

SEA BOARD OF DIRECTORS APPROVES 2022 SEPARATE FINANCIAL STATEMENTS AND NON-FINANCIAL REPORT

Turnaround year for the SEA Group

Traffic: 28.9 million passengers, up 108% (82% of pre-COVID traffic)

Cargo Transported: 717 thousand tonnes, reducing 3% on 2021

Operating revenues: Euro 734.8 million (Euro 325.2 million in 2021)

EBITDA: Euro 290.2 million (Euro 31.7 million in 2021)

Net Profit: Euro 182.5 million (loss of Euro 75.1 million in 2021)

Net Financial Debt: Euro 388.2 million (Euro 654.8 million in 2021)

Milan, March 31, 2023 - The Board of Directors of Società per Azioni Esercizi Aeroportuali SEA (SEA) on March 24 2023, reviewed and approved the separate financial statements of SEA, the consolidated financial statements of the SEA Group and the 2022 Consolidated Non-Financial Report. The Board of Directors of SEA called the Shareholders' AGM in ordinary session for April 28, 2023 in first call and, where required, in second call for May 3, 2023.

Traffic

The Milan airport system managed by SEA in 2022 served **28.9 million passengers, up 108%** on the previous year.

Reflecting European developments, passenger traffic at Linate and Malpensa grew from March, reaching peak levels in July, August, and September, with over three million passengers per month, recovering in the summer season (April-October) 89% of 2019's traffic.

Commercial aviation rebounded strongly, with movements up 62% on 2021 (figure includes cargo activity).

Malpensa Airport managed 21.2 million passengers (74% of 2019), up 122% on 2021. Linate airport meanwhile served 7.7 million passengers (up 17% on traffic operated in 2019 - a year in which the terminal was inactive for 3 months), increasing 78% on 2021.

General aviation, through the Linate Prime and Malpensa Prime terminals, overall managed 32,626 movements in 2022 (up 33% on 2019), increasing 20% on the previous year.





Cargo transported totalled 717 thousand tonnes, decreasing 3% from 2021 (a record year with 743 thousand tonnes of cargo moved), although up 30% on 2019. Malpensa Cargo City's role as a primary hub for import and export trade domestically is therefore confirmed.

Consolidated Key Financial Highlights¹

Operating revenues in 2022 totalled **Euro 734.8 million**, up 126%. The strong performance stems from the traffic recovery in the year. Revenues include public grants from the State and Lombardy Region totalling Euro 144.1 million, partially offsetting the losses attributable to the pandemic. Net of these contributions, revenues totalled Euro 590.7 million, up Euro 265.5 million on 2021.

Revenues increased across all business sectors.

Aviation revenues of Euro 343.4 million rose Euro 147.6 million due to the growth in passenger traffic. The cargo business, on the other hand, slightly underperformed the previous year, partly as a result of the halting of trade from/to Russia.

Non-Aviation Revenues of Euro 232.0 million were up Euro 115.3 million, with all segments performing strongly and in particular 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 15.3 million are up 20% due to the increased number of movements handled and higher commercial revenues.

Operating costs amounted to Euro 446.4 million, increasing Euro 150.7 million on the previous year, mainly due to the greater traffic volumes, the higher energy costs and the increase in personnel costs, due to the lesser use of the social security schemes. Operating costs also include non-recurring charges of Euro 26.4 million for the launch of the new early retirement plan.

EBITDA amounted to Euro 290.2 million, increasing Euro 258.5 million on the previous year.

¹The consolidation scope at December 31, 2022 changed compared to December 31, 2021 following the sale in the third quarter 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, involved in the provision and design of IT systems and user support, and is wholly-owned by SEA. In February 2022, SEA contributed tangible assets of Euro 6 million and liabilities, mainly concerning the transfer of personnel, of Euro 1.5 million to this company.



EBIT was **Euro 199.5 million** (a loss of Euro 80.8 million in 2021).

The Group Net Profit was **Euro 182.5 million** (loss of Euro 75.1 million in 2021).

Capital expenditure in 2022 was **Euro 76.8 million** (Euro 49.9 million in 2021), highlighting the full resumption of operations.

At **Malpensa** Airport, investments mainly focused on improving functionality, security and the level of comfort offered to passengers, with the installation of new hold baggage control equipment, the "Smart Security project", the start of the installation of "self-enrollment" equipment - necessary for the management of the new border control procedures applied from 2023 ("Entry Exit System") - in addition to layout changes, with an increase in allocated passenger parking spaces. The main airside infrastructure works concerned the upgrading of existing areas and projects linked to the objectives of maintaining and increasing levels of security and operational functionality at the airport.

It should also be noted that, following the decision to reopen Terminal 2 on May 31, 2023, projects to complete the works that had been suspended as a result of the closure (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.

At **Linate**, the main investments concerned the continuation of the works for the upgrading and standardisation of the bathrooms open to the public, the "Smart Security project" and the beginning of works related to the upcoming entry into operation of the "Entry Exit System" procedures. The main "airside" works concerned the upgrading of a number of existing floor areas, the completion of the renewal of the optical guide system, the upgrading of the video surveillance system of the aircraft apron, the conversion to LED of the light towers and the upgrade of the luminous visual aids.

The net financial debt of Euro 388.2 million reduced Euro 266.7 million on December 31, 2021 (Euro 654.8 million). The reduction in the net debt was due to cash flow generated following the resumption of operations and the collection of the above-stated public grants.

Parent Company SEA figures

The **parent company SEA** for 2022 reports total revenues of Euro 761.2 million (Euro 343 million in 2021), while EBITDA was Euro 280.5 million (Euro 25.3 million in 2021), with the company **reporting a net profit of Euro 194.9 million** (loss of Euro 80.3 million in 2021).

Outlook and significant events

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 price 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.



Significant events after year-end

On February 10, 2023, SEA 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. The sale has not yet been completed, as the agreement stipulates conditions which have yet to be satisfied.

2022 Non-Financial Report

The Board of Directors of SEA also approved the 2022 Non-Financial Report which SEA, as a Public Interest Entity, is required to prepare as per Legislative Decree 254/2016. The reporting method adopted is in line with the international Global Reporting Initiative standards.

The main results in the year in terms of the “material” topics are reported below.

Environmental

In 2021, Malpensa and Linate achieved the highest level (4+) of certification of Airport Carbon Accreditation (ACA), the voluntary CO2 emissions reduction programme promoted by the European airports association ACI Europe. Milan's airports are among the European airports that have set themselves the goal of moving 20 years ahead of the target set by the European Union of 2050 to achieve a "net zero carbon footprint".

In 2022, the direct carbon footprint of the Milan airport system was reduced by 12.2% from the previous year, corresponding to a 23% cut in emissions associated with electricity consumption.

Energy-saving actions continued in 2022 through:

- the continuation of the lighting efficiency campaign for buildings, aprons and external roadways, with the introduction of low energy and LED lights for both replacements and new installations;
- the fitting of timing clocks and disconnect switches on the light circuits for low attendance or use areas;
- the inclusion of high-efficiency motors and inverters on thermal sub-stations;
- the optimised regulation of thermo-conditioning systems.

Water consumption has reduced at both airports (it is noted that SEA has a fully autonomous water supply system thanks to a series of artesian wells on the airports grounds):

- -15.1% at Linate, through less use of water from heat exchange wells to limit energy consumption related to office air conditioning
- -10.6% at Malpensa, through optimisation of well use



Finally, the sustainable accessibility strategy at the system's airports, aimed at encouraging low-impact ways for passengers and workers to use public transportation and services for travel, continued in 2022.

A significant decrease in the modal share of access by private car was found at both airports: -12% at Linate and -15% at Malpensa compared to 2021, to the benefit of bus use (+13% at Linate and +2% at Malpensa). Finally, the use of the train for travel to/from Malpensa grew by 11% from 21 percent to 32%.

Service quality

The level of satisfaction expressed by passengers with the services offered by Milan's airports increased further for Malpensa (78.6% vs 75.8% in the previous year), while remaining stable for Linate (80.3% vs 80.9% in 2021).

Malpensa is the highest-ranked Italian airport in terms of the quality of air connectivity - and the only one in the top 10 of the continental ranking based on the share of European GDP that can be reached in a limited time.

The reachability of destinations as a function of travel time appears more indicative of the quality of an airport's connections than the number of connections offered. Malpensa places 7th in the European classification, with 76.7% of GDP reachable within 2 flying hours.

Equity and well-being in the work environment

The portion of female staff in 2022 increased by 1.3% to 30.3% of the workforce.

The female/male wage differential - in terms of gross annual salary - was 1.5%, broadly in line with the previous year.

In 2022, the consolidation of “smart working” (initiated in 2018) continued, allowing operational flexibility and working arrangements more compatible with family responsibilities for more than 28% of employees (651 personnel).

Socio-economic impact²

The socio-economic impact of the Milan airports, in particular the Malpensa Cargo City, was significant in 2022 for the entire productive system of northern Italy.

The overall consequences generated by the Milan airport system on the region had a value of approximately Euro 40 billion, corresponding to a capacity to create over 239 thousand jobs.

The import-export values (55.2 billion, +12.3 billion over the previous year) that transited through Malpensa in 2022 correspond to about 4.5% of Italian foreign trade, which grew strongly in 2022 to Euro 1,231 billion.

² Source: "Osservatorio sugli aeroporti milanesi" - LIUC BS on ISTAT Coeweb data



The Malpensa Cargo City handled 11.8% (+1.3% vs 2021) in value terms of all domestic exports to countries outside the EU.

For the furniture/furnishings, fashion/clothing and mechanics sectors, Malpensa's share of total Italian exports was 15.7%, 14.7% and 7.6% respectively.

We finally highlight that in 2022, Malpensa's Cargo City saw nearly half and over one-third of the value of all Italian fashion and apparel sector exports to the rich and dynamic markets of the Far East and North America respectively, in addition to more than a quarter of furniture/furnishings exports to these markets.

Finally, the shares of exports via Malpensa to North America of the domestic chemical/plastics industries (24.0%) and to East Asian markets by the mechanical sector (25.7%) are also significant (one-quarter of the national total).

Calling of the Shareholders' AGM

The Board of Directors of SEA called the Shareholders' AGM in ordinary session for April 28, 2023 in first call and, where required, in second call for May 3, 2023, to consider the following motions:

1. approval of the Financial Statements 31.12.2022 and allocation of the net profit.
2. Appointment of the independent auditor.
3. Appointment of an Alternate Auditor.
4. Communications from the Chairperson concerning the payment of the second tranche of the extraordinary dividend approved by the Shareholders' Meeting of September 30, 2019.

The call notice of the Shareholders' AGM will also be published in accordance with law on the www.seamilano.eu website.