

SEA BOARD OF DIRECTORS APPROVES 2023 SEPARATE FINANCIAL STATEMENTS AND NON-FINANCIAL REPORT

Milan airport traffic returns to pre-covid levels

Traffic: 35.3 million passengers, up 22% on 2022 (35.3 million passengers pre-COVID)

Cargo Transported: 667 thousand tonnes, 717 thousand tonnes in 2022

Operating revenues: Euro 762.7 million (Euro 734.8 million in 2022)

EBITDA: Euro 335.3 million (Euro 290.2 million in 2022)

Net Profit: Euro 156.2 million (Euro 182.5 million in 2022)

Net Financial Debt: Euro 285.1 million (Euro 388.2 million in 2022)

Reduction of direct carbon footprint: -37.4% on 2022

Improvement of quality index (Overall Satisfaction): 4.16 Linate, 4.01 Malpensa

Milan, March 26, 2024 - The Board of Directors of Società per Azioni Esercizi Aeroportuali SEA (SEA), meeting on March 26, 2024, reviewed and approved the separate financial statements of SEA, the consolidated financial statements of the SEA Group and the 2023 Consolidated Non-Financial Report. The Board of Directors of SEA called the Shareholders' AGM for April 29, 2024 in first call and, where required, in second call for May 6, 2024.

In 2023, **traffic at the Milan airports recovered 2019's levels**, the last year not impacted by the pandemic, while in fact even performing better in the month of May and in the second part of the IATA summer season (July-October). **Passengers served totalled 35.3 million, up 22% on 2022.**

Consolidated EBITDA of Euro 335.3 million includes Euro 41.4 million of non-recurring items. Even excluding these items, **EBITDA was a SEA Group record** at Euro 293.9 million.

In comparing with FY 2019, despite the lower number of movements managed, a lower proportion of international passengers, a higher low-cost traffic component and the significant increase in energy costs, **operating EBITDA in 2023 of Euro 293.9 million was approximately Euro 23 million higher than 2019** (Euro 271.1 million)¹. The improved performance - despite the unfavourable environment outlined above - is the result of the actions taken by management to develop non-aviation revenues and streamline the cost base.

¹ 2019's statutory EBITDA of Euro 274.7 million, adjusted for non-recurring items of Euro 4.2 million and excluding SEA Energia from the consolidation scope (-Euro 7.7 million).





The company again in 2023 returned particularly strong service quality indicators, which follows the investments made in terminal restyling, the new radiogenic equipment for screening carry-on baggage, and staff hires in operational areas with the greatest impact on the passenger experience. The ASQ Overall Satisfaction index reached a score of 4.16 at Linate (4.08 in 2022) and 4.01 at Malpensa (3.93 in 2022). Both airports were ranked among the best airports in Europe by ACI World, achieving the Airport Service Quality Award 2023.

The Group's commitment to reducing its directly controlled carbon footprint continued: in 2023, Milan airport system CO₂ emissions were reduced 37.4% on the previous year, benefiting from the procurement of energy from green sources.

Comparison with 2022

Traffic

In 2023, the Milan Airport System managed by the SEA Group served over 35.3 million passengers, up 22% on 2022.

Commercial aviation traffic grew, with movements increasing 9% on 2022, including cargo activity.

Malpensa and Linate airports handled 25.9 million and 9.4 million passengers respectively, with growth for both airports of 22% over 2022.

General aviation, through the Linate Prime and Malpensa Prime terminals, overall managed 33.9 thousand movements in 2023 (up 38% on 2019), increasing 4% on 2022.

Cargo transported totalled 667 thousand tonnes, decreasing 7% on 2022 (+21% on 2019). Despite the decrease on 2022, the 2023 results confirmed the role of Malpensa's Cargo City as a key Italian hub for cargo imports and exports, respectively accounting for 46% and 54% of total cargo volumes carried. Nationally, the market share² of cargo handled to/from Linate and Malpensa is 65%.

Consolidated Key Financial Highlights³

Operating revenues of Euro 762.7 million in 2023 rose 3.8% on the previous year, which included Government and Lombardy Region grants totalling Euro 144.1 million, partially offsetting the economic losses stemming from the pandemic. The 2023 results include

² Source | Airports 2030: Market share calculated based on current data for the first eleven months of 2023

³The consolidation scope at December 31, 2023 changed compared to December 31, 2022 following the sale in July of SEA S.p.A.'s 25% holding in Malpensa Logistica Europa S.p.A.. The revalued equity investment was reclassified to the line Discontinued operations profit/(loss) based on the agreed price. As required by IFRS 5, the income statement for the comparative period has also been similarly reclassified. In addition, following the closing in November 2023 of the competitive dialogue procedure through which Lutech S.p.A. was awarded the tender for the maintenance and monitoring services of the non-business-specific ICT activities currently managed by Airport ICT Services S.r.l. (AIS), a wholly-owned subsidiary of SEA, of which the successful bidder will acquire the entire share capital, AIS is classified among the Assets held-for-sale.



however the benefit from the judgement concerning airport fees for a total of Euro 50.6 million (Euro 39.1 million above EBITDA and Euro 11.5 million in financial income). Net of these amounts, 2023 revenues were Euro 723.8 million, increasing Euro 133 million on 2022. The strong performance stems from the traffic recovery in the year.

Revenues increased across all business segments.

Aviation revenues of Euro 412.8 million increased Euro 69.3 million, due to the rise in passenger traffic, as a result of higher number of carrier movements and the increase in the average load factor. The cargo performance however deteriorated on the previous year due to the lower number of movements managed, also due to the introduction of additional intercontinental flights.

Non-Aviation revenues of Euro 293.6 million were up Euro 61.6 million, as a result of the recovery in passenger traffic and the greater number of international passengers. All segments performed better than 2022.

General Aviation Revenues of Euro 17.5 million rose 14%, due to the higher number of movements managed and increased commercial revenues, also due to the entry into operation of the new hangar ("Hangar X") at Linate.

Operating costs totalled Euro 429.6 million, decreasing Euro 16.8 million on the previous year. It is noted that both years featured non-recurring costs: in 2022 totalling Euro 20.3 million (of which Euro 26.4 million for the launch of the new early retirement plan and -Euro 6.1 million for the extraordinary grant to mitigate the increase of electricity cost), while in 2023 amounting to -Euro 2.5 million (of which -Euro 2.3 million as the energy cost grant). Net of non-recurring items, costs were approximately Euro 6 million higher. This increase is due to the absence of the social security schemes in place in 2022 and the expected increase in the salary base in view of the upcoming renewal of the National Collective Bargaining Agreement, the costs related to the increased traffic managed, partially offset by lower energy costs and lower labour cost related to the early retirements plan.

EBITDA was Euro 335.3 million, increasing Euro 45 million on the previous year.

EBIT was **Euro 206.2 million** (Euro 199.5 million in 2022).

The Group Net Profit was **Euro 156.2 million** (Euro 182.5 million in 2022).

Capital expenditure in 2023 was **Euro 114.2 million** (Euro 76.8 million in 2022), highlighting the full resumption of operations.

At **Malpensa Airport**, **Terminal 2** was reopened on May 31, 2023 following the robust recovery in traffic demand, with the main actions focused on the aesthetic and functional upgrading of the terminal and the regulatory-based adjustment of certain facilities.

At **Terminal 1**, the company also carried out works to improve the functionality, safety and comfort level offered to passengers, as well as increasing the capacity of certain sub-systems.



At the **Linate** terminal, the main investments focused on the continued upgrading and standardisation of bathrooms open to the public and the creation of new commercial spaces.

The company also proceeded with the installation of Border Control - Entry Exit System equipment and totems at all terminals, thus complying with EU Regulation 2017/2226.

On the "air-side" infrastructures of both airports, the main works concerned the continued upgrading works of the airside infrastructures and the upgrading works of the perimeter anti-intrusion systems by covering additional sections with sensors and cameras.

The **net financial debt**, including discontinued operations, totalled **Euro 282.3 million**, decreasing Euro 105.8 million on December 31, 2022 (Euro 388.2 million). The improved net financial debt related also to the generation of cash flows from operations, in addition to the receipt of Euro 50.6 million concerning the fees judgement (as indicated above). The net financial debt excluding discontinued operations as per IFRS 5 totalled Euro 285.1 million.

Parent Company SEA figures

The **parent company SEA** in 2023 reported operating revenues of Euro 754.9 million (Euro 728.6 million in 2022), while EBITDA totalled Euro 322.9 million (Euro 280.5 million in 2022), **with a company net profit of Euro 153 million**.

Outlook

The passenger traffic numbers for the initial months of 2024 at Linate and Malpensa confirm the growth trajectory seen in 2023. At airport system level in fact, the figures for the first two months of the year beat both the comparable figures for the previous year and for 2019⁴.

This result is particularly due to Linate which, although on a similar number of movements as 2019, benefited in the initial months of 2024 from the larger size of aircraft (in terms of seats per movements) used by carriers. Extending the comparison to 2023, the initial months of 2024 saw higher traffic volumes, particularly due to the increased number of flights offered by carriers.

At Malpensa, the traffic managed in the initial months of 2024 increased slightly over 2019 due to the use of larger aircraft (in terms of seats available) and an increased load factor, which offsets the still partial recovery of legacy carrier movements. In comparison with 2023, however, traffic increased, driven by connectivity development by the legacy carriers operating at the airport - particularly in the European and long-haul segments. A repositioning of low-cost carrier offerings from the domestic to the international market is also noted.

Based on these developments, 2024 is expected to see a strengthening of international transport demand, with increased connections to existing destinations, in addition to the

⁴ Updated figures at March 15, 2024



launch of new operations. Consistent with the planning for the initial part of the year, the low-cost carriers will focus however on short and medium-haul destinations, with growth in connections to both Europe and non-European destinations.

Cargo volumes in the initial months of 2024 also performed strongly, with volumes well above 2019. In comparison with 2023, on the other hand, greater quantities of cargo transported by passenger flights ("belly") and the freighters segment are noted, while the express segment appears to be contracting.

Against increasing cargo and passenger commercial aviation traffic compared to 2023, a number of uncertainties which may shape the development of air transport over the short-term are noted.

In terms of the geopolitical context, the development of conflicts currently taking place in the European and Middle Eastern areas could further affect passenger traffic flows to and from these regions. Cargo traffic is also likely to be impacted by the development of the tense situation in the Red sea. If sea freight rates on routes through the Suez Canal continue to rise, the use of air transport between eastern markets and Europe could increase, which would also benefit the cargo segment operated at Malpensa.

From an operational point of view, in 2024 the air transport sector may be affected by strikes called by particular trade union categories like the previous year, both in Italy and in other European countries, with impacts on airport operations and, consequently, on the number of passengers handled. Critical issues other than those already observed in the past are however not expected.

Finally, the uncertainties also include a number of economic issues - in particular the development of the energy markets and inflation rates - which may directly or indirectly impact the company's performance.

While traffic and operating results have consolidated, with strong results also confirmed for 2024, management continues to closely monitor developments, periodically updating traffic projections, the prices of commodities and the costs of construction materials.

2023 Non-Financial Report

The Board of Directors of SEA also approved the 2023 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.

Environment

Malpensa and Linate achieved in 2021 the Level 4+ Airport Carbon Accreditation (ACA) certification, the voluntary CO2 emission reduction programme promoted by ACI Europe, which commits to achieving directly generated "Net zero" CO2 emissions by 2050 at the latest.



At the 2023 ACI Europe General Assembly, SEA, along with a small Group of European airports, signed a commitment to achieve "Net zero" by 2030.

In 2023, the direct carbon footprint of the Milan airport system reduced by 37.4% on the previous year, benefiting from the procurement of energy from green sources. Scope 1 and 2 emissions reduced from 106,277 tonnes of CO₂ in 2022 to 66,557 in 2023.

In terms of Scope 3 CO₂ emissions (indirect emissions produced within the airport operator's value chain), in 2023 SEA introduced an economic support programme for the use of Sustainable Aviation Fuel (SAF) at Malpensa and Linate airports. In line with only four other airport operators that have already launched similar programmes in Europe, SEA reports a contribution equal to €500/tonne of "pure SAF" purchased by the companies and effectively disbursed at Linate and Malpensa airports during 2023, in order to cover part of the extra amount that SAF still costs compared to traditional fuel. Also in this area, SEA continued with initiatives to contain emissions from passenger and worker airport access by supporting a shift in travel mode. In 2023, the Forlanini-San Babila section of the Milan Metro Line 4 came into operation, connecting Linate Airport with central Milan in just 12 minutes.

Construction work on the T2- Gallarate railway line also continued. In particular, from March 30 to October 30, 2023, the length of runway 35R/17L was reduced by about 800 metres to allow for the construction of the tunnel that underpasses the runway.

Finally, SEA's commitment to the transition to electric continues: a new ultra fast electric charging station has also been opened at Malpensa.

Last June 8, a decree of environmental compatibility of the Malpensa Masterplan to 2035 with prescriptions (DEC EIA No. 282) was issued by the Ministry of Environment and Energy Security in consultation with the Ministry of Culture.

SEA's commitment to the separate collection of municipal solid waste at its airports was stepped up in 2023. Against a backdrop in which 99.8% of this waste is recycled (separated collection) or converted to energy (used for the production of electricity or thermal energy), at Malpensa the share of separate collection rose to 47.6% (from 41.9% the previous year), while at Linate a significant leap of over 10 points was seen (60.2% vs. 49.1%).

These results were generated through increased controls at waste drop-off points by commercial operators operating at terminals and increased attention and field verification of collection operations carried out by contracted companies.

Quality of service and connectivity

SEA also renewed its membership of the ACI ASQ programme for 2023. Internationally, this has reported a gradual increase in the number of participating airports after a fall during the pandemic.

The programme enables a comparison with the world's leading airports, particularly those in Europe and Italy. Passenger ratings for Malpensa and Linate airports were even stronger. The 2023 figure confirms the improving trend of Milan's airports: the ASQ Overall Satisfaction index reached a score of 4.16 at Linate (4.08 in 2022) and 4.01 at Malpensa (3.93 in 2022).



Passengers opinions were borne out with the receipt for the first time for both Milan airports of the prestigious Airport Service Quality Award (ASQ) from ACI World, having been ranked among the best European airports in 2023 in their respective categories.

The complete recovery in the quality of connectivity service offered by Milan's airports is also underscored by the return of Malpensa to the top 30 best-connected airports in the world. Malpensa has significantly improved its position in this ranking (after losing share during the pandemic), rising from 56th to 27th place (with a connectivity index of 2.61)⁵ and in fact returning to pre-pandemic connectivity levels (in 2019 Malpensa was ranked 28th in the world by connectivity level, with an index of 2.58).

Malpensa was also 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 airport ranks 8th in Europe, with 80.3% (vs. 76.7% in the previous year) of European GDP reachable within a 2-hour travel time⁶.

Equity and well-being in the work environment

The portion of female staff in 2023 increased by 2.5% on the previous year to 32.8% of the workforce.

With a view to making the work environment increasingly dynamic, flexible and inclusive, two projects were launched in 2023.

The first has led to a more flexible use of smart working. The newly introduced policy, while confirming the use of 2 smart working days per week, provides the option of scheduling half days (at the beginning or end of the working day), to distribute the allocation of weekly days on a monthly basis, and increased the allocation for employees with children under 5 by an additional day per week.

An internal working group also conducted the preparatory activities to achieve UNI/PdR 125/2022 gender certification, which was issued in February 2024.

Socio-economic impact⁷

The socio-economic impact of the Milan airports, in particular the Malpensa Cargo City, was confirmed in 2023 as very significant for the entire productive system of northern Italy.

The overall consequences in economic value terms of the Milan airport system on the region was approximately Euro 47.5 billion, corresponding to a capacity to create slightly under 285 thousand jobs.

The import-export values (57.7 billion, +2.5 billion over the previous year) that transited through Malpensa in 2023 correspond to approximately 4.6% of Italian foreign trade, which in 2023 was Euro 1,241 billion.

The Malpensa Cargo City handled 11.6% in value of all domestic exports to countries outside the EU.

⁵ Source: ICCSAI Fact Book 2023 – 2022 figures

⁶ Source: ICCSAI Fact Book 2023 – 2022 figures

⁷ Source: "Observatory on Milan Airports" - LIUC BS on ISTAT Coeweb data



For the furniture/furnishings, fashion/clothing and mechanics sectors, Malpensa's share of total Italian exports was 16.8%, 15.3% and 7.5% respectively.

We finally highlight that the cargo moved in 2023 by Malpensa's Cargo City represents 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 and over one-third of furniture/furnishings exports to these markets, and a quarter of exports of the mechanical sector to East Asia.

Calling of the Shareholders' AGM

The Board of Directors of SEA called the Shareholders' AGM in ordinary session for April 29, 2024 in first call and, where required, in second call for May 6, 2024, to consider the following motions:

1. Resolutions as per Article 2364, paragraph 1, No.1 of the Civil Code and consequent and related deliberations.
2. Distribution of available reserves.

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