

SEA BOARD OF DIRECTORS APPROVES 2021 SEPARATE FINANCIAL STATEMENTS AND NON-FINANCIAL REPORT

SEA Group's results show signs of recovery

Passenger traffic: 13.9 million, up 46.9% (39.5% of pre-COVID traffic)

Cargo Transported: 743 thousand tonnes (+45.1%)

Operating revenues: Euro 325 million, up 31.9%

EBITDA: Euro 31.7 million (loss of Euro 31.1 million in 2020)

Group Net Result: loss of Euro 75.1 million (loss of Euro 128.6 million in 2020)

Net Financial Debt: Euro 654.8 million (increasing Euro 28.1 million)

Milan, March 25, 2022 - The Board of Directors of SEA S.p.A. has today reviewed and approved the separate financial statements of SEA S.p.A., the consolidated financial statements of the SEA Group and the 2021 Consolidated Non-Financial Report.

Traffic

The Milan airport system managed by SEA in 2021 served **13.9 million passengers, up 46.9%** on the previous year.

Although 2021 was a year again characterised by the COVID-19 pandemic, slight signs of recovery emerged, supported by the vaccination campaigns that allowed for the easing of travel restrictions.

Commercial aviation saw a recovery: annual growth for movements in 2021 of 34.5% (including also cargo activities), while passengers were up 46.8% (+4.4 million). Load factor of 63%, increasing 5 percentage points on 2020.

Malpensa Airport managed 9.6 million passengers (33.3% of 2019), up 32.9% on 2020. Linate airport meanwhile served 4.3 million passengers (66% of traffic operated in 2019 - a year in which the terminal was inactive for 3 months), increasing 91.3% on 2020 (in 2020 Linate airport was closed between March 16 and July 15).

General aviation, through the Linate Prime and Malpensa Prime terminals, overall managed 27,253 movements in 2021, up 74.1% on the previous year, increasing also on 2019 (+11.2%).





The cargo segment outperformed 2019 with 743,000 tonnes of cargo transported (+45.1%). These results confirm Malpensa Cargo City's role as a primary hub for import and export trade domestically and as a logistics base for the operator DHL.

Consolidated Key Financial Highlights

Introduction

In line with IFRS 5, following the decision of the parent company to sell 100% of the company SEA Energia, the Energy business was treated as a Discontinued Operation. Therefore, in the 2021 income statement and, for comparative purposes, in that of 2020, the income and expense items were reclassified under the item "Net Result from Discontinued Operations". In the statement of financial position, the discontinuity of the Energy business is expressed exclusively through the presentation of the assets and liabilities as at December 31, 2021, attributable to the legal entity SEA Energia, in the "Assets held-for-sale" and "Liabilities related to assets held-for-sale" lines of the consolidated statement of financial position, while no restatement of the comparative period is required. Therefore, the items shown below do not include the related items attributable to the Energy business.

Operating revenues in 2021 totalled **Euro 325 million**, up 31.9% (+Euro 78.7 million on 2020).

The strong performance stems from the traffic recovery from June. H1 2021 revenues decreased (-23.1%) on the previous year, while rising significantly in H2 (+98.7%). The increase in operating revenues was across all business segments. Aviation revenues grew Euro 50.9 million, with non-aviation revenues increasing Euro 24.8 million and general aviation revenues up Euro 3.0 million.

Operating costs totalled Euro 295.7 million, increasing Euro 15.8 million on the previous year, mainly due to the higher variable costs related to traffic volumes and the increase in energy costs in the second half of the year.

EBITDA reported a **profit** of Euro 31.7 million, compared to a loss of Euro 31.1 million in the previous year.

EBIT reported a **loss of Euro 80.8 million**, compared to a loss of Euro 134.8 million in 2020.

The Group Net Result was a **loss of Euro 75.1 million**, decreasing Euro 53.5 million on the loss for the previous year (Euro 128.6 million).

The Net Result of Discontinued Operations was a profit of **Euro 2.1 million**, increasing on Euro 1.4 million in the previous year.



2021 **Investments**, excluding Energy business investments, totalled **Euro 49.9 million**, down on recent years due to the review and restructuring of the investment plan, based on the new traffic situation and the postponement of a series of not-strictly-necessary activities, following the COVID-19 emergency.

Works at **Malpensa** airport regarded the upgrading of existing areas and projects linked to the objectives of maintaining and increasing the airport's levels of safety and operating functionality. Of particular note is the extraordinary maintenance work on runway 17L/35R, with the extensive upgrading of the surface for approx. two-thirds of its length, the taxiways and the aircraft aprons.

At **Linate** the main investments concerned the completion of the new "F building" of the passenger terminal: new smart security lines were created to optimise flows and increase the quality of the service offered to passengers, new commercial areas were opened on the first floor and a new food&beverage area on the second floor; finally, the upgrading of the terminal check-in areas and the creation of new vertical connections with the M4 station were completed.

Despite the particular period, the SEA Group invested in innovative projects such as the completion of an airport Digital Marketplace and the adoption of Biometric technology for seamless passenger services.

The net financial debt of Euro 675.4 million (including discontinued operations) increased Euro 48.7 million on December 31, 2020 (Euro 626.7 million). The ongoing crisis has had an impact on cash flow from current operations, which, although resulting in cash generation due to careful management of working capital, has not permitted the funding of investment and debt servicing. **The net financial debt, excluding discontinued operations as per IFRS 5, totalled Euro 654,835 thousand, increasing Euro 28,109 thousand on December 31, 2020, due to the recognition of the cash pooling receivable from the subsidiary SEA Energia.**

Parent Company SEA S.p.A

The **Parent Company SEA S.p.A.** reported revenues in 2021 of Euro 343 million, up 27.1% on the previous year. EBITDA was Euro 25.3 million, with **the company's net loss totalling Euro 80.3 million.**

Outlook and significant events

The operating and industrial environment in which SEA will operate in 2022 continues to feature a significant level of uncertainty.

After signs of optimism emerging until October 2021, over recent months infection levels have risen sharply globally, mainly due to the arrival of the new "Omicron" Sars-Cov-2 variant: various studies indicate that this variant is significantly more contagious than the previous mutations of the virus.

Despite the increase in the vaccinated population, the effects of the new variant and the restrictive measures launched by governments have had and continue to have clear effects on passenger traffic. While December 2021 "benefited" from bookings made in the previous months and tourists over the Christmas break, January and February 2022 in fact saw a reduction of 52% and 43% respectively compared to 2019, the last year before the pandemic, compared with the 40% reduction in the last quarter of 2021.

Regarding traffic to and from non-European countries, following the acceleration of vaccination campaigns, a gradual loosening of international restrictions is expected, enabling a recovery in passenger traffic in the second half of the year and, in particular, during the summer season.

A further element of uncertainty is represented by the conflict between Russia and Ukraine, which began on February 24, 2022, as a result of which the European Union has imposed sanctions on Russia that have affected the country's economy. Among the sanctions introduced, those with the greatest impact on international traffic are the closure of air space (EU, USA and Canada) to Russian carriers, the suspension of airworthiness certificates for leased/hired aircraft operated by Russian carriers, and limitations on the issue of post-maintenance and repair certificates to the same carriers.

In response to these sanctions, the Russian Federation banned European carriers from flying over its airspace, thereby making the operation of routes to Asia more onerous (due to the lengthening of the routes to be flown) and creating a possible obstacle to the recovery of traffic.

In addition, in order to ensure the safety of civilian flights, since February 24, the European authorities Eurocontrol and EASA have declared at risk the areas affected by the conflict and have banned their overflight.

Preliminary analysis and initial findings regarding traffic performance indicate a limited impact of these measures on passenger and cargo traffic within the Milan system. The routes to and from the areas directly or indirectly affected by the conflict have in fact a limited weight on the traffic forecast for 2022: the Covid limitations have already affected this network segment, which has gone from 839 thousand to 473 thousand passengers handled in one year.

An indirect effect of the conflict was the exacerbation of the increase in the cost of raw materials and energy commodities, which was already in train prior to the outbreak of the conflict. In this context, SEA is particularly exposed to the volatility of energy costs (methane and electricity in particular) as well as to the increase in the price of construction materials.

The timeframe and manner for emerging from the current emergency situation is currently not clear, although it is considered to be a cyclical issue.

Management continues to closely monitor the evolution 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 economic and financial impact deriving from the above phenomena. A series of initiatives is already underway (e.g. use of social shock absorbers) and others will be undertaken to limit cash absorption and ensure the Group's economic and financial sustainability.

On the one hand, 2022 will be characterized by the reduction in cash flows expected due to the increase in energy costs and the slow recovery of traffic, on the other hand it will benefit from the grants allocated to airport operators to partially compensate the losses incurred and the income from the sale of the equity investment in SEA Energia expected within the first half of the year.



Significant events after the year-end

As set out by the Implementing Decree published in the Official Gazette on December 28, 2021, on January 27, 2022, SEA submitted an application to obtain the grant provided for by the 2021 Budget Law and intended for airport operators and ground handling service providers, thus initiating the procedural process aimed at the recognition of the contribution.

On March 8, 2022 an advance payment (Euro 67.8 million) of 50% of the amount requested was made.

On March 7, 2022 the resolution of the Lombardy Regional Council was published, as a measure to tackle the crisis resulting from the COVID-19 emergency in support of Lombardy's airports of national interest belonging to the TEN-T networks, specifically the airports managed by Sea Spa and SACBO. The expected grant totals Euro 10 million.

2021 Non-Financial Report

The Board of Directors of SEA S.p.A. also approved the 2021 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 Global Reporting Initiative standards and focuses primarily on “material” topics, integrated with business objectives.

Among the key sustainability performance highlights relating to material topics, the following are of particular note:

The environment

In 2021 Malpensa and Linate achieved the highest level (4+) of certification of Airport Carbon Accreditation (ACA), the voluntary CO2 emissions reduction program - subscribed to by approx. 200 of the continent's airports - promoted by the European airports association ACI Europe. Milan's airports are now among the 9 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".

Full decarbonization of all airport operations under SEA's direct control is expected by 2030.

Significant infrastructural works of high environmental quality have been carried out at both airports. These principally included:

- The extraordinary maintenance of runway 17L/35R at Malpensa was carried out by reusing 80% of the demolition material from the previous surface with considerable savings in the use of materials and in the CO2 emissions produced by their transport (-20% compared to the process without re-use).
- The upgrading of all floodlights in the Malpensa airside area, and of the LVA's (Luminous Visual Aids) replaced on the 17L/35R runway, was carried out using



lamps with LED technology, with a significant impact on the energy efficiency levels of these systems (cutting consumption and emissions 50%).

- The new "F building" of the Linate passenger terminal was built to high standards of environmental impact minimization, as evident in the achievement of *BREEAM-in use Excellent* level certification. Also in this case, the use of LED's halved energy needs and lighting-related emissions.

In addition to renewal of the certifications regarding the integrated energy, environment and safety management system (Iso 50001 for energy efficiency, Iso 14001 for environmental management and Iso 45001 for worker health and safety), anti-corruption (Iso 37001) and Hygiene-Synopsis and Airport Health Accreditation (relating to prevention and safety measures regarding Covid-19), in 2021 the Milan airports obtained Make it Sustainable certification, which defines standards of excellence in the containment of energy consumption and waste recovery in all maintenance processes, in collaboration with the value chains of contractors and suppliers.

Service quality

The level of satisfaction expressed by passengers with the services offered by Milan's airports rose sharply in 2021. Thanks to completion of the terminal upgrading project, the customer satisfaction index at Linate airport rose by 5 percentage points to 80.9%. Malpensa also improved by almost 2 points over 2020, to 75.8%.

In terms of the quality of the air connectivity of the Milanese airport system, the rise of the "freighter" phenomenon (passenger aircraft adapted for cargo service) during a period characterized by a drastic drop in passengers, allowed Malpensa airport to enter for the first time the top ten busiest airports in Europe in terms of WLU (transport unit that considers both passengers and cargo), ranking 9th.

Well-being and safety in the workplace

The introduction of smart working in 2018 has proven to be a key organisational resource in 2021 as well, allowing for operational flexibility and safe working arrangements for over 97% of people with agile-compatible activities during the most critical phases of the pandemic. In 2021, there were 736 smart working workers and 30,502 days worked outside the office.

Socio-economic impact

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

The overall consequences on the region had a value of approximately Euro 28 billion, corresponding to a capacity to create over 215 thousand jobs.



The import-export values (42.9 billion, +6.4 billion over the previous year, +0.7 billion over 2019) that transited through Malpensa in 2021 correspond to about 4.6% of Italian foreign trade, which rebounded by 19% in 2021 after the collapse in 2020 to Euro 937.7 billion.

The Malpensa Cargo City handled 10.5% in value 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 14.2%, 13.2% and 6.8% respectively.

Finally, in 2021 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.

Shareholders' AGM Call

The Board of Directors of SEA called the Shareholders' AGM in ordinary session for April 28, 2022 in first call and, where required, in second call for May 3, 2022, to consider the following matters: approval of the financial statements at 31.12.2021 and proposal to cover the loss for the year; appointment of the Board of Directors; appointment of the Board of Statutory Auditors and establishment of the remuneration of the directors and statutory auditors.

The call notice of the Shareholders' AGM will also be published in accordance with law on the www.seamilano.eu website and will contain appropriate provisions to allow, with the cooperation of shareholders, the holding of the shareholders' meeting in relation to the continuing COVID pandemic, which still requires caution for movements and gatherings.