the explanatory notes in relation to receivables (Note 8.10) and operating risks (Note 8.15).

17. CONTINGENT ASSETS

With reference to Judgment 7241/2015 of the Milan Court, confirmed by the Milan Court of Appeal with Judgment No. 331/2017 concerning airport fees, as not all appeals have been made this contingent asset was not recognised in the income statement as per IAS 37.

For further details, reference should be made to the Directors’ Report to the chapter “Main disputes outstanding at December 31, 2022”.

18. TRANSACTIONS RELATING TO ATYPICAL OR UNUSUAL OPERATIONS

In accordance with Consob Communication of July 28, 2006, in 2022 the Company did not undertake any transactions deriving from atypical or unusual operations, as set out in the communication.

19. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to CONSOB Communication of July 28, 2006, in the view of Directors, in 2022, the Group undertook the following non-recurring significant operations:

- In 2022, the parent company SEA received public grants (recognised to the income statement under “Services and other revenues” and “Operating Revenues”), from the State and the Lombardy Region for a total of Euro 144,101 thousand, in partial compensation of the losses due to the COVID-19 pandemic;
- Following the legislative measures introduced in 2022 (Decree Law No. 21/2022 - Ukraine Decree *bis*, Decree Law No. 115/2022 - Support Decree *bis*, Decree Law No. 144/2022 - and Support Decree *ter* and Decree Law No. 176/2022 - Support Decree *Quater*), the Group benefited from a contribution in the form of a tax credit, of Euro 6,099 thousand, recognised by the Government to non-energy intensive enterprises, in partial compensation of the increased charges effectively incurred in 2022 to purchase electricity. This contribution was recognised to “Other operating costs” as a direct reduction of the cost to which the benefit is connected. For further information, reference should be made to Notes 8.11 and 9.5;
- On September 29, 2022 the parent company SEA completed the sale of the entire stake in the subsidiary SEA Energia SpA to the company A2A Calore & Servizi Srl. For further details on the disposal transaction, reference should be made to Notes 6.1 and 9.10 and to the Directors’ Report.

- Following the incorporation in December 2021 of the company Airport ICT Services Srl, in February 2022, SEA contributed property, plant and equipment of Euro 6,039 thousand and liabilities, mainly concerning the transfer of personnel, of Euro 1,482 thousand to this company.

20. PUBLIC GRANTS (ARTICLE 1, PARAGRAPHS 125-129 OF LAW 124/2017)

Pursuant to Law No. 124/2017 and subsequent supplements, we communicate that the Group received the following public grants during the year.

Beneficiary	Provider	Purpose	Amount (Euro thousands)
SEA Spa	State	Contribution L. 30 dicembre 2020, n. 178, in paragraphs 714-720, in partial mitigation of the economic effects deriving from the Covid-19 pandemic	135,601
SEA Spa	Lombardy Region	Contribution by the resolution of the Lombardy Region Council in support of Lombard airports of national interest belonging to the TEN-T networks	8,500
SEA Spa	State	Tax credit to partially offset the higher charges incurred in 2022 for the purchase of the energy component (DL 21/22, DL 155/22, DL 144/22 e DL 176/22)	6,056
SEA Prime Spa	State	Tax credit to partially offset the higher charges incurred in 2022 for the purchase of the energy component (DL 21/22, DL 155/22, DL 144/22 e DL 176/22)	44

As required by Article 1 Law No. 124/2017, paragraph 126, the grants received over an amount of Euro 10 thousand are listed below.

Beneficiary	Provider	Purpose	Amount (Euro thousands)
Associazione Noi SEA	SEA SpA	Donation year 2022	240
Teatro alla Scala	SEA SpA	Founding shareholder annual quota	100
Curia Arcivescovile di Milano	SEA SpA	Contribution for the Catholic religious service offered by the Chaplaincies at Linate and Malpensa Airports	31
Banco Alimentare	SEA SpA	Donation of food goods to Ukraine	13

21. SUBSEQUENT EVENTS TO DECEMBER 31, 2022

Reference should be made to the Directors' Report.

Chairperson of the Board of Directors
Michaela Castelli

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Società per Azioni Esercizi Aeroportuali - SEA S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Società per Azioni Esercizi Aeroportuali – SEA and its subsidiaries (the "Group"), which comprise the Consolidated Statement of Financial Position as at December 31, 2022, the Consolidated Income Statement, the Consolidated Comprehensive Income Statement, Statement of Changes in Consolidated Shareholders' Equity and Consolidated Cash Flow Statement for the year then ended, and explanatory notes, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Restoration and replacement provision	
Description of the key audit matter	The consolidated financial statements as at December 31, 2022 include the “Restoration and replacement provision” for Euro 200,7 million. The provision includes the best estimate of the present value of the charges the Group will bear to meet its contractual obligations with the Italian Civil Aviation Authority to ensure the functionality, operations and security of the assets under concession. The estimation process of the “Restoration and replacement provision” appears articulate and complex and it is composed of different phases and based on different variables and assumptions that include the planning of the restoration and replacement operations. In particular, the main assumptions are about the assets deterioration, the useful life of the restoration and the charge estimates for operation category. Given the above, we considered the estimation process of this provision as a key audit matter as at December 31, 2022. The paragraph " Restoration and replacement provision of assets under concession" of note 2.7 "Accounting policies" and note 8.15 "Provisions for risks and charges" of explanatory notes to the consolidated financial statements highlight respectively the valuation criteria applied by the Group and the changes in the said provision which occurred during the year.
Audit procedures performed	The procedures performed included, among others, the following: • understanding of the process carried out by the Group to estimate and update the provision and analysing of any difference on planned investments; • understanding of the key controls that the Group carries out to monitor this area and, in reference with the Company, testing of their actual implementation; • collecting of the information by periodic meetings with the Operations and Maintenance Division, sample testing of the database containing expenses included in the restoration and replacement provision as to obtain evidences regarding the adequacy of the Division expectations and of any variance from previous forecasts; • understanding of any change in the regulatory framework that could impact the estimate of the provision value; • analysis of completeness and accuracy of accruals in the consolidated financial statements, also in consideration of the updates to the 2023 - 2027 Business Plan; • sample testing of the allocation criteria underlying the restoration percentages by discussion with the business units in-charge;

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- analysis of data, assumptions and methods used for the purposes of the formulation of the estimations underlying the provision;
- assessment of the adequacy of the disclosure provided by the Directors as reported in the financial statements notes and its compliance with the relevant accounting standards.

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

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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;

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- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. has appointed us on May 4, 2016 as auditors of the Company for the period 2016 - 2022.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. are responsible for the preparation of the report on operations including the information required by art. 123-bis, paragraph 2 (b) of the Group as at December 31, 2022, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations including the information required by art. 123-bis, paragraph. 2 (b) of Legislative Decree 58/98, with the consolidated financial statements of the Group as at December 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations including the information required by art. 123-bis, paragraph 2 (b) is consistent with the consolidated financial statements of the Group as at December 31, 2022 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.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree December 30, 2016, no. 254

The Directors of the Company are responsible for the preparation of the non-financial statement pursuant to Legislative Decree December 30, 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree December 30, 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Matteo Bresciani
Partner

Milan, Italy
April 12, 2023

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

SEA SPA

SEPARATE FINANCIAL STATEMENTS

SEA SpA
Separate
Financial
Statements

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(in euro)	Note	December 31, 2022 Total	December 31, 2022 of which related parties	December 31, 2021 Total	December 31, 2021 of which related parties
Intangible assets	6.1	913,693,269		918,529,927	
Property, plant & equipment	6.2	128,900,168		143,401,471	
Leased assets right-of-use	6.3	13,996,808		12,977,140	
Investment property	6.4	3,399,336		3,400,835	
Investments in subsidiaries and associates	6.5	49,170,249		50,470,566	
Other investments	6.6	1,133		1,133	
Deferred tax assets	6.7	113,282,679		119,412,545	
Other non-current receivables	6.8	60,490,066		52,402,141	
Total non-current assets		**1,282,933,708**	**0**	**1,300,595,758**	**0**
Inventories	6.9	1,557,928		1,738,310	
Trade receivables	6.10	126,152,774	18,794,060	97,998,321	16,513,240
Current financial receivables	6.11			20,542,388	20,542,388
Tax receivables	6.12	2,984,963		791,642	
Other current receivables	6.13	6,455,127	441,898	4,935,905	
Cash and cash equivalents	6.14	160,023,851		134,129,979	
Total current assets		**297,174,643**	**19,235,958**	**260,136,545**	**37,055,628**
TOTAL ASSETS		**1,580,108,351**	**19,235,958**	**1,560,732,303**	**37,055,628**
Share capital	6.15	27,500,000		27,500,000	
Other reserves	6.15	54,552,889		130,369,831	
Net Result	6.15	194,918,805		(80,287,615)	
SHAREHOLDERS' EQUITY		**276,971,694**	**0**	**77,582,216**	**0**
Provision for risks and charges	6.16	227,012,676		210,721,271	
Employee provisions	6.17	29,539,826		43,525,713	
Other non-current payables	6.21	6,589,610		84,736,246	
Non-current financial liabilities	6.18	519,508,653		584,221,572	
Total non-current liabilities		**782,650,765**	**0**	**923,204,802**	**0**
Trade payables	6.19	190,144,038	11,600,217	145,280,467	22,447,095
Income tax payables	6.20	11,102,450		7,524,724	
Other current payables	6.21	279,795,361		170,315,023	
Current financial liabilities	6.18	39,444,043	10,454,494	236,825,071	11,517,214
Total current liabilities		**520,485,892**	**22,054,711**	**559,945,285**	**33,964,309**
TOTAL LIABILITIES		**1,303,136,657**	**22,054,711**	**1,483,150,087**	**33,964,309**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**1,580,108,351**	**22,054,711**	**1,560,732,303**	**33,964,309**

INCOME STATEMENT

(in euro)	Note	2022 Total	2022 of which related parties	2021 Total	2021 of which related parties
Operating revenues	7.1	728,558,985	65,932,119	319,260,549	36,372,264
Revenue for works on assets under concession	7.2	32,675,743		23,748,828	
Total revenues		**761,234,728**	**65,932,119**	**343,009,377**	**36,372,264**
Personnel costs	7.3	(185,129,424)	788,872	(136,311,258)	666,521
Consumable materials	7.4	(10,435,178)	(89,728)	(7,352,783)	
Other operating costs	7.5	(254,296,854)	(117,506,004)	(152,566,067)	(54,401,148)
Costs for works on assets under concession	7.6	(30,832,467)		(21,520,649)	
Total operating costs		**(480,693,923)**	**(116,806,860)**	**(317,750,757)**	**(53,734,627)**
Gross Operating Margin / EBITDA*		**280,540,805**	**(50,874,741)**	**25,258,620**	**(17,362,363)**
Provisions & write-downs	7.7	4,772,911		(24,584,875)	
Restoration and replacement provision	7.8	(30,581,926)		(20,467,137)	
Amortisation & depreciation	7.9	(61,082,681)		(65,841,332)	
Operating Result		**193,649,109**	**(50,874,741)**	**(85,634,724)**	**(17,362,363)**
Investment income/(charges)	7.10	29,936,141	29,936,141		
Financial charges	7.11	(18,201,388)	(16,085)	(21,427,007)	
Financial income	7.11	795,567	607,297	1,632,941	672,831
Pre-tax Profit/(Loss)		**206,179,429**	**(20,347,388)**	**(105,428,790)**	**(16,689,532)**
Income taxes	7.12	(11,260,624)		25,141,175	
Net Profit/(Loss)		**194,918,805**	**(20,347,388)**	**(80,287,615)**	**(16,689,532)**

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

COMPREHENSIVE INCOME STATEMENT

(in euro)	2022	2021
Net Profit/(Loss)	**194,918,805**	**(80,287,615)**
Other comprehensive income statement items		
- Items reclassifiable in future periods to the net result:		
Profit/(Loss) on fair value measurement of derivative financial instruments cash flow hedge		1,201,756
Tax effect relating to Profit/(Loss) on fair value measurement of derivative financial instruments cash flow hedge		(288,423)
Total items reclassifiable, net of tax effect	**0**	**913,333**
- Items not reclassifiable in future periods to the net result:		
Actuarial gains/(losses) on post-employment benefits	5,882,464	(1,442,669)
Tax effect relating to actuarial gains/(losses) on post-employment benefits	(1,411,791)	346,239
Total items not reclassifiable, net of tax effect	**4,470,673**	**(1,096,430)**
Total other comprehensive income statement items	**4,470,673**	**(183,097)**
Total comprehensive Profit /(Loss)	**199,389,478**	**(80,470,712)**

CASH FLOW STATEMENT

(in euro)	2022	2021
Pre-tax Profit/(Loss)	206,179,429	(105,428,790)
Adjustments:		
Amortisation, depreciation and write-downs	61,082,681	65,841,332
Net accruals to provisions & write-downs (including personnel provision)	(5,208,980)	21,352,109
Net financial charges	17,405,821	19,794,066
Investment charges (income)	(29,936,141)	
Other non-monetary changes	13,582,453	(2,896,492)
Cash flow from operating activities before changes in working capital	**263,105,263**	**(1,337,775)**
Change in inventories	34,902	369,890
Change in trade and other receivables	(25,311,890)	(63,884,130)
Change in trade and other payables	59,904,096	55,127,427
Cash flow from changes in working capital	**34,627,108**	**(8,386,813)**
Income taxes paid	0	0
Cash flow from operating activities	**297,732,371**	**(9,724,588)**
Investments in fixed assets:		
- intangible assets (*)	(39,743,595)	(26,317,486)
- tangible assets	(5,592,375)	(5,429,020)
- financial assets	(1,168,677)	(25,000)
Divestments from fixed assets:		
- tangible assets and property	569,891	1,338,800
Dividends received	5,535,007	
Cash received from disposal SEA Energia	31,260,761	
Cash flow from investing activities	**(9,138,988)**	**(30,432,706)**
Change in gross financial debt:		
- net increase short & medium-long term debt	(264,045,003)	(400,580,186)
Net increase / (decrease) in other financial assets and liabilities	17,289,082	12,638,260
Dividends distributed	(2,021)	(2,318)
Interest and commissions paid	(15,941,569)	(27,161,962)
Interest received		1,143,935
Cash flow from financing activities	**(262,699,511)**	**(413,962,271)**
Increase/(decrease) in cash and cash equivalents	**25,893,872**	**(454,119,565)**
Opening cash and cash equivalents	134,129,979	588,249,544
Closing cash and cash equivalents	160,023,851	134,129,979

(*) The investments in intangible assets are net of the utilisation of the restoration provision, which in 2022 amounted to Euro 21,715 thousand (Euro 16,589 thousand in 2021).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in euro)	Share capital	IFRS initial conversion reserve (exc. OCI)	Other Eq. investments reserve	Cash Flow Hedge reserve	Actuarial gains/ (losses) reserve	Extraordinary reserve	Retained losses L.178 December 30, 2020	Legal reserve	Other reserves	Total reserves	Net Profit/ (Loss)	Total shareholders' equity
January 1, 2021	**27,500,000**	**14,813,951**	**0**	**(913,333)**	**(3,418,042)**	**174,649,041**		**5,500,000**	**60,288,176**	**250,919,793**	**(120,366,865)**	**158,052,928**
Transactions with shareholders												
Allocation of 2020 net result							(120,366,865)			(120,366,865)	120,366,865	0
Other movements												
Other comprehensive income statement items result				913,333	(1,096,430)					(183,097)		(183,097)
Net Profit/(Loss)											(80,287,615)	(80,287,615)
December 31, 2021	**27,500,000**	**14,813,951**	**0**	**0**	**(4,514,472)**	**174,649,041**	**(120,366,865)**	**5,500,000**	**60,288,176**	**130,369,831**	**(80,287,615)**	**77,582,216**
Transactions with shareholders												
Allocation of 2021 net result						(80,287,615)				(80,287,615)	80,287,615	0
Other movements												
Other comprehensive income statement items result					4,470,673					4,470,673		4,470,673
Net Profit/(Loss)											194,918,805	194,918,805
December 31, 2022	**27,500,000**	**14,813,951**	**0**	**0**	**(43,799)**	**94,361,426**	**(120,366,865)**	**5,500,000**	**60,288,176**	**54,552,889**	**194,918,805**	**276,971,694**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The Company manages Milan Malpensa Airport and Milan Linate Airport under the 2001 Agreement signed between SEA and ENAC with a forty year duration (renewing the previous agreement of May 7, 1962). This concession extended by an additional two years the conversion into law of Legislative Decree No. 34 of May 19, 2020 ("Relaunch Decree"), Law No. 77 of July 17, 2020, published in Official Gazette No. 180 of July 18, 2020, S.O. No. 25.

At December 31, 2022, SEA does not hold treasury shares and the ownership is presented in the following table:

Category	Holding
Municipality of Milan	54.81%
Municipality of Busto Arsizio	0.06%
Other public shareholders	0.08%
Total public shareholders	**54.95%**
2i-Aeroporti SpA	36.39%
F2i Sgr SpA	8.62%
Other private shareholders	0.04%
Total private shareholders	**45.05%**
Total	**100.00%**

Following the issuance of the bond designated "SEA 3 1/2 2020-2025" and the admission to listing of the notes on the regulated market organised and managed by the Irish Stock Exchange, the Company maintained its classification as a Public Interest Entity (PIE) as defined in Article 16, paragraph 1, letter a) of Legislative Decree No. 39/2010.

The operating performances and traffic data for 2022 confirm the recovery emerging in 2021. The lifting of the restrictions in nearly all countries, followed by the reduced spread of infections and of potential health consequences, allowed for a return to a climate of confidence for travel, which was slightly tested by the outbreak of the Russia-Ukraine conflict. The Company constantly monitors the general economic and geopolitical conditions which may impact upon its results. For further information, reference should be made to the Directors' Report.

2. SUMMARY OF ACCOUNTING PRINCIPLES ADOPTED

The main accounting principles adopted in the preparation of the separate financial statements of SEA for the year ended December 31, 2022 are reported below.

The financial statements are presented in Euro while the tables included in the explanatory notes are presented in thousands of Euro.

2.1 Basis of preparation

European Regulation (EU) No. 1606/2002 of July 19, 2002 introduced the obligation, from the year 2005, to apply International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union for the preparation of the consolidated financial statements of companies listed on regulated European markets. Following the above-mentioned European Regulation, Legislative Decree No. 38 was enacted on February 28, 2005 which governs the option to apply IFRS for the preparation of the consolidated financial statements of non-listed companies. SEA decided to apply this option for the preparation of the consolidated financial statements for the year end December 31, 2006. The same Legislative Decree (fourth paragraph of Article 4) also governs the option to apply IFRS for the preparation of standalone statutory financial statements included in the consolidated financial statements in accordance with IFRS. SEA decided to apply this option from the financial statements for the year ended December 31, 2011. For these separate financial statements the transition date to IFRS was identified as January 1, 2010.

"IFRS" refers to the International Accounting Standards ("IAS") in force, as well as those of the IFRS Interpretation Committee, previously known as the International Financial Reporting Interpretations Committee ("IFRIC"), and before that the Standing Interpretations Committee ("SIC").

The financial statements were prepared in accordance with IFRS in force at the approval date of the financial statements and the provisions enacted as per Article 9 of Leg. Decree No. 38/2005.

In particular the IFRS were applied in a consistent manner for the periods presented in the document. The financial statements were prepared on the basis of the best information on the IFRS and taking into account best practice; any further orientations and interpretative updates will be reflected in subsequent years, in accordance with the provisions of the accounting standards, as detailed below.

The Financial Statements were prepared in accordance with the going concern concept, therefore utilising the accounting policies of an operating enterprise. Company management has assessed that, in view of the operating performances and the traffic figures for 2022, in addition to the positive outlook for future years, there are no significant uncertainties concerning the capacity of the Company to meet its obligations in the foreseeable future, and in particular in the 12 months subsequent to approval of this report. In this regard, please refer to the observations in the Directors' Report.

Law No. 178 of December 30, 2020

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

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

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

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

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

In accordance with this standard, which states that grants are to be recognised in profit or loss in the year in which they become collectable, and associating the concept of collectability with completion of the process defined under Articles 4 and 5 of the implementing decree,[1] not as a mere formality but with the substantial validity of all obligations specified above, the Company has decided not to recognise this grant in profit or loss in 2021, postponing its recognition to the year in which it became collectable, i.e. when the procedures described in the implementing decree were completed, i.e. in H1 2022.

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

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

Therefore, the Company has assessed that the requirement of collectability, and consequent recognition of the grant, was achieved only in 2022.

DL 21/22, DL 155/22, DL 144/22, and DL 176/22

These decrees set an extraordinary contribution, in the form of a tax credit, to partially offset the higher charges effectively incurred for the purchase of the energy component. The contribution is 15% of the expenditure incurred on the purchase of the energy component in Q2 and Q3 and 30% of the expenditure incurred in Q4.

The above contributions are reserved for companies who have electricity metres with a minimum capacity of 16.5 kWh, with this condition reduced to 4.5kWh for the fourth quarter, and who have incurred a cost per kWh increase of over 30% in the second, third, and fourth quarters compared to the average price recorded in those quarters in 2019, supported by relevant invoices.

With SEA having verified that it meets the requirements of the Decrees to qualify for the benefit and having made the calculations based on the invoices received, proving the increase in the cost of the energy component as required by the Decrees, the benefit from the contribution was recognised in 2022. As the latter seeks to support enterprises in the purchase of electricity effectively used in Q2, Q3, and Q4 2022, the accounting adopted is to directly reduce the electricity purchase costs of FY 2022.

Presentation of the financial statements

In relation to the presentation method of the financial statements "the current/non-current" criterion was adopted for the statement of financial position while the classification by nature was utilised for the income statement and the indirect method for the cash flow statement. Where present the balances and transactions with related parties are reported.

The financial statement presentations utilised, as outlined above, are those which best represent the equity and financial position of the company.

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

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

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

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

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

4) Communication of these measures to the applicants;

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

The Company, following the "SEA 3 1/8 2014-2021" (repaid in 2021) and "SEA 3 1/2 2020-2025" bond issue on the regulated market, adopted the accounting standards IFRS 8 "Operating Segments" and IAS 33 "Earnings per share", to which reference should be made to the Consolidated Financial Statements Notes 7 and 9.14.

The present financial statements were audited by the independent audit firm Deloitte & Touche S.p.A..

2.2 Accounting standards, amendments and interpretations adopted from January 1, 2022

The International Accounting Standards and amendments which must be obligatory applied from January 1, 2022, following completion of the relative approval process by the relevant authorities, are illustrated below.

Description	Date approved	Publication in the Official Gazette	Effective date as per the standard	Effective date applied by SEA
Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements 2018-2020	June 28, 2021	July 2, 2021	Periods which begin from Jan 1, 2022	Jan 1, 2022

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

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

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

Description	Approved at the date of the present document	Effective date as per the standard
IFRS 17 Insurance Contracts	YES	Periods which begin from Jan 1, 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	YES	Periods which begin from Jan 1, 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	YES	Periods which begin from Jan 1, 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	YES	Periods which begin from Jan 1, 2023
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information	YES	Periods which begin from Jan 1, 2023
Amendments to IAS 1 Presentation of Financial Statements: - Classification of Liabilities as Current or Non-current Date; - Classification of Liabilities as Current or Non-current - Deferral of Effective Date and; - Non-current Liabilities with Covenants	NO	Periods which begin from Jan 1, 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	NO	Periods which begin from Jan 1, 2024

No accounting standards and/or interpretations were applied in advance whose application is obligatory for periods commencing after December 31, 2022, and the directors no not expect any material effects.

2.4 Accounting policies

Business combinations and goodwill

In the case of the acquisition from third parties of businesses or business combinations, the assets, the liabilities and the contingent liabilities acquired and identifiable are recorded at their fair value at the date of acquisition.

The positive difference between the acquisition cost and the present value of these assets and liabilities are recognised as goodwill and classified in the financial statements as an intangible asset with indefinite life.

Any negative difference ("badwill") is recognised in the income statement at the date of acquisition.

The costs related to business combinations are recognised in the income statement.

Goodwill is initially recorded at cost and subsequently reduced only for loss in value.

Annually, or more frequently if specific events or circumstances indicate the possibility of having incurred a loss in value, the goodwill is subject to an impairment test to identify any loss in value, in accordance with IAS 36 (Impairments); the original value is however not restored if the reasons for the write-down no longer exist.

The goodwill is not revalued, even in application of specific legislation.

Any liabilities related to business combinations for payments subject to conditions are recognised at the acquisition date of the businesses and business units relating to the business combination.

Where all or part of a previously acquired company (whose acquisition produced goodwill) is sold, the corresponding residual value of goodwill is considered when calculating the capital gains or losses generated by such sale.

Intangible assets

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

(a) Rights on assets under concession

The "Rights on assets under concession" represent the right of the Lessee to utilise the asset under concession (so-called intangible asset method) in consideration of the costs incurred for the design and construction of the asset with the obligation to return the asset at the end of the concession. The value corresponds to the "fair value" of the design and construction assets increased by the financial charges capitalised, in accordance with IAS 23, during the construction phase. The fair value of the construction work is based on the costs actually incurred increased by 6%, representing the remuneration of the internal costs for the management of the works and design activities undertaken by the Company which is a mark-up a third party general contractor would request for undertaking the same activities, in accordance with IFRIC 12. The lessee must recognise and measure service revenues in accordance with IFRS 15. If the fair value of the services received (specifically the usage right of the asset) cannot be determined reliably, the revenue is calculated based on the fair value of the construction work undertaken. The subsequent accounting of the amount received as financial asset and as intangible asset is described in detail in paragraphs 23-26 of IFRIC 12.

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

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

Assets under concession are amortised over the duration of the concession on a straight-line basis in accordance with the expiry of the concession, as it is expected that the future economic benefits of the asset will be utilised by the lessee. Amortisation begins where the rights in question begin to produce the relative economic benefits.

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

Reference should be made to the subsequent paragraph "Provision for risks and charges - Restoration and replacement provision of assets under concession".

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

(b) Industrial patents and intellectual property rights

Patents, concessions, licenses, brands and similar rights

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

Computer software

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

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

Property, plant & equipment

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

Property

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

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

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

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

Plant & Equipment

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

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

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

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

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

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

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

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

Leased assets right-of-use

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

Depreciation of such assets is charged to the income statement on a straight-line, monthly basis, according to rates that allow the right to be amortised over the term of the lease contract.

The interest charges accrued on the financial liability are taken monthly to the account of the income statement "Financial charges".

The IFRS 16 contracts entered into by SEA essentially concern equipment, electronic machines and lease contracts for motor vehicles and apron vehicles.

Lease contracts with short terms or values of less than Euro 5 thousand are expensed directly to the account of the income statement "Other operating costs"; cost is represented by the rentals provided for in the contract.

Investment property

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

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

Investments in subsidiaries and associates

The investments in subsidiaries and associated companies are measured at purchase cost (including any direct accessory costs), reduced for impairments in accordance with IAS 36.

Any positive difference, arising on acquisition from third parties, between the purchase cost and fair value of net assets acquired in an investee company is included in the carrying amount of the investment.

Investments in subsidiaries and associates are tested annually for impairment or more frequently if evidence of impairment exists. Where an impairment loss exists, it is recognised immediately through the income statement. Where the share of losses pertaining to the company in the investment exceeds the carrying value of the investment, and the company has an obligation to cover such losses, the investment is written down and the share of further losses is recorded as a provision for risks and charges under liabilities in the balance sheet. If an impairment loss is subsequently reversed, the increase in carrying amount (up to a maximum of purchase cost) is recognised through the income statement.

Impairments

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

Impairment test

In 2021, despite the improving market environment and the Company's operating performance, a number of events were noted some indicators had been detected (relating to the effects of the Covid-19 pandemic) in preparing the annual financial statements which may have resulted in impairments to property, plant and equipment, intangible assets, right-of-use and investment property. An impairment test was therefore carried out on these amounts, with no impairments recognised to the financial statements (for further details, reference should be made to the 2021 annual financial report).

At December 31, 2022, the Company again checked for indicators of impairment, further to those analysed at the end of the previous year, and particularly with regards to passenger traffic, energy costs and operating performance, both for FY 2022 and on a forward-looking basis and the discount rate.

Passenger traffic

- Passenger traffic, which already by 2021 had begun to show signs of improvement on the previous year, in 2022 outperformed the forecasts underlying the impairment test at December 31, 2021, despite the slowdown in the initial months of the year;
- The most up-to-date projections prepared by the Company included in the 2023-2027 business plan approved by the Board of Directors on February 10, 2023, also confirm for the coming years the recovery in traffic emerging from Q2 2022: an assumption also confirmed by recent industry studies and specialised reports.
- The outbreak of the conflict between Russia and Ukraine and the consequent cancellation of connections with these countries did not generate significant impacts on traffic in 2022, given the residual weight of this region and even if the conflict continues, its impact on the coming years is expected to be limited;
- The cancellation of flights, a phenomenon seen mainly in the summer months at the major European airports, did not impact passenger traffic at Linate and Malpensa as it was comfortably offset by an increase in the average load factor of flights operated.

Energy costs

- Energy costs increased significantly in the first half of 2022, both compared to the previous year and to the forecast underlying the impairment test at December 31, 2021. In the final months of 2022, however, energy commodity prices have been declining relative to forecasts, and the forward-looking energy scenarios included in the 2023-2027 business plan have also much improved, such that in the medium to long term they are expected to return to amounts in line with the forecasts underlying the 2021 impairment analysis.

Operating performance

- The operating performance in 2022 was better than forecast in the impairment analysis at December 31, 2021, as the increased traffic volumes generated a revenue increase in excess of the increases in energy costs and the medium-term forecasts included in the 2023-2027 business plan are in line with those underlying the 2021 impairment analysis.

Discount rate

- The increase in interest rates on the international financial markets recorded throughout 2022 and again in the first few months of 2023 would lead to an increase in the discount rate of expected cash flows, an increase which however largely falls within the sensitivity analyzes carried out for the impairment test as at 31 December 2021.

At December 31, 2022, in view of the better traffic performances in 2022 and the forecast improvements for the coming years, the better operating performance in 2022 and the forecasts in line with previous expectations for the coming years, it was considered that no additional impairment indicators were evident further to that emerging from the test at December 31.

At December 31, 2021, the impairment test on the equity investments in SACBO, Dufrital, Areas Food Services Srl, and Airport Handling, associates whose type of business is affected by the same market dynamics that affect SEA, had not shown the need for impairment. At December 31, 2022, the improvement in market conditions described above has resulted in the associated companies reporting results in line with or better than the forecasts underlying the impairment at December 31, 2021, resulting in no need to test for impairment against the carrying amounts. The analysis of the impairment indicators, carried out for associated companies in a similar way to that described above for the Group, did not highlight the need to carry out a new impairment test to verify any losses in value compared to the book values.

Financial assets

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

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

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

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

Derivative financial instruments

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

The hedging relations are of three types:

1. fair value hedge in the case of hedging the exposure against changes in the fair value of assets or liabilities recorded which is attributable to a risk which could impact the result for the year. The profit or losses on the hedging instrument are recorded in the income statement (or in "Other items of the comprehensive income statement", if the hedging instrument hedges an equity instrument for which the Company has chosen to present the changes in fair value under "Other items of the comprehensive income statement");

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

3. hedges of a net investment in a foreign operation (as defined in IAS 21), recognised in a similar manner to the hedging of financial cash flows.

When the option contracts are utilised to hedge highly probable scheduled transactions, the Company only designates the intricate value of the options as hedging instruments. Based on IFRS 9, the changes in the time value of options relating to the item hedged are recognised in the other items of the comprehensive income statement and are accumulated in the hedge reserve under net equity. IFRS 9 requires that the accounting treatment relating to the time value of an option not designated is applied in retrospective manner. Reference should be made to Note 4.2 for further information in relation to the management of the risk of the Company.

Trade and other receivables

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

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

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

Inventories

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

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

Cash and cash equivalents

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

Provisions for risks and charges

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

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

Restoration and replacement provision of assets under concession

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

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

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

Employee provisions

Pension provisions

The company has both defined contribution plans (National Health Service Contributions and INPS pension plan contributions) and defined benefit plans.

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

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

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

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

Post-employment benefits

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

Financial liabilities

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

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

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

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

Trade and other payables

Trade and other payables are initially recognised at amortised cost.

Reverse factoring transactions - indirect factoring

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

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

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

Revenue recognition

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

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

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

The revenues generated by the company concern the sale of goods and services during the period, for which reference should be made to Note 7.1; as per IFRS 15, paragraph 114, the company aggregates the revenues recorded deriving from contracts with customers into categories which illustrate how the economic factors impact upon the nature, the amount, the timing and the level of uncertainty of the revenues and of the cash flows.

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

Revenue for works on assets under concession

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

Government grants

Public grants, in the presence of a formal resolution from the issuer, are recorded on an accrual basis in direct correlation to the costs incurred (IAS 20). Public grants, including non-monetary grants measured at fair value, do not need to be recognised until there is reasonable certainty that: (a) the entity will comply with the conditions; and (b) the contributions will be received.

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

Capital grants

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

Operating grants

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

Recognition of costs

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

Financial income

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

Financial charges

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

Income taxes

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

Deferred taxes are calculated on all differences between the assessable income of an asset or liability and the relative book value, with the exception of goodwill. Deferred tax assets for the portion not compensated by deferred tax liabilities are recognised only for those amounts for which it is probable there will be future assessable income to recover the amounts. The deferred taxes are calculated utilising the tax rates which are expected to be applied in the years when the temporary differences will be realised or settled. Deferred tax assets are recorded when their recovery is considered probable. These assets and liabilities are not recognised if the temporary differences deriving from the goodwill or the initial recognition (not in business combination) of other assets or liabilities in operations do not have an impact on the accounting result or on the assessable fiscal result.

The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

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

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

Dividends

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

Translation of foreign currency transactions

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

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

3. ESTIMATES AND ASSUMPTIONS

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

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

(a) Impairments

The tangible and intangible assets and investments in subsidiaries and associated companies and property investments are verified to ascertain if there has been a loss in value which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. The verification of the existence of the above-mentioned indicators requires the Directors to make valuations based on the information available internally and from the market, as well as historical experience. In addition, when it is determined that there may be a potential impairment loss, the Company determines this through using the most appropriate technical valuation methods available. The correct identification of the indicators of the existence of a potential reduction in value as well as the estimates for their determination depends on factors which may vary over time impacting upon the valuations and estimates made by the Directors. In view of the operating performances and the traffic figures for 2022, in addition to the positive outlook for the coming years, the company considers the results of the impairment test at December 31, 2021 as still valid. Reference should be made in addition to the paragraph below "Impairments".

(b) Amortisation & depreciation

Depreciation represents a significant cost for the Company. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the relative assets and components. The useful life of the fixed assets is determined by the

Directors when the fixed assets are purchased. This is based on the historical experiences for similar fixed assets, market conditions and considerations relating to future events which could have an impact on the useful life, such as changes in technology. Therefore, the effective useful life may be different from the estimated useful life. The Company periodically evaluates technological and sector changes to update the residual useful life. This periodic update could result in a change in the depreciation period and therefore in the depreciation charge in future years. In application of the new accounting standard IFRS 16, the income statement also includes the recognition of the depreciation of "Leased assets right-of-use".

(c) Provisions for risks and charges

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

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

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

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

(d) Trade receivables

Company evaluates the expected losses on trade receivables in order to reflect, through a specific doubtful debt provision, the realisable value utilising reasonable and demonstrable information available, without excessive costs or effort at the reporting date on past events, current conditions and future economic conditions.

The doubtful debt provision represents the best estimate at the reporting date made by the Directors. This estimate is based on facts and expectations which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directives for the preparation of the separate financial statements.

(e) Leases

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

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

4. RISK MANAGEMENT

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

The management of the above-mentioned risks is undertaken through identifying, evaluating and undertaking the hedging of financial risks.

4.1 Credit risk

The credit risks represent the exposure of SEA to potential losses deriving from the non-compliance of obligations by trading and financial partners.

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

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

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

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

In 2022, total receivables increased compared to 2021 following the increase in revenues. As a result, the ratio between trade receivables and security deposits/guarantees decreased.

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

Trade receivables are reported in the financial statements net of doubtful debt provisions, which are prudently made based on the rating grade and underlying disputes at the reporting sheet date. The doubtful debt provision necessary to adjust the nominal value to the realisable value is determined analysing all receivables and utilising all available information on the debtor.

A summary of trade receivables with third parties and the relative doubtful debt provisions is reported below.

(Euro thousands)	December 31, 2022	December 31, 2021
Trade receivables - customers, gross of doubtful debt provision	209,927	203,851
- of which overdue	134,038	144,524
Doubtful debt provision - customers	(102,568)	(122,366)
Trade receivables - customers	**107,359**	**81,485**

Receivables transferred following factoring operations are eliminated from the balance sheet only when the related risks and benefits of ownership have been substantially transferred. Non-recourse receivables which do not satisfy these requisites remain on the balance sheet of the company, even if legally transferred. In this case a financial liability of a similar amount is recorded under liabilities against advances received.

The breakdown of overdue receivables at December 31, 2022 and the previous year is shown below:

Trade receivables - customers

(Euro thousands)	December 31, 2022	December 31, 2021
Trade receivables - customers	209,927	203,851
Of which overdue	134,038	144,524
less than 180 days	31,609	27,878
over 180 days	102,429	116,646
% overdue receivables	63.8%	70.9%
% overdue receivables of less than 180 days	15.1%	13.7%
% overdue receivables of more than 180 days	48.8%	57.2%

The reduction in overdue receivables and in the doubtful debt provision on 2021 relates to the settlement with Alitalia in A.S., which was followed by (in July 2022) a payment by the carrier of Euro 14.8 million.

The table below illustrates the gross trade receivables at December 31, 2022 and for the comparative year, as well as the breakdown of receivables from counterparties under administration and in dispute, with indication of the bank and insurance sureties and deposit guarantees provided.

In 2020, as a result of the COVID-19 related airport sector crisis and the financial difficulties in which many airlines and various commercial operators find themselves, the Company decided to review the rating of each client according to the exposure and the ratings information available from the major international agencies, with a consequent lowering by at least one ratings class for many clients. In light of the improved traffic figures, a number of ratings have been revised upwards.

Trade receivables - customers

(Euro thousands)	December 31, 2022	December 31, 2021
Trade receivables - customers	209,927	203,851
(i) receivables from parties subject to administration procedures	78,512	107,989
(ii) receivables subject to dispute	18,763	18,809
Total trade receivables, net of the receivables at points (i) and (ii)	**112,652**	**77,053**
Overdue receivables, other than at points (i) and (ii)	36,763	17,726
Sureties and deposits	66,230	55,712
% of receivables guaranteed by sureties and deposits vs total trade receivables, net of the receivables at points (i) and (ii)	58.8%	72.3%

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

4.2 Market risks

The market risk to which SEA is exposed comprises all types of risks directly and indirectly related to market prices. In 2022, the market risks to which SEA were subject were:

a) interest rate risk;

b) currency risk;

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

a) Interest rate risk

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

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

Variable interest loans expose the Company to a risk originating from the volatility of the interest rates (cash flow risk). Relating to this risk, for the purposes of the relative hedging, SEA made recourse in the past, and could in the future make use of derivative contracts, which convert the variable rate to a fixed rate or limit the fluctuations in variable rates over a range, in this manner reducing the risk originating from the volatility of the rates. We highlight that these derivative contracts, underwritten exclusively for the purposes of hedging market rate volatility, are recorded through the cash flow hedge method. At December 31, 2022, the Company has no derivative contracts in place.

At December 31, 2022 the gross financial debt of SEA was comprised of medium/long-term loans (medium/long term portions of loans) and short-term loans (exclusively medium/long-term portion of loans maturing within 12 months). At the reporting date, the company does not hold any short term debt.

The medium/long-term debt at December 31, 2022 is reported in the following table, which shows each loan at the nominal value (which includes a spread of between 0.25% and 1.62%, not considering the hedging operations and any accessory guarantees).

Medium/long-term loans at December 31, 2022 and 2021

	December 31, 2022			December 31, 2021		
(Euro thousands)	Maturity	Amount	Average rate	Maturity	Amount	Average rate
Bonds	**2025**	**300,000**	**3.500%**	**2025**	**300,000**	**3.500%**
Bank loans - EIB funding	**from 2023 to 2037**	**207,683**	**2.19%**	**from 2023 to 2040**	**232,946**	**0.72%**
o/w at Fixed Rate		35,963	2.25%		43,628	2.54%
o/w at Variable Rate(*)		171,720	2.18%		189,318	0.30%
Other bank loans	**2024**	**25,000**	**2.87%**	**from 2022 to 2024**	**263,782**	**0.39%**
o/w at Fixed Rate						
o/w at Variable Rate		25,000	2.87%		263,782	0.39%
Medium/long-term gross financial debt		**532,683**	**2.96%**		**796,728**	**1.66%**

(*) Includes: Euro 65 million of EIB loans with specific bank guarantee.

The total amount of the medium/long-term gross debt at December 31, 2022 was Euro 532,683 thousand, decreasing Euro 264,045 thousand on the previous year, due to (i) the repayment of a significant portion of the term loan agreed in 2020 and 2021 to deal with the requirements of the COVID-19 pandemic, bringing forward a number of instalments so as to optimise the Company's financial structure and (ii) the repayment of outstanding EIB loan instalments falling due.

The average cost of medium/long-term debt at December 31, 2022 was 2.96%, increasing 130 bps on 2021 as a result of interest rate increases on the basis of the ECB's restrictive monetary policy. Considering the cost of bank guarantees on EIB loans, the average cost of debt amounts to 3.10%, increasing 134 bps compared to 2021.

At December 31, 2022, SEA has the following bond issue with a total nominal value of Euro 300 million.

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

The fair value of the overall SEA bank and bond medium/long-term debt at December 31, 2022 amounts to Euro 516,529 thousand (reduction on Euro 828,246 thousand at December 31, 2021). This value was calculated as follows:

- for the loans at fixed interest rates, the capital portion and interest were discounted utilising the spot rates for each contractual maturity, extrapolated from the market rates;
- for the bond listed on a regulated market, reference was made to the market value at December 31, 2022;
- for the loans at variable interest rates, the interest portion was calculated utilising the estimate of the expected rates at the end of each contractual maturity, increased by the spread defined contractually. The interest portion defined as outlined above and the capital on maturity was discounted utilising the spot rate for each contractual maturity, extrapolated from the market rate.

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

b) Currency risk

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

c) Commodity risk

Before the sale of SEA Energia in September 2022, SEA was directly impacted by changes in energy commodity prices, namely gas, electricity, and thermal energy, in addition to environmental certificates relating to the company's operations and related energy requirements. The pricing structures used in purchasing agreements also indirectly impacted SEA. From the second half of 2021 and to an even greater degree in 2022, energy raw material prices rose sharply as a result initially of the global economic environment, and thereafter in view of the uncertain international geopolitical situation following the outbreak of the Russia-Ukraine war in February 2022. This energy raw material price volatility may continue also in 2023, continuing to expose the Company to high procurement costs and an erosion of the margin over the short-term.

In 2022, SEA did not undertake any hedging of this risk, although it does have the possibility to do so in the future. Some of its commercial supply contracts provide the opportunity to pre-fix prices for heat and electricity purchases, even if this only represents a partial solution.

4.3 Liquidity risk

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

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

At December 31, 2022, the Company may rely on Euro 160 million of liquidity, in addition to (i) irrevocable unutilised credit lines for Euro 320 million, of which Euro 250 million concerning new revolving lines underwritten in August 2022 and fully available and maturing in August 2027, and Euro 70 million concerning a line on EIB funds, whose usability by February 2023 has been extended to February 2025, and (ii) Euro 122 million uncommitted lines utilisable for immediate cash needs.

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

Trade payables are guaranteed by SEA through careful working capital management which largely concerns trade receivables and the relative contractual conditions established, in addition to the possibility of indirect factoring transactions which do not change the payment conditions contractually agreed between the parties, although better balancing outflows and requirements.

The tables below illustrate for SEA the breakdown and maturity of the financial debt (capital, medium/long-term interest and leasing) and trade payables at December 31, 2022 and December 31, 2021.

Liabilities at December 31, 2022

(Euro millions)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Gross financial debt	41.0	404.2	51.7	119.4	616.3
Leasing	2.0	3.5	3.6	4.7	13.8
Trade payables	190.1				190.1
Total payables	**233.1**	**407.7**	**55.3**	**124.1**	**820.2**

Liabilities at December 31, 2021

(Euro millions)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Gross financial debt	233.9	138.5	362.0	126.8	861.2
Leasing	2.0	4.8	1.0	4.4	12.2
Trade payables	145.3				145.3
Total payables	**381.2**	**143.3**	**363.0**	**131.2**	**1,018.7**

The table does not include the short-term Group cash pooling debt, amounting to Euro 10.5 million at the end of 2022 (Euro 11.5 million at the end of 2021), against which, only in the previous year, a receivable of a similar nature existed of Euro 20.5 million.

At December 31, 2022, loans due within one year relate to the capital portion falling due on the EIB loans, and interest due on the total debt. The financial resources available ensure coverage of the Company's financial debt maturities, also ensuring coverage of the medium/long-term requirements.

The Company has not requested any further extensions to the temporary suspension of the financial covenants upon the outstanding loans and the committed credit lines available ("holiday covenants"), obtained until June 30, 2022, as the Company's strong operating - financial developments in the year allowed for compliance with these covenants.

SEA is also not aware of any further default situations relating to outstanding loans.

4.4 Sensitivity

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

In particular, the analysis considered:

- bank debt and cash pooling position;
- loans;
- interest rate hedge derivatives (stated only for the comparative purposes with the previous year as settled in September 2021).

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

a) Assumptions: the effect was analysed on the SEA income statement for the years 2022 and 2021 of a change in market rates of +50 or of -50 basis points.

b) Calculation method:

- the remuneration of the bank deposits and the cash pooling positions is related to the interbank rates. In order to estimate the increase/decrease of interest income to changes in market conditions, the change was assumed as per point a) on the average annual balance of bank deposits of SEA;
- the loans measured were those at variable interest rates, which incur interest payable linked to the Euribor at 3 and 6 months. The increase/decrease of the interest payable to changes in market conditions was estimated applying the changes assumed as per point a) on the capital portion of the loans held during the year;
- the interest risk derivative hedge instruments were measured both in terms of cash flows and fair value (in terms of changes compared to the same period of the previous year). With reference to the fair values, the values were estimated applying the changes as per point a) to the forward curve expected for the period. At December 31, 2022, the Company has no derivative contracts in place.

The results of the sensitivity analysis are reported below:

	December 31, 2022		December 31, 2021	
(Euro thousands)	**-50 bp**	**+50 bp**	**-50 bp**	**+50 bp**
Current accounts (interest income) [(1)]	-134.59	636.13	-690.87	1,087.79
Cash pooling position (interest income) [(1)]	-111.80	111.80	-133.32	133.32
Loans (interest charges) [(2)]	634.20	-970.39	1,444.49	-2,112.56
Cash pooling position (interest charges) [(2)]		-70.00		-43.56
Derivative hedging instruments (flows) [(3)]			-110.79	110.79

[(1)] + = higher interest charges; - = lower interest charges

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

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

The results of the sensitivity analysis undertaken on some accounts of the previous tables are impacted by the low level of the market interest rates in 2021 and the initial months of 2022. By applying a variation of -50 basis points to the market interest rate curve, the cash flow corresponding to current accounts and loans would be opposite to those provided for by the related types of contracts; in these cases, these cash flows are set at zero.

5. CLASSIFICATION OF THE FINANCIAL INSTRUMENTS

The following table provides a breakdown of the financial assets and liabilities by category at December 31, 2022 and at December 31, 2021:

The values resulting from the utilisation of the amortised cost method approximates the fair value of the category. The figures were reclassified in accordance with the categories of IFRS 9 - Financial Instruments applied by SEA from January 1, 2018.

	December 31, 2022				
(Euro thousands)	**Financial assets and liabilities measured at Fair Value to the Income Statement**	**Financial assets measured at amortised cost**	**Financial assets and liabilities measured at Fair Value to the Comprehensive Income Statement**	**Financial liabilities measured at amortised cost**	**Total**
Other investments	1				1
Other non-current receivables		90			90
Trade receivables		126,153			126,153
Current financial receivables					-
Tax receivables		2,985			2,985
Other current receivables		6,455			6,455
Cash and cash equivalents		160,024			160,024
Total	**1**	**295,707**	**0**	**0**	**295,708**
Non-current financial liabilities exc. leasing				507,722	507,722
- of which payables to bondholders				*299,026*	*299,026*
Non-current financial payables for leasing				11,787	11,787
Trade payables				190,144	190,144
Tax payables				11,102	11,102
Other current and non-current payables				286,385	286,385
Current financial liabilities excl. leasing				37,405	37,405
Current financial liabilities for leasing				2,039	2,039
Total	**0**	**0**	**0**	**1,046,584**	**1,046,584**

(Euro thousands)	December 31, 2021 Financial assets and liabilities measured at Fair Value to the Income Statement	Financial assets measured at amortised cost	Financial assets and liabilities measured at Fair Value to the Comprehensive Income Statement	Financial liabilities measured at amortised cost	Total
Other investments	1				1
Other non-current receivables		90			90
Trade receivables		97,998			97,998
Current financial receivables		20,542			20,542
Tax receivables		792			792
Other current receivables		4,936			4,936
Cash and cash equivalents		134,130			134,130
Total	**1**	**258,488**	**0**	**0**	**258,489**
Non-current financial liabilities exc. leasing				573,871	573,871
- of which payables to bondholders				*298,708*	*298,708*
Non-current financial payables for leasing				10,351	10,351
Trade payables				145,280	145,280
Tax payables				7,525	7,525
Other current and non-current payables				255,051	255,051
Current financial liabilities excl. leasing				234,940	234,940
Current financial liabilities for leasing				1,885	1,885
Total	**0**	**0**	**0**	**1,228,903**	**1,228,903**

5.1 Disclosure on fair value

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

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

“Other equity investments” are measured at “level 3” fair value.

6. NOTES TO THE STATEMENT OF FINANCIAL POSITION

6.1 Intangible assets

The table below reports the changes in intangible assets in 2022:

Intangible assets

(Euro thousands)	December 31, 2021	Increases in the year	Reclassifications/ transfers	Destruct./ sales	Amortisation	December 31, 2022
Gross value						
Rights on assets under concession	1,572,806	5,771	30,996	(23)		1,609,550
Rights on assets under concess. in prog. & advances	33,693	32,753	(30,996)			35,450
Patents and right to use intellectual property & others	96,223		482			96,705
Assets in progress and advances	974	3,398	(482)			3,890
Total Gross Value	**1,703,696**	**41,922**	**0**	**(23)**	**0**	**1,745,595**
Accumulated amortisation						
Rights on assets under concession	(694,749)			8	(42,004)	(736,745)
Rights on assets under concess. in prog. & advances						
Patents and right to use intellectual property & others	(90,417)				(4,740)	(95,157)
Assets in progress and advances						
Total accumulated amortisation	**(785,166)**	**0**	**0**	**8**	**(46,744)**	**(831,902)**
Net value						
Rights on assets under concession	878,057	5,771	30,996	(15)	(42,004)	872,805
Rights on assets under concess. in prog. & advances	33,693	32,753	(30,996)			35,450
Patents and right to use intellectual property & others	5,806		482		(4,740)	1,548
Assets in progress and advances	974	3,398	(482)			3,890
Total net value	**918,530**	**41,922**	**0**	**(15)**	**(46,744)**	**913,693**

As per IFRIC 12, rights on assets under concession, net of accumulated amortisation, amount to Euro 872,805 thousand at December 31, 2022 and Euro 878,057 thousand at December 31, 2021. These assets are amortised on a straight-line basis over the duration of the concession. The amortisation for the year 2022 amounts to Euro 42,004 thousand. The increases in the year, amounting to Euro 36,767 thousand, derive mainly for Euro 30,996 thousand from the entry into use of investments made in previous years and recorded under "Assets under concession in progress and advances" and for Euro 5,771 thousand particularly the purchase of new explosive detection system equipment for checked baggage control and x-ray equipment to screen carry-on baggage and equipment for the automatic detection of metal weapons concealed in shoes.

For assets within the concession right, SEA has the obligation to record a restoration and replacement provision, in relation to which reference should be made to Note 6.16.

The account "Assets under concession in progress and advances", amounting to Euro 35,450 thousand, refers to the work in progress on concession assets, not yet completed at December 31, 2022.

In 2022, SEA continued its commitment to the infrastructural development of the Malpensa and Linate airports. The contingent circumstances related to the COVID emergency led to the postponement of a series of investments related, above all, to commercial initiatives, as well as other projects that were not strictly necessary given current levels of passenger traffic.

We highlight however that the growing traffic over the final months of 2022 indicates the need to schedule and undertake a number of actions, in order to ensure the possibility of reopening Malpensa Terminal 2 (closed since 2020 due to the COVID-19 outbreak) for summer 2023.

The main works executed in the year at Malpensa amounted to Euro 26,472 thousand and mainly concern i) at Terminal 1, the works to improve functionality, safety, and the level of comfort offered to passengers. In particular, the entry into use of the self-service bag drop at check-in island No. 10, the continuation of the programme to upgrade and standardise public toilets, the installation of new equipment for the control of checked baggage, the beginning of works on the "Smart Security project" (installation of new automated lines and new EDS equipment), the beginning of works regarding the installation of the "self-enrolment" equipment necessary for adequate management of the new border control procedures that will be applied from 2023 ("Entry Exit System"), distributional and lay-out changes in the "piazza Obicà" area, with an increase in the number of spaces for passenger parking and of walkways in the departures area and the creation of new pre-boarding areas at the gates of the central satellite; also of note are the anti-earthquake works on the roof and unification, the continuation of works to unify and update the technology of the fire detection system, and works to improve safety levels in BHS; ii) at Terminal 2, in the final months of the year, projects began for re-opening of the terminal which includes the installation of the self-service bag drop equipment in the check-in area and upgrading of the HBS system to ECAC standard 3, in addition to the restoring of full functionality of all operational subsystems and various facilities; iii) work carried out on airside infrastructure at Malpensa airport on the upgrading of existing areas and projects linked to the objectives of maintaining and increasing levels of security and operational functionality at the airport. In particular, works were completed to improve the functionality and reliability of the luminous visual aids system and progressed to implement a surveillance and control system for aircraft (ASMGCS) and vehicles, in the manoeuvring and movement areas; (iv) finally, for the cargo area, work was carried out in the offices and locker rooms of the FedEx warehouse, on upgrading of the fire prevention system of the ALHA-MLE cargo building, and work began on restoring the waterproofing of the roofing to the ALHA - MLE cargo buildings. In addition, Amazon's operations have been transferred to a cargo warehouse in the northern area of the site (Terminal 2), which is now once again up and running.

At Linate, the works amounted to Euro 6,281 thousand, and mainly concerned the continuation of the works for the upgrading and standardisation of the bathrooms open to the public, completion of the project "Smart Security" (with new automated lines and new EDS devices), and the beginning of works related to the upcoming entry into operation of Entry/Exit System procedures. Lastly, a series of internal adjustments for the redistribution of commercial space is highlighted.

The main works involving airside infrastructure at Linate concerned the upgrading of a number of existing floor areas, the completion of work to renew the optical guide system for aircraft docking at the piers, to upgrade the video surveillance system of the aircraft apron and to convert light towers to LED, as well as other work to upgrade luminous visual aids.

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

Industrial patents and intellectual property rights and other intangible assets, amounting to Euro 1,548 thousand at December 31, 2022 (Euro 5,806 thousand at December 31, 2021), relate to the purchase of software components for the airport and operating IT systems. Specifically, the increases for Euro 482 thousand principally related to the development and implementation of the administrative and airport management systems, relating to investments in previous years and recorded in the account "Assets in progress and advances" which at December 31, 2022 record a residual amount of Euro 3,890 thousand, relating to software developments in progress. The amortisation for the year 2022 amounts to Euro 4,740 thousand.

The changes in intangible assets during 2021 were as follows:

Intangible assets

(Euro thousands)	December 31, 2020	Increases in the year	Reclassifications/ transfers	Destruct./ sales	Amortisation	December 31, 2021
Gross value						
Rights on assets under concession	1,540,335	2,847	32,369	(2,745)		1,572,806
Rights on assets under concess. in prog. & advances	43,096	22,806	(32,209)			33,693
Patents and right to use intellectual property & others	94,654		1,569			96,223
Assets in progress and advances	558	1,985	(1,569)			974
Total Gross Value	**1,678,643**	**27,638**	**160**	**(2,745)**	**0**	**1,703,696**
Accumulated amortisation						
Rights on assets under concession	(654,830)			1,408	(41,327)	(694,749)
Rights on assets under concess. in prog. & advances						
Patents and right to use intellectual property & others	(83,577)				(6,840)	(90,417)
Assets in progress and advances						
Total accumulated amortisation	**(738,407)**	**0**	**0**	**1,408**	**(48,167)**	**(785,166)**
Net value						
Rights on assets under concession	885,505	2,847	32,369	(1,337)	(41,327)	878,057
Rights on assets under concess. in prog. & advances	43,096	22,806	(32,209)			33,693
Patents and right to use intellectual property & others	11,077		1,569		(6,840)	5,806
Assets in progress and advances	558	1,985	(1,569)			974
Total net value	**940,236**	**27,638**	**160**	**(1,337)**	**(48,167)**	**918,530**

6.2 Property, plant and equipment

The following tables summarises the movements in property, plant and equipment in 2022.

Property, plant and equipment

(Euro thousands)	December 31, 2021	Increases in the year	Reclassifications/ transfers	Destruct./ sales	Transfers to Newco	Depreciation	December 31, 2022
Gross value							
Property	230,001		1,185	(3,312)			227,874
Plant and machinery	6,544	102					6,646
Industrial and commercial equipment	46,426	244		(8)			46,662
Other assets	92,019	300	1,800	(919)	(17,923)		75,277
Assets in progress and advances	9,563	4,947	(2,985)				11,525
Total Gross Value	**384,553**	**5,593**	**0**	**(4,239)**	**(17,923)**	**0**	**367,984**
Depreciation provision and write-downs							
Property	(116,215)			1,630		(6,396)	(120,981)
Plant and machinery	(4,837)					(306)	(5,143)
Industrial and commercial equipment	(45,558)			2		(657)	(46,213)
Other assets	(74,542)			355	11,884	(4,444)	(66,747)
Assets in progress and advances							
Total accum. deprec. & write-downs	**(241,152)**	**0**	**0**	**1,987**	**11,884**	**(11,803)**	**(239,084)**
Net value							
Property	113,786		1,185	(1,682)		(6,396)	106,893
Plant and machinery	1,707	102				(306)	1,503
Industrial and commercial equipment	868	244		(6)		(657)	449
Other assets	17,477	300	1,800	(564)	(6,039)	(4,444)	8,530
Assets in progress and advances	9,563	4,947	(2,985)				11,525
Total net value	**143,401**	**5,593**	**0**	**(2,252)**	**(6,039)**	**(11,803)**	**128,900**

The investments relate to the development of the Aviation sector which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions and those in the Non-Aviation sector, amounting to Euro 1,185 thousand at December 31, 2022, principally related to the continuation of the restyling work at Terminal 1 of Malpensa.

Increases in "Property, plant and equipment" include, in addition, furniture and furnishings (counters, benches, seats, etc.) for Euro 205 thousand and the purchase of new video terminals and personal computers for Euro 79 thousand.

Following the start-up of operations of the subsidiary Airport ICT Services S.r.l., the Company contributed fixed assets and equipment (server and storage systems, networks, telephone exchanges, protection systems, and personal computers), the carrying amount of which, as of contribution date, was Euro 6,039 thousand.

All fixed assets, including those falling under IFRIC 12, are expressed net of those funded by State and European Union contributions. These latter at December 31, 2022, amounted to Euro 509,660 thousand and Euro 7,019 thousand respectively.

The changes in property, plant and equipment during 2021 were as follows:

Property, plant and equipment

(Euro thousands)	December 31, 2020	Increases in the year	Reclassifications/ transfers	Destruct./ sales	Depreciation	December 31, 2021
Gross value						
Property	222,113		8,071	(183)		230,001
Plant and machinery	6,544	5		(5)		6,544
Industrial and commercial equipment	46,400	26				46,426
Other assets	90,043	1,263	868	(155)		92,019
Assets in progress and advances	14,521	4,141	(9,099)			9,563
Total Gross Value	**379,621**	**5,435**	**(160)**	**(343)**	**0**	**384,553**
Depreciation provision and write-downs						
Property	(110,080)			175	(6,310)	(116,215)
Plant and machinery	(4,508)			5	(334)	(4,837)
Industrial and commercial equipment	(43,896)				(1,662)	(45,558)
Other assets	(67,603)			153	(7,092)	(74,542)
Assets in progress and advances						
Total accum. deprec. & write-downs	**(226,087)**	**0**	**0**	**333**	**(15,398)**	**(241,152)**
Net value						
Property	112,033		8,071	(8)	(6,310)	113,786
Plant and machinery	2,036	5			(334)	1,707
Industrial and commercial equipment	2,504	26			(1,662)	868
Other assets	22,440	1,263	868	(2)	(7,092)	17,477
Assets in progress and advances	14,521	4,141	(9,099)			9,563
Total net value	**153,534**	**5,435**	**(160)**	**(10)**	**(15,398)**	**143,401**

6.3 Leased assets right-of-use

The following table presents the movement in 2022 for leased assets right-of-use:

Leased assets right-of-use

(Euro thousands)	December 31, 2021	Increases in the year	Destruct./sales	Depreciation /write-downs	December 31, 2022
Gross value					
Miscellaneous and minor equipment	4,100	148			4,248
Complex equipment	188		(188)		
Transport vehicles	8,657	3,582	(320)		11,919
EDP	862		(862)		
Land	4,348	203	(108)		4,443
Total Gross Value	**18,155**	**3,933**	**(1,478)**	**0**	**20,610**
Accumulated depreciation & write-downs					
Miscellaneous and minor equipment	(1,927)			(809)	(2,736)
Complex equipment	(161)		188	(27)	
Transport vehicles	(1,655)		320	(1,306)	(2,641)
EDP	(470)		483	(13)	
Land	(965)		108	(379)	(1,236)
Total accum. deprec. & write-downs	**(5,178)**	**0**	**1,099**	**(2,534)**	**(6,613)**
Net value					
Miscellaneous and minor equipment	2,173	148		(809)	1,512
Complex equipment	27			(27)	
Transport vehicles	7,002	3,582		(1,306)	9,278
EDP	392		(379)	(13)	
Land	3,383	203		(379)	3,207
Total net value	**12,977**	**3,933**	**(379)**	**(2,534)**	**13,997**

"Leased asset rights-of-use" concern rights-of-use recognised as per IFRS 16. As a lessee, the Company identified the relevant issues, principally industrial equipment, land and the long-term hire of vehicles, with the consequent recognition of a usage right to non-current assets equal to the present value of the outstanding instalments and with the counter-entry of a finance lease payable. The net value of leased assets right-of-use at December 31, 2022, is Euro 13,997 thousand, with depreciation in the year of Euro 2,534 thousand. For the calculation of these amounts, the Company availed of an exemption permitted under IFRS 16 and which resulted in a single discount rate for each leasing portfolio.

The main increases concerned the hire of the new Cobus runway buses, recognised to the Transport vehicles category.

The changes in leased assets rights-of-use during 2021 were as follows:

Leased assets right-of-use

(Euro thousands)	December 31, 2020	Increases in the year	Destruct./sales	Depreciation /write-downs	December 31, 2021
Gross value					
Miscellaneous and minor equipment	3,187	913			4,100
Complex equipment	188				188
Transport vehicles	5,009	3,790	(142)		8,657
EDP	862				862
Land	4,348				4,348
Total Gross Value	**13,594**	**4,703**	**(142)**	**0**	**18,155**
Accumulated depreciation & write-downs					
Miscellaneous and minor equipment	(1,212)			(715)	(1,927)
Complex equipment	(107)			(54)	(161)
Transport vehicles	(804)		107	(958)	(1,655)
EDP	(314)			(156)	(470)
Land	(573)			(392)	(965)
Total accum. deprec. & write-downs	**(3,010)**	**0**	**107**	**(2,275)**	**(5,178)**
Net value					
Miscellaneous and minor equipment	1,975	913		(715)	2,173
Complex equipment	81			(54)	27
Transport vehicles	4,205	3,790	(35)	(958)	7,002
EDP	548			(156)	392
Land	3,775			(392)	3,383
Total net value	**10,584**	**4,703**	**(35)**	**(2,275)**	**12,977**

6.4 Investment property

The breakdown of investment property at December 31, 2022 is shown below:

Investment property

(Euro thousands)	December 31, 2022	December 31, 2021
Gross value	4,134	4,134
Accumulated depreciation	(735)	(733)
Total investment property	**3,399**	**3,401**

The changes in the accumulated depreciation provision of the property investments in 2022 is shown below:

Movement accumulated depreciation investment property

(Euro thousands)	December 31, 2022
Opening balance	(733)
Depreciation	(2)
Final value accumulated depreciation investment property	**(735)**

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

6.5 Investments in subsidiaries and associates

The breakdown of the account “Investments in subsidiaries and associates” at December 31, 2022 and at December 31, 2021 are shown below:

Investments in subsidiaries and associates

(Euro thousands)	December 31, 2022	December 31, 2021
SEA Energia SpA		7,026
SEA Prime SpA	25,451	25,451
Airport ICT Services Srl	4,581	25
Investments in subsidiaries	**30,032**	**32,502**
Airport Handling SpA	7,190	7,190
SACBO SpA	4,562	4,562
Dufrital SpA	3,822	3,822
Malpensa Logistica Europa SpA	1,674	1,674
Disma SpA	421	421
Areas Food Services Srl (ex SEA Services Srl)	1,469	300
Investments in associates	**19,138**	**17,969**
Investments in subsidiaries and associates	**49,170**	**50,471**

“Investments in subsidiaries and associates” amount to Euro 49,170 thousand at December 31, 2022 (Euro 50,471 thousand at December 31, 2021).

On September 29, 2022, the Company completed the sale of the entire stake in the subsidiary SEA Energia SpA to the company A2A Calore & Servizi Srl. On the same date, a new version of the By-Laws was adopted and the name of the company changed to A2A Airport Energy SpA, with the registered office transferred to Corso di Porta Vittoria 4 (Milan). For further information on the disposal transaction, reference should be made to the Directors’ Report.

In the first half of 2022, the operations commenced of the subsidiary Airport ICT Services, with the transfer to the latter of SEA’s “non-business specific” ICT operations. The subsidiary was incorporated on December 20, 2021 with share capital of Euro 25 thousand, fully subscribed and paid-in by the sole shareholder SEA.

On December 21, 2022, the Shareholders’ Meeting of the associated company SEA Services Srl changed the company name to Areas Food Services Srl and updated the By-Laws. The share capital was increased from Euro 105 thousand to Euro 747 thousand; SEA subscribed and paid-in its share of the capital increase. Following the transaction, the Company’s shareholding remains unchanged at 40%.

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

The key financial highlights at December 31, 2022 and for the previous year of the subsidiaries and associated companies are shown below.

	December 31, 2022						
(Euro thousands)	Assets	Liabilities	Revenues	Profit/(loss)	Share. Equity	Pro-quota Shareholders' Equity	% held
Subsidiaries							
Airport ICT Services Srl	9,310	4,847	13,000	(118)	4,463	4,463	100.00%
SEA Prime SpA	42,130	19,363	15,285	4,594	22,767	22,747	99.91%
Associates							
Airport Handling SpA (***)						-	30.00%
Dufrital SpA (***)						-	40.00%
SACBO SpA (***)						-	30.979%
Areas Food Services Srl (ex SEA Services Srl) (*)	10,069	5,889	15,909	1,732	4,180	1,672	40.00%
Malpensa Logistica Europa SpA (***)						-	25.00%
Disma SpA (***)						-	18.75%

	December 31, 2021						
(Euro thousands)	Assets	Liabilities	Revenues	Profit/(loss)	Share. Equity	Pro-quota Shareholders' Equity	% held
Subsidiaries							
SEA Energia SpA	76,488	45,162	52,035	2,205	31,326	31,326	100.00%
SEA Prime SpA	37,873	15,918	12,790	3,782	21,955	21,935	99.91%
Associates							
Airport Handling SpA	47,866	20,586	69,332	(1,651)	27,280	8,184	30.00%
Dufrital SpA	62,450	37,312	56,614	(2,518)	25,138	10,055	40.00%
SACBO SpA	358,018	213,844	96,040	1,263	144,174	44,664	30.979%
Areas Food Services Srl (ex SEA Services Srl) (**)	5,590	3,142	6,213	1,035	2,448	979	40.00%
Malpensa Logistica Europa SpA	46,037	19,055	63,540	10,041	26,982	6,745	25.00%
Disma SpA	5,927	1,347	4,768	1,032	4,580	859	18.75%

(*) Financial Statements as of September 30, 2022

(**) Financial Statements as of September 30, 2021

(***) To be updated

6.6 Other investments

The breakdown of the "Other investments" at December 31, 2022 and at December 31, 2021 are shown below:

	% held	
Company	**December 31, 2022**	**December 31, 2021**
Consorzio Milano Sistema in liquidazione	10%	10%
Romairport Srl	0.227%	0.227%

The following table presents for the years 2022 and 2021 other investments:

Other investments

(Euro thousands)	December 31, 2022	December 31, 2021
Consorzio Milano Sistema in liquidazione		
Romairport Srl	1	1
Total other investments	**1**	**1**

The investment held in Consorzio Milano Sistema in liquidation was fully written down.

6.7 Deferred tax assets

The changes in the net deferred tax assets for the year 2022 are shown below:

Net deferred tax assets

(Euro thousands)	December 31, 2021	Released / allocated to P&L	Released / allocated to Equity	December 31, 2022
Restoration prov. as per IFRIC 12	38,274	5,887		44,161
Write-downs Tan. assets	539			539
Provisions for risks and charges	8,717	2,846		11,563
Non-deductible doubtful debt provision	7,523	693		8,216
Other receivables provision	319			319
Inventory obsolescence provision	330	41		371
Post-em. bens. prov. discounting (IAS 19)	1,524	(577)	(1,412)	(465)
Ord. main. on assets under concession	9,330	(3,692)		5,638
Tax loss	56,207	(11,154)		45,053
Other	170	12		182
Total deferred tax assets	**122,933**	**(5,944)**	**(1,412)**	**115,577**
Accelerated depreciation and lower depreciation on initial application IFRS	2,802	(508)		2,294
Restoration provision	718	(718)		0
Total deferred tax liabilities	**3,520**	**(1,226)**	**0**	**2,294**
Total deferred tax assets, net of liabilities	**119,413**	**(4,718)**	**(1,412)**	**113,283**

The movement in "Deferred tax assets" mainly includes the effect related to the use of the tax losses in the years 2020 and 2021, partially offsetting the net profit for the year.

6.8 Other non-current receivables

The breakdown of the "Other non-current receivables" is shown below:

Other non-current receivables

(Euro thousands)	December 31, 2022	December 31, 2021
Receivables from the state for contributions as per Law 449/85		
Other receivables	60,490	52,402
Total other non-current receivables	**60,490**	**52,402**

"Other non-current receivables" amount to Euro 60,490 thousand at December 31, 2022 (Euro 52,402 thousand at December 31, 2021).

The account concerns mainly the assets relating to the indemnification right, connected with the sub-entry value and resulting from Article 703 (paragraph 5) of the Navigation Code.

Other residual receivables, finally, refer to guarantee deposits.

Receivables from the State for grants under Law 449/85, equal to Euro 1,328 thousand (Euro 1,328 thousand at December 31, 2021), are entirely covered by the doubtful debt provision and concern receivables based on the "Regulatory Agreement" between ENAC and SEA in January 1995 and revised in December 2004, which establishes the partial funding, pursuant to Law 449/85, of some infrastructure projects at Malpensa Airport.

6.9 Inventories

The table below reports the breakdown of "Inventories":

Inventories

(Euro thousands)	December 31, 2022	December 31, 2021
Raw material, ancillary and consumables	2,874	2,909
Inventory obsolescence provision	(1,316)	(1,171)
Total inventories	**1,558**	**1,738**

The account includes consumable materials for airport activities; no goods held in inventories comprised guarantees on loans or concerning other commitments.

Inventories were adjusted to their realisable or replacement value through an obsolescence provision which at December 31, 2022 amounts to Euro 1,316 thousand.

Utilisation of the inventory obsolescence provision amounted to Euro 13 thousand in 2022.

6.10 Trade receivables

The breakdown of "trade receivables" at December 31, 2022 and for the previous year are shown below:

Trade receivables

(Euro thousands)	December 31, 2022	December 31, 2021
Trade receivables - customers	107,359	81,485
Trade receivables - subsidiaries	5,768	6,131
Trade receivables - associates	13,026	10,382
Total trade receivables	**126,153**	**97,998**

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

The balance for the previous year was still impacted by the gradual easing of COVID-19 containment measures and the gradual recovery of business volumes. For further details on traffic volumes, reference should be made to the Directors' Report.

The criteria for the adjustment of receivables to their realisable value will take account of valuations regarding the state of the dispute and are subject to estimates which are described in the previous Note 3, to which reference should be made.

The changes in the doubtful debt provision were as follows:

Doubtful debt provision

(Euro thousands)	December 31, 2022	December 31, 2021
Opening provision	122,548	108,142
Net increases (decreases)	(5,705)	15,758
Utilisations	(14,076)	(1,352)
Final value doubtful debt provision	**102,767**	**122,548**

The reduction in the doubtful debt provision on 2021 mainly relates to the settlement with Alitalia in A.S., which was followed by (in July 2022) a payment by the carrier of Euro 14.8 million.

The net decreases in the provision of Euro 5,705 thousand in 2022 (against net increases of Euro 15,758 thousand in 2021) were made to take into account the risk in deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration and the risk assessed by the Company of the expected losses on each receivable, in accordance with IFRS 9.

The utilisations relating to the year 2022, amounting to Euro 14,076 thousand, refer to the closure during the year of disputes in which the provisions were accrued to cover such risks in previous years.

For details on the aging of the receivables reference should be made to Note 4.1.

For receivables from subsidiaries and associated companies reference should be made to Note 8, relating to transactions with related parties.

6.11 Current financial receivables

"Current financial receivables" includes financial receivables from subsidiaries. At December 31, 2022, there are no receivables following the disposal on September 29, 2022 of the investment held in SEA Energia Spa. For further information on the disposal transaction, reference should be made to Note 6.5 and the Directors' Report.

The receivable recognised in the previous year amounted to Euro 20,542 thousand and entirely comprised the cash pooling receivable from SEA Energia SpA.

6.12 Tax receivables

"Tax receivables" of Euro 2,985 thousand at December 31, 2022 (Euro 792 thousand at December 31, 2021) mainly concern the tax receivable recognised to energy-intensive businesses in 2022 and not yet utilised by the company for Euro 2,303 thousand, tax receivables recorded following the liquidators distribution plan of the subsidiary SEA Handling SpA in liquidation and other tax receivables concerning reimbursement applications.

The Company in 2022 benefited from the contribution of Euro 6,056 thousand, recognised by the Government in the form of a tax credit for non-energy intensive enterprises, to partially offset the increase charges effectively incurred to purchase electricity during Q2, Q3 and Q4 2022. The company utilised the portion of this credit, for Euro 3,753 thousand, to partially offset the November VAT payable and the December VAT advance. The residual receivable of Euro 2,303 thousand shall be entirely utilised in the first half of 2023.

6.13 Other current receivables

The breakdown of "Other current receivables" is shown below:

Other current receivables

(Euro thousands)	December 31, 2022	December 31, 2021
Other receivables	3,311	3,269
Receivables from insurance companies	865	1,005
Employee & soc. sec. receivables	871	226
Miscellaneous receivables	966	436
Receivables for dividends	442	
Total other current receivables	**6,455**	**4,936**

"Other current receivables" amount to Euro 6,455 thousand at December 31, 2022 (Euro 4,936 thousand at December 31, 2021) and is comprised of the accounts outlined below.

Other receivables, amounting to Euro 3,311 thousand at December 31, 2022 (Euro 3,269 thousand at December 31, 2021), includes miscellaneous receivables (reimbursements, supplier advances, arbitrations with subcontractors and other minor positions). The change during the year was mainly due to the increased receivables recognised due to prepayments during the year of costs set to accrue in the following year.

Receivables from insurance companies, amounting to Euro 865 thousand at December 31, 2022 (Euro 1,005 thousand at December 31, 2021) relates to amounts paid on insurance policies in advance of the period to which the cost refers.

Receivables from employees and social security entities, amounting to Euro 871 thousand at December 31, 2022 (Euro 226 thousand at December 31, 2021), mainly refer to the receivables from employees related to the advanced payment of meal vouchers not yet accrued and INPS and INAIL receivables.

Miscellaneous receivables amounting to Euro 966 thousand at December 31, 2022 (Euro 436 thousand at December 31, 2021) mainly refer to receivables from payments by Telepass, credit card and POS which have not yet been credited in the bank account.

The receivables for dividends to be received of Euro 442 thousand concern the dividends approved by the Shareholders' Meeting of Airport Handling SpA on December 15, 2022; which were collected in February 2023.

6.14 Cash and cash equivalents

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

(Euro thousands)	December 31, 2022	December 31, 2021
Bank and postal deposits	159,981	134,077
Cash in hand and similar	43	53
Total cash and cash equivalents	**160,024**	**134,130**

The account at year end comprises bank and postal deposits on demand for Euro 159,779 thousand (Euro 133,974 thousand at December 31, 2021), restricted bank deposits of Euro 102 thousand (Euro 103 thousand at December 31, 2021) receivables for interest income on current accounts matured in the year for Euro 100 thousand and cash amounts for Euro 43 thousand (Euro 53 thousand at December 31, 2021). For further information on the movements to cash and cash equivalents, reference should be made to the Cash Flow Statement.

6.15 Shareholders' Equity

Share capital

At December 31, 2022, the share capital of SEA is comprised of 250,000,000 shares of a value of Euro 0.11 each, with a total value of Euro 27,500 thousand.

Legal and extraordinary reserve

At December 31, 2022 the legal reserve of SEA amounts to Euro 5,500 thousand, while the extraordinary reserve amounts to Euro 94,361 thousand (Euro 174,649 thousand at December 31, 2021).

Actuarial gain/loss reserve

The balance of the reserve at December 31, 2022, equal to Euro -44 thousand (Euro -4,514 thousand at December 31, 2021), represents the actuarial losses matured at the balance sheet date on the Post-Employment Benefits provision.

Other reserves

The other reserves, amounting to Euro 60,288 thousand at December 31, 2022, refer entirely to the reserves recorded in accordance with the revaluation laws 576/75, 72/83 and 413/91.

Allocation of the result for the year

On May 3, 2022, the Shareholders' Meeting approved the coverage of the loss for 2021, amounting to Euro 80,288 thousand, utilising the extraordinary reserve.

For the net equity movements, reference is made to the "Statement of changes in Shareholders' Equity".

Available reserves

In accordance with Article 2427, No. 7-*bis* of the Civil Code, the equity accounts and their availability and possibility for distribution are reported below.

Shareholders' Equity

(Euro thousands)	Amount at 31/12/2022	Possibility of use (*)	Quota available	Summary of utilisations over last 3 years
Share capital	27,500			
Legal reserve	5,500	B		
Extraordinary reserve (2)	94,361	B		124,600
IFRS initial conversion reserve	14,814			
Actuarial gain/loss reserve	(44)			
Other Reserves (1):				
- as per revaluation law 576/75	3,649	A,B,C	3,649	
- as per revaluation law 72/83	13,557	A,B,C	13,557	
- as per revaluation law 413/91	17,076	A,B,C	17,076	
- as per revaluation law 413/91 (2)	26,006	B		
Net Result	194,919			
Retained losses L.178 December 30, 2020	(120,367)			
Total	**276,971**		**34,282**	**124,600**

(*) *A: for share capital increase; B: for coverage of losses; C: for distribution to shareholders*

(1) *Suspension of taxes reserve*

(2) *The use becomes ABC if the Shareholders' Meeting approves the allocation of the result for the year 2022, as proposed by the BoD*

The table above indicates the possibility of using equity reserves, as altered as a result of the neutralisation through 2025 of the loss of Euro 120,367 thousand, relating to the 2020 financial year.

6.16 Provisions for risks and charges

The changes in the "provisions for risks and charges" in the year are reported below:

Provision for risks and charges

(Euro thousands)	December 31, 2021	Provisions/ Increases	Utilisations/ Decreases	Releases	Other movements	December 31, 2022
Restoration and replacement provision	183,405	30,582	(21,715)		8,087	200,359
Provision for future charges	27,316	5,278	(1,594)	(4,346)		26,654
Total provision for risks & charges	**210,721**	**35,860**	**(23,309)**	**(4,346)**	**8,087**	**227,013**

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 200,359 thousand at December 31, 2022 (Euro 183,405 thousand at December 31, 2021), refers to the estimate of the amount matured relating to the maintenance on assets under concession from the State which will be undertaken in future years. The provision for the year takes into account the updated long-term scheduled maintenance and replacement plans on these assets, while the utilisations in the year refer to the restoration works carried out covered by the provisions made in previous years. The utilisation for the year is mainly due to the restoration works carried out on the flight infrastructure and the Luminous Visual Aids at Malpensa and Linate airports and the upgrading of the optical guides at Malpensa.

The movements of the future charges provision were as follows:

Provision for future charges

(Euro thousands)	December 31, 2021	Provisions/ Increases	Utilisations/ Decreases	Releases	December 31, 2022
Labour provisions	3,498	5,191	(1,103)		7,586
Tax risks	316		(11)	(69)	236
Other provisions	23,502	87	(480)	(4,277)	18,832
Total provision for future charges	**27,316**	**5,278**	**(1,594)**	**(4,346)**	**26,654**

The employee provisions relate to the expected streamlining actions to be undertaken on operations. The utilisations in the year are related to the incentivised departures for which a specific provision was made in the accounts in 2021.

The "Tax risks" provision of Euro 236 thousand is related to the provision for disputes currently underway with the competent tax judicial bodies over VAT resulting from the tax audit by the Customs Agency in respect of the resale of electricity and registration tax applied on the transactions in accordance with a number of civil judgments.

The account "Other provisions" for Euro 18,832 thousand at December 31, 2022 (Euro 23,502 thousand at December 31, 2021) is mainly composed of the following items:

- Euro 8,233 thousand for legal disputes related to the operational management of the Milan Airports;
- Euro 493 thousand relating to disputes with insurance companies for requests for indemnities;
- Euro 9,000 thousand relating to charges from the acoustic zoning of the peripheral areas to the Milan Airports (Law No. 447/95 and subsequent Ministerial Decrees). During 2021, technical specifications were completed in order to assign preparation of the noise containment action plan pursuant to Ministerial Decree 29/11/00. Definition of this Plan was completed in December 2022, with the delivery of the documentation produced. The process of analysing the results is currently underway. For further information, reference should be made to the Directors' Report;
- Euro 300 thousand for various legal disputes.

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

6.17 Employee provisions

The changes in the employee provisions in 2022 and in the previous year are shown below:

Employee provisions

(Euro thousands)	December 31, 2022	December 31, 2021
Opening provision	43,526	44,698
Financial (income)/charges	631	81
Transfer personnel	(1,027)	
Utilisations	(7,708)	(2,696)
Actuarial losses / (profits) rec. to equity reserve	(5,882)	1,443
Total employee provisions	**29,540**	**43,526**

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

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

Economic-financial technical parameters

	December 31, 2022	December 31, 2021
Annual discount rate	3.51%	0.40%
Annual inflation rate	2.30%	1.75%
Annual increase in employee leaving indemnity	3.23%	2.81%

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

The sensitivity analysis for each of the significant assumptions at December 31, 2022 and the previous year is shown below, indicating the effects that would arise on the post-employment benefit provision.

Change

(Euro thousands)	December 31, 2022	December 31, 2021
+ 1 % on turnover rate	29,654	43,140
- 1 % on turnover rate	29,416	43,948
+ 1/4 % on annual inflation rate	29,895	44,094
- 1/4 % on annual inflation rate	29,191	42,966
+ 1/4 % on annual discount rate	28,989	42,620
- 1/4 % on annual discount rate	30,107	44,461

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

Average duration of the obligation

(in years)	December 31, 2022	December 31, 2021
Duration of the plan	8.4	9.0

Expected disbursements

(Euro thousands)	December 31, 2022	December 31, 2021
Year 1	2,653	2,766
Year 2	1,548	2,384
Year 3	1,855	2,647
Year 4	2,016	2,541
Year 5	1,230	2,790

6.18 Current and non-current financial liabilities

The breakdown of current and non-current financial liabilities at December 31, 2022 and at the end of the previous year is reported below:

	December 31, 2022		December 31, 2021	
(Euro thousands)	Current	Non-Current	Current	Non-Current
Bank payables	24,563	208,696	221,035	275,163
Payables to other lenders	14,881	310,813	15,790	309,059
Total financial liabilities	**39,444**	**519,509**	**236,825**	**584,222**

The breakdown of the accounts is shown below:

	December 31, 2022		December 31, 2021	
(Euro thousands)	Current	Non-current	Current	Non-current
Long-term loans	22,929	208,696	220,085	275,163
Loan charges payable	1,634		950	
Bank payables	**24,563**	**208,696**	**221,035**	**275,163**
Payables to bondholders		299,026		298,708
Payables for charges on bonds	2,388		2,388	
Leased liabilities (Financial Payables)	2,039	11,787	1,885	10,351
Financial payable to subsidiaries	10,454		11,517	
Payables to other lenders	**14,881**	**310,813**	**15,790**	**309,059**
Total current and non-current liabilities	**39,444**	**519,509**	**236,825**	**584,222**

As indicated in the table above, the Company's financial debt exclusively comprises medium/long-term debt - mainly concerning the "SEA 3 1/2 2020-2025" bond (expressed at amortised cost), the residual part of the Term Loans agreed during 2021 and the EIB loans (of which 50% with maturity beyond 5 years and only 11% maturing within 12 months).

For further information on bank loans and derivative contracts underwritten reference should be made to Note 4.

The following is a breakdown of the Company's net debt at December 31, 2022, and the comparative for fiscal year 2021, in accordance with European Securities and Markets Authority Recommendations dated 04/03/2021, ESMA/32-382-1138:

Net financial debt

	(Euro thousands)	December 31, 2022	December 31, 2021
A.	Cash	(160,024)	(134,130)
B.	Cash equivalents		
C.	Other current financial assets		(20,542)
D.	**Liquidity (A)+(B)+(C)**	**(160,024)**	**(154,672)**
E.	Current finanzial debt	16,515	16,740
F.	Current portion of non-current financial debt	22,929	220,085
G.	**Current financial indebtness (E + F)**	**39,444**	**236,825**
H.	**Net current financial indebtedness (G - D)**	**(120,580)**	**82,153**
I.	Non-current financial debt	220,483	285,514
J.	Debt instruments	299,026	298,708
K.	Non-current trade and other payables		
L.	**Non-current financial indebtedness (I+J+K)**	**519,509**	**584,222**
M.	**Total financial indebtedness (H+L)**	**398,929**	**666,375**

At the end of December 2022, the net financial debt amounted to Euro 398,929 thousand, decreasing by Euro 267,446 thousand compared to the end of 2021 (Euro 666,375 thousand).

As illustrated in the cash flow statement, the level of net financial debt was impacted by the fact that the cash flow generated from the operating activity of Euro 297,732 thousand was sufficient to offset the cash flow absorbed by investing activity (Euro 9,139 thousand) and that absorbed from financing activity for the payment of interest and commissions (Euro 15,942 thousand), the settlement of loan instalments falling due and the reimbursement of a number of loans; 2022 in fact benefited from the recovery of traffic volumes and the collection of public grants received from the State and the Lombardy Region totalling Euro 144,101 thousand, in partial compensation for the losses incurred due to the pandemic. From a financial viewpoint, the following is reported: *i)* the repayment of Euro 238,782 thousand concerning the bank term loans signed in 2020 and 2021 to deal with the COVID-19 pandemic, of which Euro 43,818 thousand in advance of original maturity (January 2023 - June 2024) in order to optimise the Company's financial structure against a backdrop of rising interest rates; *ii)* the continuation of the repayment of part of the EIB loans (principal repaid in the year totalling Euro 25,263 thousand).

"Current financial payables" and "Non-current financial payables" include the lease liabilities, as per IFRS 16 and representing the obligation to make contractually established payments. As per the table presented below, the current financial liabilities (maturity within 12 months) and non-current liabilities (maturity beyond 12 months) for leasing amount at December 31, 2022 respectively to Euro 2,039 thousand and Euro 11,787 thousand.

Lease liabilities (Financial Payables)

	December 31, 2022		December 31, 2021	
(Euro thousands)	current	non-current	current	non-current
Miscellaneous & minor equipment	630	1,310	683	1,802
Complex equipment			37	
Transport vehicles	1,374	8,256	990	6,264
EDP			159	273
Land	35	2,221	16	2,012
Total	**2,039**	**11,787**	**1,885**	**10,351**

Indirect and conditional debt

In line with Recommendations ESMA/32-382-1138, a breakdown of the Company's indirect and conditional debt as at December 31, 2022 is presented below in order to provide an overview of any material debt that is not reflected in the debt statement and which represents an obligation that the Company may have to meet:

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

- the restoration and replacement provision, which represents a contractual obligation to maintain the infrastructure at a specified level of functionality or to restore it to a specified condition before handing it back to the grantor upon expiration of the service agreement. At December 31, 2022, the provision totals Euro 200,359 thousand. Further details are provided in paragraph 6.16;
- charges arising from acoustic zoning to meet the Plan of noise containment actions in accordance with Ministerial Decree 29/11/00. At December 31, 2022, the provision totals Euro 9 million. Further details are provided in paragraph 6.16;
- the employee leaving indemnity fund, which amounted to Euro 29,540 thousand at December 31, 2022. For further details, see paragraph 6.17;

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

iii. trade payables include sums factored under indirect factoring contracts for Euro 342 thousand. Invoice payment terms are non-interest bearing as they do not involve further extensions agreed upon between the supplier and the Company. For further details, see paragraph 6.19;

iv. the guarantees and commitments entered into by the Company at December 31, 2022 are described in paragraph 12.

The following is a breakdown of the variations of current and non-current financial assets and liabilities, with a separate indication of cash flows recorded in the year 2022 and other variations.

Current & non-current financial assets & liabilities

(Euro thousands)	Med./long-term bank loans (current and non-current portion)	Bond loans	Payables for charges on loans and bonds	Lease payables	Financial receivables / payables to subsidiaries	Total
December 31, 2021	**495,248**	**298,708**	**3,338**	**12,236**	**(9,025)**	**800,505**
Cash flows:						
-Repayments (capital portion)	(264,045)					(264,045)
-Cash pooling changes					19,479	19,479
-Payment interest on bank loans and bond loans recognised to FY 2021			(3,338)			(3,338)
-Repayment of principal and interest on finance leases IFRS16				(2,191)		(2,191)
Total Cash flows	**(264,045)**	**0**	**(3,338)**	**(2,191)**	**19,479**	**(250,095)**
Other changes:						
-Amortised cost effect	422	318				740
-Accrued interest on loans and bonds			4,022			4,022
-Change in finance lease obligations IFRS16				3,781		3,781
Total other changes	**422**	**318**	**4,022**	**3,781**	**0**	**8,543**
December 31, 2022	**231,625**	**299,026**	**4,022**	**13,826**	**10,454**	**558,953**

6.19 Trade payables

The breakdown of the "Trade payables" is shown below:

Trade payables

(Euro thousands)	December 31, 2022	December 31, 2021
Supplier payables	172,107	118,342
Advances	6,437	4,491
Payable to subsidiaries	2,960	10,834
Payables to associates	8,640	11,613
Total trade payables	**190,144**	**145,280**

Trade payables of Euro 190,144 thousand at December 31, 2022 refers to the purchase of goods and services relating to the operating activity and investments. In order to optimise operations with suppliers, trade payables at December 31, 2022 include sums ceded under indirect factoring contracts for Euro 342 thousand (Euro 2,097 thousand at December 31, 2021).

Payables on account at December 31, 2022 of Euro 6,437 thousand increased Euro 1,946 thousand on the previous year, mainly due to receipts against the investment of SEA in international research and development projects. For further information, reference should be made to the Directors' Report. The remainder of payables on account mainly relate to payments on account by clients.

For payables from subsidiaries and associated companies reference should be made to Note 8, relating to transactions with related parties.

The balance at December 31, 2021 of "payables to subsidiaries" included the amount of payables to the subsidiary SEA Energia SpA (Euro 10,034 thousand), whose holding was entirely disposed of in 2022. For further information on the disposal transaction, reference should be made to Note 6.5 and the Directors' Report.

6.20 Income tax payables

Income taxes payables amounting to Euro 11,102 thousand at December 31, 2022 (Euro 7,525 thousand at December 31, 2021) mainly relate to direct taxes for Euro 6,208 thousand, employee and consultant's withholding taxes for Euro 3,617 thousand (Euro 4,124 thousand at December 31, 2021) and VAT payables for Euro 1,274 thousand (Euro 3,199 thousand at December 31, 2021).

6.21 Other current and non-current payables

The breakdown of the account "Other current payables" at December 31, 2022 is shown below:

Other current payables

(Euro thousands)	December 31, 2022	December 31, 2021
Payables to social security institutions	12,154	11,908
Employee payables for amounts matured	17,198	11,216
Employee payables for vacations not taken	2,642	2,783
Payables to the State for airport fire services	91,591	84,521
Payables to the State for concession fee	18,684	9,679
Payables to the state for concession fee security service	84	59
Payables for additional landing rights	41,703	42,250
Third party guarantee deposits	2,009	1,151
Payables to the Board of Directors and Board of Statutory Auditors	65	55
Payables to shareholders for dividends	84,828	94
Payables to others post-em. ben.	158	217
Other	8,679	6,382
Total other current liabilities	**279,795**	**170,315**

"Other non-current liabilities" increased by Euro 109,480 thousand, from Euro 170,315 thousand at December 31, 2021 to Euro 279,795 thousand at December 31, 2022.

This increase is due mainly to the opposing effects of the following factors: i) reclassification to the account "Other non-current payables" of the portion of the payables to shareholders for dividends, of Euro 84,736 thousand, concerning the second tranche of the extraordinary distribution, approved by the Shareholders' Meeting of September 30, 2019; ii) increase in payables to the State with respect to charges related to the payment of the concession fee, amounting to Euro 9,005 thousand. This increase relates to the recovery of passenger traffic in 2022. It should be noted that, as required by the applicable regulations, the Company settled the second instalment of the 2022 concession fee on January 31, 2023, while any balance will be settled after ENAC publishes the statistical yearbook for the 2022 traffic year. For further details on traffic volumes, reference should be made to the Directors' Report; iii) higher charges of Euro 7,070 thousand for the contribution of the Company to the airport fire protection service under Law No. 296 of December 27, 2006 iv) higher employee payables for services matured, for Euro 5,982 thousand, principally due to: a) the current portion of the payables to employees and associated social security contributions, recorded as a result of the mobility procedure's commencement on September 28,

2022. Through the mobility procedure, early retirement incentive payments were established for a pre-determined number of workers who will qualify for (early retirement or retirement age) pension benefits by 2025. The agreement with Trade Unions covering this procedure has been signed. b) the recognition for the fiscal year 2022, of a bonus based on the Company's results, linked to company performance; v) reduction of payables for Euro 547 thousand relating to boarding fee surtaxes established by Laws No. 350/2003, No. 43/2005, No. 296/2006, No. 166/2008, No. 92/2012 and No. 357/2015; vi) increase of "Others" for Euro 2,297 thousand. The account "Other payables", amounting to Euro 8,679 thousand at December 31, 2022 (Euro 6,382 thousand at December 31, 2021), mainly relates to deferred income from clients for future periods and other minor payables.

"Payables for boarding fee surtaxes" include the amounts recharged to airlines (and not yet received) and those already received and reversed to the INPS/Tax Agency in the initial months of 2023.

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

A case is also pending before the Rome Court of Appeal which will assess the contribution obligation. Proceedings for closing arguments have been postponed until May 19, 2023. For further details and analysis, reference should be made to the Directors' Report.

The breakdown of the account "Other non-current payables" at December 31, 2022 is shown below:

Other non-current payables

(Euro thousands)	December 31, 2022	December 31, 2021
Payables to shareholders for non current dividends		84,736
Employee payables	5,099	
Payables to social security institutions	1,491	
Total other non-current liabilities	**6,590**	**84,736**

"Other current liabilities" decreased by Euro 78,146 thousand, from Euro 84,736 thousand at December 31, 2021 to Euro 6,590 thousand at December 31, 2022.

The movement on the previous year is entirely due to: *i)* the reclassification, for Euro 84,736 thousand, to "Other current payables" of the payables for extraordinary dividends approved in 2019 (for further details, please refer to that outlined above); *ii)* the recognition for Euro 6,590 thousand of the non-current portion of payables to employees and the associated social security contributions, recorded as a result of the mobility procedure's commencement on September 28, 2022. Through the mobility procedure, early retirement incentive payments were established for a pre-determined number of workers who will qualify for (early retirement or retirement age) pension benefits by 2025. The agreement with Trade Unions covering this procedure has been signed.

6.22 Payables and receivables beyond five years

There are no receivables over five years.

Financial payables above five years amount to Euro 141,681 thousand relating to the repayment of principal on medium/long-term loans at December 31, 2022 and for Euro 4,674 thousand relating to the finance lease payable.

7. INCOME STATEMENT

7.1 Operating revenues

The breakdown of operating revenues by business unit is reported below:

Operating revenues by Business Unit

(Euro thousands)	2022	2021
Aviation	352,840	202,531
Non Aviation	375,719	116,730
Total operating revenues	**728,559**	**319,261**

The breakdown of Aviation operating revenues is reported below.

Aviation operating revenues

(Euro thousands)	2022	2021
Fees and centralised infrastructure	304,697	175,798
Security management revenues	34,945	16,869
Use of regulated spaces	13,198	9,864
Total Aviation operating revenues	**352,840**	**202,531**

Aviation revenue in 2022 increased Euro 150,309 thousand compared to the previous year, from Euro 202,531 thousand in 2021 to Euro 352,840 thousand in 2022. This increase is strictly related to traffic volumes, which gradually recovered by the second half of 2021 thanks to the loosening of travel restrictions in Italy and Europe. Financial performance in 2021 continued to be affected by the COVID-19 health emergency, which impacted passenger traffic volumes from the initial months of 2020. For further information on traffic volume developments, reference should be made to the Directors' Report.

The breakdown of Non Aviation operating revenues is reported below.

Non Aviation operating revenues

(Euro thousands)	2022	2021
Retail	88,257	34,802
Parking	66,099	34,039
Cargo spaces	16,966	16,243
Advertising	6,836	4,537
Premium services	15,800	4,174
Real Estate	3,067	153
Services and other revenues	178,694	22,782
Total Non Aviation operating revenues	**375,719**	**116,730**

The breakdown of retail revenues is reported below.

Retail Revenues

(Euro thousands)	2022	2021
Shops	42,491	14,943
Food & beverage	20,673	8,358
Car rental	18,569	8,898
Banking activities	6,524	2,603
Total Retail	**88,257**	**34,802**

Non Aviation revenues grew Euro 258,989 thousand compared to the previous year, from Euro 116,730 thousand in 2021 to Euro 375,719 thousand in 2022. This improvement is mainly due to the benefits from the increased passenger traffic on the previous year and the public grants (recognised to "Services and other revenues") received from the State and the Lombardy Region totalling Euro 144,101 thousand, in order to partially offset the losses due to the pandemic.

"Services and other revenues" also include income from the design services, service activities and other income.

7.2 Revenue for works on assets under concession

Revenue for works on assets under concession increased from Euro 23,749 thousand in 2021 to Euro 32,676 thousand in 2022.

These revenues, as per IFRIC 12, refer to construction work on assets under concession increased by a mark-up of 6%, representing the best estimate of the remuneration of the internal cost for the management of the works and design activities undertaken by the Company, which corresponds to a mark-up which a general constructor would request to undertake such activities.

This account is strictly related to investment and infrastructure upgrading activities. For further information on the principal investments, reference should be made to Note 6.1.

The account "Costs for work on assets under concession" (Note 7.6) reflects the increase in the year due to work on assets under concession.

7.3 Personnel costs

The breakdown of personnel costs is as follows:

Personnel costs

(Euro thousands)	2022	2021
Wages and salaries	115,344	96,496
Social security charges	33,099	29,110
Severance provisions	7,371	7,547
Other personnel costs	29,315	3,158
Personnel costs	**185,129**	**136,311**

Personnel costs increased Euro 48,818 thousand, from Euro 136,311 thousand in 2021 to Euro 185,129 thousand in 2022 (35.8%).

The increase is largely due to the decreased use of rotating days through the Extraordinary Temporary Lay-off Scheme against the recovery of passenger traffic and the provisioning of extraordinary costs relating to the signing of the early retirement agreement as part of the 2022-2025 personnel restructuring business plan.

The average number of FTE employees by category compared to the previous year is reported below:

Average Full Time Equivalent

	January - December 2022	%	January - December 2021	%
Executives	43	2%	46	2%
Managers	267	11%	276	11%
White-collar	1,523	60%	1,644	63%
Blue-collar	577	23%	612	23%
Total full-time employees	**2,410**	**95%**	**2,578**	**99%**
Temporary workers	119	5%	35	1%
Total employees	**2,529**	**100%**	**2,613**	**100%**

The employee Head-count (HDC) at year-end in the parent company was as follows:

No. HDC (Headcount) Employees (at period end)

	December 31, 2022	December 31, 2021	change
HDC Employees (at period end)	2,477	2,642	(165)

7.4 Consumable materials

The breakdown of "Consumable materials" is as follows:

Consumable materials

(Euro thousands)	2022	2021
Raw materials, ancillaries, consumables and goods	10,255	7,076
Change in inventories	180	277
Total consumable materials	**10,435**	**7,353**

The account "consumable materials" mainly includes the purchase of goods for airport activities (chemical products for de-icing and de-snowing, clothing, spare parts, etc). The movement in the year is mainly due to the increased costs incurred by the company to purchase de-icing fluid and spare parts for various equipment and the loading and unloading vehicles.

7.5 Other operating costs

The table below reports the breakdown of the account "Other operating costs":

Other operating costs

(Euro thousands)	2022	2021
Utilities & security expenses	86,020	29,610
Public entity fees	34,468	22,255
Ordinary maintenance costs	31,143	25,106
Parking management	17,338	10,281
Terminal services provided by handling company	15,548	14,081
Cleaning	14,773	13,263
Hardware & software use licenses	9,904	7,574
Miscellaneous and local taxes	7,577	6,729
Professional legal, administrative and strategic services	6,425	3,986
Disabled assistance and passenger support	4,107	2,926
Commercial costs	3,875	1,964
Losses on disposal of assets	1,699	8
Insurance	1,627	1,556
Hire of equipment & vehicles	1,139	1,197
Emoluments & costs of Board of Statutory Auditors & BoD	890	839
Rental charges	506	304
Other costs	17,258	10,887
Total other operating costs	**254,297**	**152,566**

In 2022, the account "Other operating costs" increased by Euro 101,731 thousand compared to the previous year. This increase is linked to traffic volumes, that significantly recovered on the previous year and the significant increase in commodity prices. The operating performance in 2021 was significantly impacted by the COVID-19 health emergency. For further information on traffic volumes, reference should be made to the Directors' Report.

The account "Utilities & security expenses" benefited from the contribution of Euro 6,056 thousand from the Government for non-energy intensive enterprises from the second quarter of 2022, to partially offset the increased charges effectively incurred to purchase electricity, in the form of a tax credit on energy expenses incurred in 2022. The Company recognised this contribution as a direct reduction of the cost to which the contribution is linked. At December 31, 2022, the tax credit already utilised by the company, to offset other tax payables, was Euro 3,753 thousand.

The increase in "Losses on disposal of assets" was mainly due to the demolition of property following the upgrade of a section of the parking area at Linate, to be used also to service the new M4 metro line.

The residual account "Other costs" mainly includes fees recognised by SEA for the collection of airport fees related to general aviation for Euro 6,317 thousand (Euro 4,793 thousand in 2021), catering service costs for the VIP lounges of Euro 4.005 thousand (Euro 940 thousand in 2021), commission and brokerage costs of Euro 1.469 thousand (Euro 758 thousand in 2021), other industrial and administration costs (principally certification and authorisation charges, reception and welcoming passengers and losses on receivables) of Euro 1.231 thousand (Euro 1.199 thousand in 2021), landside transportation services of Euro 643 thousand (Euro 635 thousand in 2021), association contributions paid by the Company of Euro 1,078 thousand (Euro 1,018 thousand in 2021), purchase and subscription of newspapers and magazines of Euro 330 thousand (Euro 348 thousand in 2021) and office running expenses and administration costs.

7.6 Costs for works on assets under concession

Costs for works on assets under concession increased from Euro 21,521 thousand in 2021 to Euro 30,832 thousand in 2022. The change in the account is related to the investment activities (Note 7.2).

7.7 Provisions and write-downs

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

Provisions and write-downs

(Euro thousands)	2022	2021
Provisions / (releases) of current receivables & cash and cash equivalents	(5,705)	15,758
Provisions / (releases) to provisions for future charges	932	8,827
Total provisions and write-downs	**(4,773)**	**24,585**

In 2022 "Provisions and write-downs" decreased Euro 29,358 thousand on the previous year (from Euro 24,585 thousand in 2021 to Euro -4.773 thousand in 2022).

The doubtful debt provision in the year was calculated to take into account the risk in deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration and the risk of non-receipt concerning not only overdue receivables but also those with upcoming maturity. For further information on the method to calculate and manage the doubtful debt provision, reference should be made to Note 4.1. In July 2022, a settlement was reached between the company and Alitalia in A.S., which covers the receivables due from Alitalia to SEA, through a settlement by the carrier of Euro 14.8 million. For further information, reference should be made to the Directors' Report.

The net provisions for future risks and charges, amounting to Euro 932 thousand, mainly refers to provisions for personnel and adjustments on valuations related to legal disputes concerning the operational management of the Milan Airports. For further information, reference should be made to the Directors' Report.

7.8 Restoration and replacement provision

The breakdown of the restoration and replacement provision is as follows:

Restoration and replacement provision

(Euro thousands)	2022	2021
Accrual/(release) restoration and replacement provision	30,582	20,467
Total accrual to restoration and replacement provision	**30,582**	**20,467**

This account includes the provision for the year relating to the scheduled replacement and maintenance of the assets within the so-called "Concession Right".

The company annually undertakes a multi-year update to the scheduled replacement and maintenance plan for assets covered by the "Concession right".

7.9 Amortisation and depreciation

The account "amortisation and depreciation" comprises:

Amortisation & Depreciation

(Euro thousands)	2022	2021
Amortisation of intangible assets	46,744	48,167
Depreciation of property, plant and equipment	11,803	15,398
Depreciation of real estate investments	2	1
Depreciation Leased assets right-of-use	2,534	2,275
Total amortisation & depreciation	**61,083**	**65,841**

The depreciation of tangible fixed assets reflects the estimated useful life made by the company while, for the intangible assets within the "Concession Right", consideration is taken of the concession duration.

7.10 Investment income (charges)

The breakdown of investment income and charges is as follows:

Investment income (charges)

(Euro thousands)	2022	2021
Income from agreement for sale of SEA Energia SpA	24,235	
Dividends from SEA Prime SpA	3,778	
Dividends from Malpensa Logistica Europa SpA	1,757	
Dividends from Airport Handling SpA	442	
(Write-downs) / releases of Airport ICT Services Srl	(276)	
Total income (charges) from investments	**29,936**	**0**

Net investment income amounts to Euro 29,936 thousand in 2022 and mainly concerns the income from the disposal of the entire holding in SEA Energia Spa and the income from dividends distributed by the investees in the year. For further information on the disposal transaction, reference should be made to the Directors' Report.

7.11 Financial income (charges)

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

Financial income (charges)

(Euro thousands)	2022	2021
Exchange gains	7	1
Other financial income	789	1,632
Total financial income	**796**	**1,633**
Interest charges on medium/long-term loans	(13,858)	(16,380)
Exchange losses	(12)	(2)
Other interest charges	(4,331)	(5,045)
Total financial charges	**(18,201)**	**(21,427)**
Total financial income (charges)	**(17,405)**	**(19,794)**

Net financial charges reduced Euro 2,389 thousand (from Euro 19,794 thousand in 2021 to Euro 17,405 thousand in 2022). Against a reduction of Euro 837 thousand in financial income, financial charges decreased Euro 3,226 thousand.

This reduction in financial charges was the result of the following main factors:

- lower interest expense on medium/long-term loans for Euro 2,522 thousand, impacted by (i) in 2021 the negative carry of the "Bond 3.125", maturing in April 2021, although refinanced early in 2020, (ii) the lower amount of the Term Loans, settled between the second half of 2021 and 2022, which allowed for an offsetting of an impact from the rising interest rate environment;
- the absence of financial charges on derivatives, settled on maturity in September 2021.

Financial income in 2021 benefited from the use of available liquidity in a number of treasury accounts, that ensured better returns. In 2022, the positive impact from increasing interest rates was only apparent from the second half of the year.

For further information on the change in the financial liabilities, reference should be made to Note 6.18.

7.12 Income taxes

The breakdown of the account "income taxes" is shown below:

Income taxes

(Euro thousands)	2022	2021
Current income taxes	6,543	(104)
Deferred tax charge/(income)	4,718	(25,037)
Total income taxes	**11,261**	**(25,141)**

The reconciliation between the theoretical and effective tax rate for 2022 is shown below:

(Euro thousands)	2022	%
Profit/(Loss) before taxes	**206,179**	
Theoretical income taxes	49,483	24.0%
Permanent tax differences effect	(38,447)	-18.6%
IRAP	2,369	1.1%
Other	(2,144)	-1.0%
Effective taxes	**11,261**	**5.5%**

The main tax differences of a permanent nature are related to the full detaxation of the public contribution (recognised to the income statement under "Operating Revenues") collected in fiscal year 2022 to partially offset the losses attributable to the COVID-19 pandemic and the grant recognised, in the form of a tax credit, to non energy-intensive companies to partially mitigate the higher charges incurred for the purchase of the energy component (recognised in the income statement as a reduction of "Other operating costs").

The "Other" account principally includes tax adjustments concerning both current and deferred taxes of previous years and the effects from the change in the actuarial valuation of "Employee provisions".

8. RELATED PARTY TRANSACTIONS

The table below shows the balances and transactions of the company with related parties for the years 2022 and 2021 and an indication of the percentage of the relative account:

Transactions with Related Parties

	December 31, 2022			
(Euro thousands)	**Trade receivables**	**Other current receivables**	**Trade payables**	**Current financial liabilities**
Subsidiaries				
SEA Prime SpA	4,985		836	10,454
Airport ICT Services Srl	783		2,124	
Associates				
Aiport Handling SpA	3,780	442	5,017	
SACBO SpA	737		513	
Dufrital SpA	6,421		116	
Malpensa Logistica Europa SpA	1,087		1,246	
Areas Food Services Srl (ex SEA Services Srl)	871		1,633	
Disma SpA	130		115	
Total related parties	**18,794**	**442**	**11,600**	**10,454**
Total book value	126,153	6,455	190,144	39,444
% on total book value	**14.90%**	**6.85%**	**6.10%**	**26.50%**

	Year ended December 31, 2022					
(Euro thousands)	**Operating revenues**	**Other operating costs**	**Consumable materials**	**Personnel costs**	**Net financial income (charges)**	**Investment income (charges)**
Subsidiaries						
SEA Energia SpA (*)	1,755	65,027		(27)	607	24,235
SEA Prime SpA	12,733	6,319		(561)	(16)	3,778
Airport ICT Services Srl	125	12,910	90	(132)		(276)
Associates						
Airport Handling SpA	11,539	17,529		(40)		442
SACBO SpA (**)	1,261	11,715		(2)		
Dufrital SpA	29,333	2				
Malpensa Logistica Europa SpA	4,618			(20)		1,757
Areas Food Services Srl (ex SEA Services Srl)	4,346	4,004				
Disma SpA	222			(7)		
Total related parties	**65,932**	**117,506**	**90**	**(789)**	**591**	**29,936**
Total book value	728,559	254,297	10,435	185,129	(17,406)	29,936
% on total book value	**9.05%**	**46.21%**	**0.86%**	**-0.43%**	**-3.40%**	**100.00%**

(*) On September 29, 2022, the Company disposed of its entire holding in SEA Energia S.p.A.. The income statement transactions therefore refer to the January-September period.

(**) The account "Other operating costs" relating to transactions with SACBO, equivalent to Euro 11,715 thousand, does not include that invoiced by SEA to the final clients and transferred to the associate.

Transactions with Related Parties

(Euro thousands)	December 31, 2021 Trade receivables	Current financial receivables	Trade payables	Current financial liabilities
Subsidiaries				
SEA Energia SpA	1,804	20,542	10,034	
SEA Prime SpA	4,327		800	11,517
Associates				
Aiport Handling SpA	4,646		6,875	
SACBO SpA	473		2,310	
Dufrital SpA	3,391		460	
Malpensa Logistica Europa SpA	1,264		1,105	
SEA Services Srl	489		759	
Disma SpA	119		104	
Total related parties	**16,513**	**20,542**	**22,447**	**11,517**
Total book value	97,998	20,542	145,280	236,825
% on total book value	**16.85%**	**100.00%**	**15.45%**	**4.86%**

(Euro thousands)	Year ended December 31, 2021 Operating revenues	Other operating costs	Personnel costs	Net financial income (charges)
Subsidiaries				
SEA Energia SpA	502	26,240	(37)	673
SEA Prime SpA	9,794	4,797	(573)	
Associates				
Airport Handling SpA	9,138	15,945	(40)	
SACBO SpA (*)	427	6,427	(3)	
Dufrital SpA	9,521	1		
Malpensa Logistica Europa SpA	4,723		(10)	
SEA Services Srl	2,042	991		
Disma SpA	225		(3)	
Total related parties	**36,372**	**54,401**	**(666)**	**673**
Total book value	319,261	152,566	136,311	(19,794)
% on total book value	**11.39%**	**35.66%**	**-0.49%**	**-3.40%**

(*) The account "Other operating costs" relating to transactions with SACBO, equivalent to Euro 6,427 thousand, does not include that invoiced by SEA to the final clients and transferred to the associate.

8.1 Transactions with subsidiary companies

Commercial transactions between SEA and subsidiary companies are as follows:

- the transactions between SEA and SEA Prime SpA concerning the sub-concession contract for the General Aviation management operations, at Linate airport, extended by SEA on May 26, 2008 and expiring on April 30, 2041 for the utilisation of the general aviation infrastructure and the verification and collection, on behalf of SEA, of airport and security fees. An agreement is also in place between the company and SEA Prime SpA for administration services (including legal, tax and accounting services);
- with reference to Airport ICT Services S.r.l., concerning the activities of supplying and designing information systems and of supporting their use.

Financial receivables and payables relate to centralised treasury services (cash pooling) which SEA undertakes on behalf of the subsidiaries.

8.2 Transactions with associated companies

The transactions between the Company and the associated companies, in the periods indicated below:

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

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

8.3 Other transactions with related parties

SEA PRIME SpA

In 2022, SEA Prime distributed dividends to SEA for Euro 3,778 thousand.

MALPENSA LOGISTICA EUROPA SpA

In 2022, Malpensa Logistics Europe distributed dividends to SEA for Euro 1,757 thousand.

AIRPORT HANDLING SpA

In 2022, Airport Handling approved the distribution of dividends to SEA for Euro 442 thousand. They were collected in February 2023.

9. DIRECTORS' FEES

In 2022, the remuneration for the Board of Directors, including social security contributions and accessory charges, amounted to Euro 671 thousand (Euro 621 thousand in 2021).

10. STATUTORY AUDITORS' FEES

In 2022, the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 219 thousand (Euro 217 thousand in 2021).

11. INDEPENDENT AUDIT FIRM FEES

The audit fees recognised for the audit of the separate financial statements of SEA to the audit firm Deloitte & Touche SpA for the year 2022 amounted to Euro 177 thousand for audit services and Euro 55 thousand for other services (fees in 2021 totalled Euro 175 thousand for audit services and Euro 55 thousand for other services). The Fees of the Audit Firm are net of Consob contributions.

12. COMMITMENTS AND GUARANTEES

12.1 Investment commitments

The principal commitments for investment contracts under Consortium Regroupings are shown below net of works already realised:

Breakdown project commitments

(Euro thousands)	December 31, 2022	December 31, 2021
Design and extraordinary maintenance civil works and plant at Linate & Malpensa	31,338	30,567
Design and extraordinary maintenance flight infrastructure and roadways at Linate and Malpensa	1,966	1,671
Works on electrical automation and control systems at Linate and Malpensa	1,169	2,544
Design and extraordinary maintenance of Linate & Malpensa AVL plant	4,755	6,078
Total project commitments	**39,228**	**40,860**

12.2 Guarantees

At December 31, 2022, the sureties in favour of third parties were as follows:

- two bank sureties, each equal to Euro 36,422 thousand, as guarantee on funds drawn down in June 2015 and June 2017 on the EIB line subscribed in December 2014;
- surety of Euro 25,000 thousand to Banca Popolare di Milano to guarantee credit lines received from companies within the centralised treasury system;
- surety of Euro 22,500 thousand in favour of ENAC, as guarantee of the concession fee;
- bank sureties of Euro 2,200 thousand and Euro 2,000 thousand, in favour of the Ministry of Defence as guarantee of the obligations pursuant to the technical agreement of June 4, 2009 following the advance delivery of the "Italian Army Training Area" in Lonate Pozzolo and "Cascina Malpensa" area;
- bank surety of Euro 2,268 thousand, in favour of the European Climate Infrastructure and Environment Executive Agency (CINEA) to guarantee the RE-MXP project (Resilience improvement of the Milan MXP airport against natural hazards by implementing infrastructure upgrades and a smart monitoring system in a multi -risk framework), co-funded by the European Union;
- bank surety of Euro 2,000 thousand in favour of SACBO as guarantee for the parking management at Bergamo airport;
- Euro 535 thousand for other minor sureties.

13. SEASONALITY

The business is characterised by revenue seasonality, which are normally higher in the periods of August and December due to increased flights by the airlines at its airports. It should be noted that the airports of Milan Malpensa and Milan Linate are to a certain degree complementary from a seasonality viewpoint, in view of the different profile of the indirect customers (i.e. leisure vs. business). This feature limits the seasonal peaks from an overall consolidated operational and financial viewpoint.

The initial months of 2022 again featured a new wave of the pandemic related to the new COVID-19 variant which affected normal business seasonality.

14. CONTINGENT LIABILITIES

Reference should be made to the explanatory notes in relation to disputes on receivables (Note 6.10) and operating risks (Note 6.16). For further information, reference should be made to the Directors' Report.

15. CONTINGENT ASSETS

With reference to Judgment 7241/2015 of the Milan Court, confirmed by the Milan Court of Appeal with Judgment No. 331/2017, as not all appeals have been made this contingent asset was not recognised in the income statement as per IAS 37. For further details, reference should be made to the Directors' Report.

16. TRANSACTIONS RELATING TO ATYPICAL OR UNUSUAL OPERATIONS

In accordance with Consob Communication of July 28, 2006, in 2022 the Company did not undertake any transactions deriving from atypical or unusual operations, as set out in the communication.

17. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to CONSOB Communication of July 28, 2006, in the view of Directors, in 2022 the Company undertook the following non-recurring significant operations:

- In H1 2022, the Company received public grants (recognised to the income statement under "Services and other revenues" and "Operating Revenues"), from the State and the Lombardy Region for a total of Euro 144,101 thousand, in partial compensation of the losses due to the COVID-19 pandemic;
- Following the legislative measures introduced in 2022 (Decree Law No. 21/2022 - Ukraine Decree *bis*, Decree Law No. 115/2022 - Support Decree *bis*, Decree Law No. 144/2022 - and Support Decree-*ter* and Decree Law No. 176/2022 - Support Decree-*Quater*), the Company benefited from a contribution in the form of a tax credit, of Euro 6,056 thousand, recognised by the Government to non-energy intensive enterprises, in partial compensation of the increased charges effectively incurred in 2022 to purchase electricity. This contribution was recognised to "Other operating costs" as a direct reduction of the cost to which the benefit is connected. For further information, reference should be made to Notes 6.12 and 7.5;
- On September 29, 2022, the Company completed the disposal of the entire holding in the subsidiary SEA Energia SpA to the company A2A Calore & Servizi Srl, recognising income of Euro 24,235 thousand to the "Investment income/(charges)" account of the income statement. For further information on the disposal transaction, reference should be made to the Directors' Report.
- Following the incorporation in December 2021 of the company Airport ICT Services Srl, in February 2022, SEA contributed property, plant and equipment of Euro 6,039 thousand and liabilities, mainly concerning the transfer of personnel, of Euro 1,482 thousand to this company.

18. PUBLIC GRANTS (ARTICLE 1, PARAGRAPHS 125-129 OF LAW 124/2017)

Pursuant to Law No. 124/2017 and subsequent supplements, we communicate that the Company received in 2022 the following public grants.

Beneficiary	Provider	Purpose	Amount (Euro thousands)
SEA Spa	State	Contribution L. 30 dicembre 2020, n. 178, in paragraphs 714-720, in partial mitigation of the economic effects deriving from the Covid-19 pandemic	135,601
SEA Spa	Lombardy Region	Contribution by the resolution of the Lombardy Region Council in support of Lombard airports of national interest belonging to the TEN-T networks	8,500
SEA Spa	State	Tax credit to partially offset the higher charges incurred in 2022 for the purchase of the energy component (DL 21/22, DL 155/22, DL 144/22 e DL 176/22)	6,056

As required by Article 1 Law No. 124/2017, paragraph 126, the grants received over an amount of Euro 10 thousand are listed below.

Beneficiary	Provider	Purpose	Amount (Euro thousands)
Associazione Noi SEA	SEA Spa	Donation year 2022	240
La Scala Theatre	SEA Spa	Founding shareholder annual quota	100
Archiepiscopal Curia of Milan	SEA Spa	Contribution for the Catholic religious service offered by the Chaplaincies at Linate and Malpensa Airports	31
Banco Alimentare	SEA Spa	Donation of food goods to Ukraine	13

19. SUBSEQUENT EVENTS TO DECEMBER 31, 2022

Reference should be made to the Directors' Report.

Chairperson of the Board of Directors
Michaela Castelli

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' AGM OF SEA - SOCIETÀ ESERCIZI AEROPORTUALI S.P.A.

as per Article 2429, second paragraph, of the Civil Code

Dear Shareholders,

the separate financial statements of SEA for 2022 are submitted for your review, approved by the Board of Directors on March 24, 2023, which also called the Shareholders' AGM for April 28, 2023 in first call and, where required, for May 3, 2023 in second call. This Shareholders' AGM shall be called to consider also the appointment of an alternate auditor and to assign the audit appointment for the years 2023-2031. In this regard, the preliminary activities were also carried out in terms of the tender documentation for the assigning of the service which involves, in addition to SEA, also the direct subsidiaries SEA Prime S.p.A. and Airport ICT Services S.r.l..

The Shareholders' AGM of May 3 appointed the Board of Statutory Auditors in its current composition for the 2022-2025 three-year period, until the approval of the 2024 Annual Accounts.

The 2022 draft financial statements were drawn up as per the International Financial Reporting Standards (IFRS) adopted by the European Union. They are accompanied by the Directors' Report.

This report presents to the Shareholders' AGM the 2022 results and the activities carried out by the Board of Statutory Auditors during the year, while also presenting proposals and observations upon the financial statements and their approval.

OVERSIGHT ACTIVITIES

The oversight activities, as per Article 2403 of the Civil Code, were undertaken according to the Conduct Principles for Boards of Statutory Auditors, recommended by the "Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili" (Italian Accounting Profession), based on the rules applicable to the Company.

The Board of Statutory Auditors in particular oversaw compliance with statutory law, the By-Laws and the resolutions of the Shareholders' AGM, on compliance with the principles of correct administration, and on the adequacy and the correct implementation of the model regarding the organisational structure and administrative-accounting system, issuing, where required, the relative opinions.

For the purposes of oversight, 8 meetings were held, in accordance with Article 2404 of the Civil Code, at which the Board of Statutory Auditors also met with the heads of the various departments and functions, the Independent Audit Firm and the other Internal Control Bodies, acquiring the information and documentation reported in the relative minutes entered into the register as per Article 2421, paragraph 1, No. 5 of the Civil Code.

The Board of Statutory Auditors also executed the role set out under Article 19 of Legislative Decree No. 39 of January 27, 2010, as the Internal Control and Audit Committee, with SEA qualifying as an Entity of Public Interest (EIP), as per Article 16, paragraph 1, letter a) of the stated Legislative Decree No. 39/2010, as an issuer of securities, i.e. the "SEA 3 1/8 2014-2021" bond listed on the market regulated and managed by the Irish Stock Exchange and as a company adopting a traditional governance model.

The Board of Statutory Auditors also attended all nine meetings of the Board of Directors. The Board of Statutory Auditors at these meetings also acquired the information provided, also in accordance with Article 2381 of the Civil Code, by the delegated body on the activities carried out, on the operating performance and on the outlook, in addition to the transactions of greatest operating and financial impact of the Company and its subsidiaries.

In addition, the Board of Statutory Auditors ensured the presence of at least one of its members at the meetings of the committees established within the Board and also met the Supervisory Board as per Legislative Decree 231/2001.

Oversight upon compliance with the principles of correct administration and regarding related party transactions

In order to oversee compliance with the principles of correct administration, in addition to attending, as stated above, all meetings of the Board of Directors, the Board of Statutory Auditors:

- received at its meetings information from the Directors on the general performance and on the outlook, as well as on the most significant transactions, in terms of size or nature, carried out by the company and its subsidiaries. This information is exhaustively outlined in the Directors' Report, to which reference should be made;

- on the basis of the information made available, the Board of Statutory Auditors may reasonably consider that these transactions carried out by the company comply with law and the By-Laws, and were not manifestly imprudent, in potential conflict of interest, hazardous or against the motions undertaken by the Shareholders' Meeting, or such as to compromise the integrity of the company's assets;
- during the periodic checks, the Board of Statutory Auditors met the Chief Financial & Risk Officer and the Administration Manager of the company responsible for preparing the corporate accounting documents, the Internal Audit department and the representatives of the Independent Audit Firm, to acquire information on the activities carried out and on the controls planning. No significant information warranting disclosure in this report has emerged on this point. The Board of Statutory Auditors also continuously and in a timely manner exchanged information for the undertaking of the respective duties, with the Control, Risks and Sustainability Committee and the Supervisory Board.
- did not note any atypical or unusual transactions with Group companies, related parties or third parties. The company does not hold treasury shares;
- assessed the compliance of the related party transactions with the policy adopted by the company. The Board of Directors, in its Directors' Report, presents information on the operating performance of the subsidiaries and associates. The Explanatory Notes also present the "related party" transactions, indicating the income statement and balance sheet amounts of the transactions, declaring also the transactions to have been carried out on an arm's length basis.

We highlight the following transactions in 2022, disclosed to the Board of Statutory Auditors at the Board of Directors' meetings:

- the conclusion of the full disposal of SEA Energia S.p.A. on September 29, 2022;
- Update on the disposal of the company Airport ICT Services S.r.l.;
- Signing on July 14, 2022 of a settlement agreement between SEA and the company Alitalia in A.S., with the Group collecting Euro 14.8 million and the recognition to the separate and consolidated financial statements of the release from the doubtful debt provision accrued in previous years of Euro 9.4 million.

Oversight on the auditing of accounts and the independence of the Audit Firm

The Board of Statutory Auditors held periodic meetings with the managers of the Independent Audit Firm, also as per Article 19, paragraph 1 of Legislative Decree No. 39/2010, during which it reviewed the work plan adopted, received information on the accounting policies utilised, on the accounting representation of the main transactions carried out in the year, in addition to the outcome of the audit. It did not note any events or situations requiring indication in this Report.

The Independent Audit Firm, Deloitte & Touche S.p.A, issued on April 12, 2023 the reports as per Article 14 of Legislative Decree 39/2010 and Article 10 of Regulation (EC) No. 537/2014, respectively for the statutory financial statements and for the consolidated financial statements at December 31, 2022, prepared as per International Financial Reporting Standards - IFRS - adopted by the European Union. These reports indicate that the statutory financial statements and the consolidated financial statements of SEA provide a true and fair view of the statement of financial position of SEA S.p.A. and of the SEA Group at December 31, 2022 and of the result and of the cash flows for the year ending at the same date. With regards to the statutory financial statements and the consolidated financial statements, the independent audit firm stated that the Directors' Report and the Corporate Governance and Ownership Structure Report, limited to the disclosure indicated at Article 123-bis, paragraph 4 of Legislative Decree No. 58 of February 24, 1998, are consistent with the financial statements and were prepared in compliance with law.

In addition, the Independent Audit Firm, with regards to the statement as per Article 14, paragraph 2, letter e) of Legislative Decree No. 39 of January 27, 2010, concerning the identification of significant errors in the Directors' Report, on the basis of its knowledge and understanding of the company and the relative overview acquired during the audit activities, declared to not having any matters to report. It indicated, as a key aspect of the audit, the Restoration Provision for works under concession.

Also on April 12, 2022, the Independent Audit Firm issued, finally, the Additional Report for the Internal Control and Audit Committee as per Article 11 of Regulation (EC) No. 537/2014.

The Board of Statutory Auditors oversaw compliance with the provisions of Legislative Decree No. 254 of

December 30, 2016 concerning non-financial disclosure and information upon “diversity”, while the Independent Audit Firm verified the preparation of the non-financial disclosure and issued a limited assurance with regards to the consistency of the information provided against that required by the Decree and against the reporting standards/guidelines utilised for such disclosure. The Board also monitored non-audit services (NAS).

The notes to the financial statements of the company indicate the amount of fees accruing in the year to the independent audit firm and the amount regarding its network, including other services.

Taking account of the independence declarations issued by Deloitte & Touche S.p.A. and the transparency report produced by the former in accordance with Article 18 of Legislative Decree 39/2010 and published on its website, in addition to the assignments awarded to the company and the companies belonging to its network by SEA S.p.A. and by the Group companies, and the note confirming compliance with the ethics and independence principles under the “Code of Ethics for Professional Accounts” issued by the IESBA, the Board of Statutory Auditors does not indicate any critical aspects with regards to the independence of the Audit Firm.

Oversight of the internal control and risk management system and of the administrative and accounting system

The Board of Statutory Auditors, also as the Internal Control and Audit Committee, as per Article 19 of Legislative Decree No. 39 of 27.01.2010, oversaw the adequacy of the internal control and risk management system and of the administrative-accounting system, in addition to the appropriateness of this latter to correctly reflect operating events. In this context, it requested and obtained all necessary information from the Managers of the respective Departments, undertaking all verifications considered necessary through the direct examination of company documents.

In addition, the Board maintained constant and adequate liaison with the Internal Audit Department and verified that this department has the required capacity, autonomy and independence. It also verified that adequate collaboration and exchange of information took place between the bodies and departments undertaking control functions. Reciprocal exchange of information also took place with the Board of Statutory Auditors of the subsidiaries and associates.

As the Internal Control and Audit Committee, as per Article 19, letter f), of Legislative Decree No.39 of 27.01.2010, it supervised the procedure for the selection of the independent audit firm for the next nine years. A reasoned proposal was drawn up on conclusion of this procedure.

The Board of Statutory Auditors in particular:

- carried out investigations in order to assess whether the administrative-accounting system of the company is appropriate to permit the presentation of a true and fair view in the financial statements of the operating events; it periodically oversaw the correct functioning of the system through meetings with the managers of the Administration, Finance and Control Department;
- examined the audit plans, the periodic reports and the annual report prepared by the Auditing Department. These reports do not indicate any critical issues and confirmed that the at-risk areas with regards to internal control have been recorded and monitored;
- it examined the periodic report of the Supervisory Board, set up as per Legislative Decree No. 231/2001, which does not indicate events or situations which require highlighting in this Report;
- it monitored the project activities carried out in terms of risks, in particular the advancement and ongoing refinement of the Enterprise Risk Management (ERM) project designed to build a model for the identification, classification, measurement, monitoring and homogeneous and transversal assessment of operational risks, in addition to their continuous monitoring, in support of the strategic choices and decisions of management and for stakeholder assurance.

Oversight of the adequacy of the organisational structure

The Board of Statutory Auditors acquired knowledge upon and oversaw, to the extent of its remit, the adequacy of the organisational structure of the company, reviewing and obtaining information of an organisational and procedural nature, through:

- the acquisition of information from the managers of the competent company departments;
- the exchange of data and meetings with the heads of the various functions and in particular with the administrative and internal control structure and with the independent audit firm upon the outcomes of the specific verification activities carried out by the latter.

The organisational structure of the Company and the Group is managed by the Chief Executive Officer through a system of internal mandates that have identified the heads of the various departments.

On the basis of the information available and the checks carried out, the organisational structure appears to be adequate in relation to the characteristics of the company and its size, also taking into account the provisions of Legislative Decree No. 14 of 2019, and in particular Article 375 of such, which introduces a second paragraph to Article 2086 of the Civil Code, and establishes the obligation for all collective entrepreneurs (including SEA S.p.A.) to assume an organisational structure that is suitable to ascertain in a timely manner also situations of operating crisis and the continued applicability of the going concern principle, to be ascertained in accordance with the provisions of Articles 3, and Article 13, paragraph 2 of the above-stated Legislative Decree No. 14/2019.

CONSOLIDATED FINANCIAL STATEMENTS

We also examined the consolidated financial statements at 31.12.2022 and made available to us in accordance with Article 2429 of the Civil Code, jointly with the parent company financial statements and the relative Directors' Report. The financial year-end of the companies included in the consolidation scope, already approved by the respective boards of directors, equates with that of the consolidating company.

The consolidated financial statements were prepared in accordance with the IFRS in force at the approval date of the financial statements and the provisions enacted as per Article 9 of Legislative Decree No. 38/2005 and report a net profit of Euro 182,460 thousand.

The Explanatory Notes outlined in detail the consolidation scope and criteria, while the criteria used for the preparation of the consolidated financial statements have not changed on the previous year.

The consolidated financial statements of the Group were also drawn up on the basis of the following consolidation scope:

Company	Registered office	Share capital at 31/12/2022 (Euro)	Share capital at 31/12/2021 (Euro)
SEA Energia S.p.A.	Milan Linate Airport - Segrate (MI)		5,200,000
SEA Prime S.p.A.	Viale dell'Aviazione, 65 - Milan	2,976,000	2,976,000
Airport ICT Services S.r.l.	Milan Linate Airport - Segrate (MI)	600,000	25,000
Dufrital S.p.A.	Via Lancetti, 43 - Milan	466,250	466,250
SACBO S.p.A.	Via Orio Al Serio, 49/51 - Grassobbio (BG)	17,010,000	17,010,000
Areas Food Services S.r.l. (ex SEA Services S.r.l.)	Via Caldera, 21 - Milan	746,700	105,000
Malpensa Logistica Europa S.p.A.	Milan Linate Airport - Segrate (MI)	6,000,000	6,000,000
Disma S.p.A.	Milan Linate Airport - Segrate (MI)	2,600,000	2,600,000
Airport Handling S.p.A.	Malpensa Airport - Terminal 2 - Somma Lombardo (VA)	5,000,000	5,000,000

In particular, the consolidation scope includes the 2022 financial statements of SEA, of its subsidiaries, and of all the companies over which it exercises a significant influence.-The consolidation scope at December 31, 2022 changed compared to December 31, 2021 following the sale in the third quarter of 2022 of the company SEA Energia S.p.A., wholly-owned by SEA. In addition, in December 2021, the company Airport ICT Services s.r.l. was incorporated and in February 2022 SEA contributed property, plant and equipment of Euro 6,039 thousand and liabilities, mainly concerning personnel, of Euro 1,482 thousand to this company.

The line-by-line method is utilised for the consolidation, with regards to the valuation of controlling investments;-other investments were included in the consolidation scope using the equity method.

The consolidation scope includes, in addition to SEA, and each with its own consolidation method:

Company	Consolidation Method at 31/12/2022	Group % holding at 31/12/2022	Group % holding at 31/12/2021
SEA Energia S.p.A.	IFRS 5	0%	100%
SEA Prime S.p.A.	Line-by-line	99.91%	99.91%
Airport ICT Services S.r.l.	Line-by-line	100%	100%
Dufrital S.p.A.	Net Equity	40%	40%
SACBO S.p.A.	Net Equity	30.979%	30.979%
Areas Food Services S.r.l. (ex SEA Services S.r.l.)	Net Equity	40%	40%
Malpensa Logistica Europa S.p.A.	Net Equity	25%	25%
Disma S.p.A.	Net Equity	18.75%	18.75%
Airport Handling S.p.A.	Net Equity	30%	30%

The consolidated statement of financial position is presented below (in Euro thousands)

(Euro thousands)	Note	December 31, 2022 Total	December 31, 2022 of which related parties	December 31, 2021 Total	December 31, 2021 of which related parties
Intangible assets	8.1	939,793		945,659	
Property, plant & equipment	8.2	142,994		146,556	
Leased assets right-of-use	8.3	14,008		12,996	
Investment property	8.4	3,399		3,401	
Investments in associates	8.5	82,178		65,745	
Other investments	8.6	1		1	
Deferred tax assets	8.7	111,768		118,132	
Other non-current receivables	8.8	60,496		52,408	
Total non-current assets (A)		**1,354,637**	**0**	**1,344,898**	**0**
Inventories	8.9	1,558		1,738	
Trade receivables	8.10	122,628	13,026	95,928	12,188
Tax receivables	8.11	4,769		794	
Other current receivables	8.11	6,853	442	4,961	
Current financial receivables	8.12			20,542	20,542
Cash and cash equivalents	8.13	160,341		134,173	
Total current assets (B)		**296,149**	**13,468**	**258,136**	**32,730**
Assets held-for-sale and discontinued operations (C)	**6.1**			**47,512**	
TOTAL ASSETS (A+B+C)		**1,650,786**	**13,468**	**1,650,546**	**32,730**
Share capital	8.14	27,500		27,500	
Other reserves	8.14	132,876		203,525	
Group Net Result	8.14	182,460		(75,119)	
Group shareholders' equity		**342,836**		**155,906**	
Minority interest shareholders' equity		**31**		**31**	
Group & Minority int. share. equity (D)	**8.14**	**342,867**		**155,937**	
Provision for risks and charges	8.15	229,124		213,112	
Employee provisions	8.16	30,942		44,036	
Non-current financial liabilities	8.17	519,516		584,235	
Other non-current payables	8.18	6,590		84,736	
Total non-current liabilities (E)		**786,172**		**926,119**	
Trade payables	8.19	190,558	8,641	145,040	21,877
Income tax payables	8.20	11,467		8,609	
Other payables	8.21	290,727		177,234	
Current financial liabilities	8.17	28,995		225,315	
Total current liabilities (F)		**521,747**	**8,641**	**556,198**	**21,877**
Liabilities related to assets held-for-sale and discontinued operations (G)	**6.1**			**12,292**	
TOTAL LIABILITIES (E+F+G)		**1,307,919**	**8,641**	**1,494,609**	**21,877**
TOTAL LIAIBILITIES & SHAREHOLDERS' EQUITY (D+E+F+G)		**1,650,786**	**8,641**	**1,650,546**	**21,877**

In summary, the consolidated income statement presents the following results:

(Euro thousands)	Note	2022 Total	2022 of which related parties	2021 Total	2021 of which related parties
Operating revenues	9.1	734,840	53,075	325,232	26,579
Revenue for works on assets under concession	9.2	32,676		23,749	
Total revenues		**767,516**	**53,075**	**348,981**	**26,579**
Operating costs					
Personnel costs	9.3	(192,527)		(138,642)	
Consumable materials	9.4	(10,505)		(7,372)	
Other operating costs	9.5	(243,403)		(149,705)	
Costs for works on assets under concession	9.6	(30,832)		(21,521)	
Total operating costs		**(477,267)**	**(98,181)**	**(317,240)**	**(49,711)**
Gross Operating Margin / EBITDA*		**290,249**	**(45,106)**	**31,741**	**(23,132)**
Provisions & write-downs	9.7	4,745		(24,480)	
Restoration and replacement provision	9.8	(30,671)		(20,499)	
Amortisation & Depreciation	9.9	(64,823)		(67,556)	
Operating result		**199,500**	**(45,106)**	**(80,794)**	**(23,132)**
Investment income/(charges)	9.10	17,463	17,463	(382)	(382)
Financial charges	9.11	(18,188)		(21,428)	
Financial income	9.11	797	607	1,633	673
Pre-tax result		**199,572**	**(27,036)**	**(100,971)**	**(22,841)**
Income taxes	9.12	(13,149)		23,755	
Continuing Operations result (A)		**186,423**	**(27,036)**	**(77,216)**	**(22,841)**
Net result from assets held for sale (B)	**6.1 / 9.13**	**(3,960)**		**2,100**	
Minority interest profit (C)		**3**		**3**	
Group Net Result (A+B-C)		**182,460**	**(27,036)**	**(75,119)**	**(22,841)**
Basic net result per share (in Euro)	9.14	0.73		(0.30)	
Diluted net result per share (in Euro)	9.14	0.73		(0.30)	

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

OTHER INFORMATION

The Board of Statutory Auditors declares in addition to not having received requests for the issue of opinions and was not required to issue opinions on the basis of specific regulations.

In 2022, no petitions or notices to the Board of Statutory Auditors as per Article 2408 of the Civil Code.

During the verifications, as described above, there were no more significant facts meriting mention in this report.

CONCLUSIONS

The Board of Statutory Auditors, on the basis of that outlined above and noting the findings of the overall activities undertaken by the independent audit firm and of the opinion presented in the Auditors' Report to the financial statements, expresses, to the extent of its remit and based on any information acquired from the Board of Directors and the Independent Audit Firm, a favourable opinion on the approval of the separate financial statements at December 31, 2022, as drawn up by the Directors, and with regards to the proposal presented by the Board of Directors to allocate the net profit of Euro 194,918,804.50 as follows:

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

Milan, April 12, 2023

The Board of Statutory Auditors

Paola Noce	(Chairperson)
Stefania Chiaruttini	(Statutory Auditor)
Daniele Angelo Contessi	(Statutory Auditor)
Luigi Di Marco	(Statutory Auditor)
Stefano Giuseppe Giussani	(Statutory Auditor)

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Società per Azioni Esercizi Aeroportuali - SEA S.p.A.

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying separate financial statements of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. (the "Company"), which comprise the Statement of Financial Position as at December 31, 2022, the Income Statement, the Comprehensive Income Statement, Statement of Changes in Shareholders' Equity and Cash Flow Statement for the year then ended, and explanatory notes, including a summary of significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Restoration and replacement provision	
Description of the key audit matter	The separate financial statements as at December 31, 2022 include the "Restoration and replacement provision" for Euro 200,4 million. The provision includes the best estimate of the present value of the charges the Company will bear to meet its contractual obligations with the Italian Civil Aviation Authority to ensure the functionality, operations and security of the assets under concession. The estimation process of the "Restoration and replacement provision" appears articulate and complex and it is composed of different phases and based on different variables and assumptions that include the planning of the restoration and replacement operations. In particular, the main assumptions are about the assets deterioration, the useful life of the restoration and the charge estimates for operation category. Given the above, we considered the estimation process of this provision as a key audit matter as at December 31, 2022. The paragraph "Restoration and replacement provision of assets under concession" of note 2.4 "Accounting policies" and note 6.16 "Provisions for risks and charges" of explanatory notes to the separate financial statements highlight respectively the valuation criteria applied by the Company and the changes in the said provision which occurred during the year.
Audit procedures performed	The procedures performed included, among others, the following: • understanding of the process carried out by the Company to estimate and update the provision and analysing of any difference on planned investments; • understanding of the key controls that the Company carries out to monitor this area and testing of their actual implementation; • collecting of the information by periodic meetings with the Operations and Maintenance Division, sample testing of the database containing expenses included in the restoration and replacement provision as to obtain evidences regarding the adequacy of the Division expectations and of any variance from previous forecasts; • understanding of any change in the regulatory framework that could impact the estimate of the provision value; • analysis of completeness and accuracy of accruals in the separate financial statements, also in consideration of the updates to the 2023 - 2027 Business Plan; • sample testing of the allocation criteria underlying the restoration percentages by discussion with the business units in-charge; • analysis of data, assumptions and methods used for the purposes of the formulation of the estimations underlying the provision;

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- assessment of the adequacy of the disclosure provided by the Directors as reported in the financial statements notes and its compliance with the relevant accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Separate Financial Statements

The Directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternatives to such choices.The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

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

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

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- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. has appointed us on May 4, 2016 as auditors of the Company for the period 2016 - 2022.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. are responsible for the preparation of the report on operations including the information required by art. 123-bis, paragraph 2 (b) of the Company as at December 31, 2022, including its consistency with the related separate financial statements and its compliance with the law.

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We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations including the information required by art. 123-bis, paragraph. 2 (b) of Legislative Decree 58/98, with the separate financial statements of the Company as at December 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations including the information required by art. 123-bis, paragraph 2 (b) is consistent with the separate financial statements of the Company as at December 31, 2022 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 Company and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Matteo Bresciani
Partner

Milan, Italy
April 12, 2023

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

airport carbon accredited
TRANSITION

The SEA Group’s focus on environmental protection has led to, through adopting specific initiatives, a significant cutting of CO_2 emissions.

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

SEA - Società per Azioni Esercizi Aeroportuali

Milan Linate Airport - 20054 Segrate, Milan
Tax Code and Milan Companies Registration Office No: 00826040156
Milan REA No.: 472807 - Share Capital: Euro 27,500,000 fully paid-in

www.seamilano.eu

SEA MilanAirports