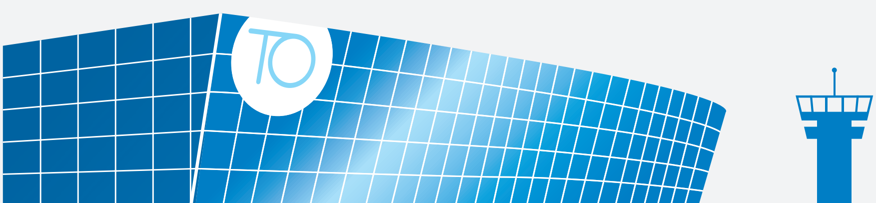
FINANCIAL STATEMENTS AND DIRECTORS' REPORT
2020



TORINO AIRPORT

SAGAT


TO

SAGAT - FINANCIAL STATEMENTS AND DIRECTORS' REPORT 2020

FINANCIAL STATEMENTS AND DIRECTORS' REPORT AT DECEMBER 31, 2020

1. MEETING OF SHAREHOLDERS

FIRST CALL 14/05/2021

SECOND CALL 19/05/2021

2. AGENDA

FINANCIAL STATEMENTS AS AT 31/12/2020

SAGAT S.p.A.

Società Azionaria Gestione Aeroporto Torino
Strada San Maurizio, 12
10072 Caselle Torinese (TO)
www.torinoairport.com

Share capital € 12,911,481 fully paid in
Company subject to the management and coordination of the company 2i Aeroporti S.p.A.
Economic Administrative Register (R.E.A.) no. 270127
Register of Companies of Turin, Tax ID and VAT no. 00505180018

General contents

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Letter to the Shareholders

Dear Shareholders,

Turin Airport in 2020 served 1,407,372 passengers, down 2,544,786 (-64.4%) on 2019. Such traffic numbers were entirely due to the Covid-19 outbreak emergency, in response to which the Authorities of almost all countries imposed severe mobility restrictions, with a consequent direct impact on air passenger traffic.

Faced with this unprecedented crisis, the SAGAT Group's actions have primarily focused on ensuring the airport's operability, the prevention of infection among all airport users and the provision of a safe travel experience - taking all possible measures to offset the financial impacts from the drop in aircraft movements and passengers carried.

The setting up of cross-departmental work groups to co-ordinate operations during this emergency, the opening of the airport Covid Test Point - the first in Italy available to the general public - the consistent flow of information on all platforms for passengers and the airport community, the extensive dialogue with all partners and suppliers and the almost immediate introduction of remote working are just a few examples of the organisational effort which shone through in 2020.

The commitment of all employees to also bring innovative digital solutions to tackle the pandemic - while never failing to listen to passengers - alongside a focus on our communities, saw Turin Airport receive ACI Europe's "Best Airport 2020" award in the 2 - 5 million passenger category.

This recognition is even more prized as achieved amid major changes, including utilisation of the Extraordinary Temporary Lay-off Scheme, on which the SAGAT Group needed to rely for the first time.

Investments were also completely reviewed in 2020 in view of the Covid-19 outbreak and the impacts on passenger traffic. Together with safety and security, a priority was placed on investments in support of the health emergency effort and overall totalled Euro 4,153 thousand.

The SAGAT Group - in spite of this situation - maintained its full commitment to the environment and the community to cut the carbon emissions within its control to zero by 2050: Level 2 (Reduction) of the "Airport Carbon Accreditation" environmental sustainability programme promoted by the Airports Council International (ACI) was in fact achieved, which requires the drawing up of a plan to halve over the coming 2021-2023 three-year period CO_2 emissions on the 2017 base year, having already in the 2017-2019 three-year period cut CO2 emissions by 1,350 metric tonnes (over 10%) and reaching 75% of electricity from renewable sources (certificates of origin ("GO") in the second half of 2020, against 20% in the first half of the year.

Consolidated revenues were naturally impacted by the drop in traffic and totalled Euro 26,583 thousand, down Euro 46,661 thousand on 2019. The reduction in costs only partially offset the loss of revenues in view of the overheads required to maintain the operability of infrastructure. Personnel and operating costs in fact overall decreased by Euro 14,489 thousand. 2020 therefore reports a consolidated net loss of Euro 18,565 thousand.

The funding lines required to support the absorption of liquidity for the airport's functioning and the investments executed were drawn down in 2020. Liquidity of approx. Euro 16,808 thousand was absorbed in 2020, with the Net financial position decreasing to a debt of Euro 7,319 thousand, compared to a cash position of Euro 9,489 thousand at December 31, 2019.

This Directors' Report, which accompanies the Financial Statements at 31/12/2020, was drawn up in accordance with Article 2428 of the Civil Code and presents the Directors' observations on the operating performance and main events in 2020 and those subsequent to year-end.

The operating and financial results for 2020 are compared with the year ending 31/12/2019.

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Group directors' report

at December 31, 2020

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2020 **SAGAT GROUP HIGHLIGHTS**

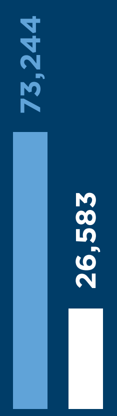
TRAFFIC

Turin Airport in 2020
served 1,407,372 passengers,
down 2,544,786 (-64.4%) on 2019.

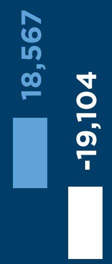
1,407,372
PASSENGERS IN 2020

KEY FINANCIAL HIGHLIGHTS

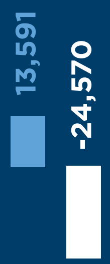
The Group key financial highlights for 2020 compared with the previous year are reported below.



Revenues (*)
totalling Euro 26,583 thousand, decreased by 63.7% compared to Euro 73.244 thousand from 2019.

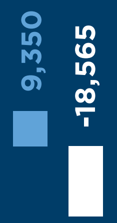


EBITDA
Loss of Euro 19,104 thousand, with a reduction of 202.9% compared to Euro 18,567 thousand from 2019..



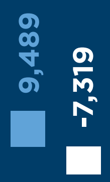
Profit (loss) before taxes
Loss of Euro 24,570 thousand, with a reduction of 280.8% compared to Euro 13,591 thousand from 2019.

(*) Net of revenues for secondment of personnel to third parties.



Net profit (loss)
Loss of Euro 18,565 thousand compared to Euro 9,350 thousand from 2019.

Investments
Euro 4,153 thousand have been invested during the year



Net Financial Position
Loss of Euro 7,319 thousand, with a reduction of Euro 16,808 thousand from 2019.

2019 2020 Euro thousands

Covid-19 highlights

2020 traffic and the operating-financial performance was critically impacted by the Covid-19 outbreak emergency, in response to which the Authorities of almost all countries imposed severe mobility restrictions, with a consequent direct impact on air passenger traffic. Many Italian regulations have directly and indirectly shaped airport operations (see Annex at the end of this document). They include the Decree issued by the Ministry for Infrastructure and Transport of March 12, 2020 which, restricting operations to a limited number of airports (including Turin), required our airport to provide operational continuity, even during periods of substantially zero traffic.

Very few legislative **measures** were introduced to **support the airport sector**, except for:

- **article 202 of Law No. 77/2020**, which extended the Airport Conventions by two years (for SAGAT S.p.A. from 2035 to 2037);
- **article 1, paragraph 715, of Law No. 178/2020** (State budget for the 2021 financial year and long-term budget for the 2021-2023 three-year period, "2021 Budget Law"), which established at the MIT a Euro 500 million fund, with Euro 450 million allocated to airport management companies and Euro 50 million to the Handlers sector. As this provision requires the Government's adoption of implementing measures, in turn subject to checks on compatibility with EU state aid rules, its effects are not apparent in the 2020 results.

The circumstances - extraordinary in nature and extent - in which the SAGAT Group companies have had to operate, have had direct operating impacts. For the first time in the Group's history, the Temporary Lay-off Scheme was introduced, involving all personnel meeting the applicable requirements and an extraordinary cost-cutting plan was introduced, together with changes of supplier contractual terms.

EXTRAORDINARY OPERATING MEASURES

TEMPORARY LAY-OFF SCHEME

COST-CUTTING PLAN

CHANGES OF SUPPLIER CONTRACTUAL TERMS

The main **actions taken** to tackle the **health emergency** were:

• We created a working **group dedicated to Worker Health and Safety**, which drew up protocols and took all actions necessary to prevent employee infection, together with the Workplace Safety Committee, on which the workers themselves sit.

• Before becoming mandatory, we created a "**Covid Action Group**", which co-ordinated the management of operations during the pandemic to ensure the avoidance of gatherings, social distancing, the sanitisation of spaces and passenger and airport community communication. The Group comprises SAGAT Group employees from a range of company departments (Operations, Planning, Safety, IT, Innovation, Communication).

• We undertook a ***specific health insurance policy*** for employees contracting Covid-19 and available to all SAGAT Group employees.

• We introduced **remote working** for 100% of the workforce whose duties permit.

• We were awarded **Airport Health Accreditation**, a certification issued by Airports Council International (ACI), which assesses the health measures and procedures introduced by airports in view of the Covid-19 pandemic, in accordance with the recommendations issued by the International Civil Aviation Organisation, the European Agency for air safety, the protocol of the European Centre for disease prevention and control (ECDC - Aviation Health Safety Protocol) and the ACI Europe guidelines.

• The **passenger experience** was made touchless and paperless to contain infections and we introduced new and more direct communication channels.

• We were the second airport in Italy to set up mandatory swab points and the first to introduce a **Covid Test Point** for the general public.

• We never ceased to **listen to passengers** ("The voice of the customer" recognition) and the community at large (Covid emergency support donations).

• We incurred costs and **investments** related to the **pandemic's prevention** totalling Euro 329 thousand. These included: the setting up of 2 stands for pedestrian boarding, the installation of 9 thermo scanners at the Terminal's entry points to check passenger and operator temperatures; 2 sprayers for sanitising the environment, 55 plexiglass walls; 3,500 disposable plastic bags per day for passenger belongings at security desks; 2,200 passenger distancing stickers; 40 hand sanitising gel dispensers.

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Many of these activities, together with the speed at which they were rolled out and their degree of innovation, led Turin Airport to win **ACI Europe's Best Airport 2020** award in the 2-5 million passenger category.

ACI Europe's Best Airport 2020
award in the 2-5 million passenger category

OUTLOOK

The pandemic's impact unfortunately did not end in 2020, with international passenger traffic in fact dropping 97.3% in the January-March 2021 period, while domestic traffic - which continues to be shaped by the prohibition on inter-regional movements - saw a decline of 71.5%. Traffic in the coming months shall continue to be heavily impacted by infection rates, the containment measures introduced in Italy and in the countries connected to Turin by air, including the mobility restrictions, the availability of vaccines and the ability of states to effectively organise vaccination campaigns.

Traffic forecasts and for the SAGAT Group's operational performance for the remainder of 2021 are difficult to make in view of their inherent uncertainty. ACI Europe estimates this year a possible recovery in traffic volumes of between 36% and 44% on 2020 - while remaining highly dependent on the vaccination campaigns. Against this backdrop, Turin airport domestic traffic is expected to recover from the end of the first half of the year, with however a return of international transport only emerging in the second half of the year.

In order to ensure financial and social sustainability, the Group will continue to take all possible cost-cutting measures compatible with maintaining the airport's full operability, including use of the Extraordinary Temporary Lay-Off Scheme in place since March 23 and currently expected to run until June 13, in addition to all social support measures (where required) subsequent to this date.

JANUARY
FEBRUARY
MARCH
2021

INTERNATIONAL TRAFFIC
-97.3%

DOMESTIC TRAFFIC
-71.5%

ACI EUROPE ESTIMATES
2021
+36% / +44%
ON 2020

1.1
SAGAT S.p.A. Shareholders and corporate boards

The shareholder structure at December 31, 2020 is unchanged on the previous year, as follows:

Shareholder	Ordinary shares	Nominal value	%
2i Aeroporti S.p.A.	2,259,019	€ 11,656,538	90.28%
Tecno Holding S.p.A.	169,028	€ 872,184	6.76%
SAGAT S.p.A.	74,178	€ 382,758	2.96%
TOTAL SHARE CAPITAL	**2,502,225**	**€ 12,911,481**	**100%**

The company holds 74,178 treasury shares (2.96% of the share capital), with a total nominal value of Euro 383 thousand.

The company did not purchase or dispose of shares of the parent company in the year, even through trust companies or nominees.
At December 31, 2020, the company did not hold shares of the parent company, even through trust companies or nominees.

Corporate boards at December 31, 2020

The Board of Directors and the Board of Statutory Auditors were appointed by the Shareholders' Meeting of May 17, 2019. Their mandate will conclude with the approval of the 2021 Annual Accounts.

BOARD OF DIRECTORS

Elisabetta OLIVERI	Chairwoman
Andrea ANDORNO	Chief Executive Officer
Rita CICCONE	Director
Jean Jacques DAYRIES	Director
Antonio LUBRANO LAVADERA	Director
Paolo MIGNONE	Director
Laura PASCOTTO	Director
Daniele RIZZOLINI	Director

BOARD OF STATUTORY AUDITORS

Roberto NICOLÒ	Chairman
Piera BRAJA	Statutory Auditor
Ernesto CARRERA	Statutory Auditor
Lorenzo GINISIO	Statutory Auditor
Egidio RANGONE	Statutory Auditor
Alessandro COTTO	Alternate Auditor
Maddalena COSTA	Alternate Auditor

1.2 Regulatory framework

ENAC convention

On October 8, 2015, SAGAT S.p.A. and ENAC (National Civil Aviation Authority) signed the Convention governing relations for the management and development of airport operations at Turin Airport, covering the design, execution, award, maintenance and use of key plant and infrastructure.
The duration of the Convention, initially stipulated until August 3, 2035 (concluding date of the extension of private airport management as per Law No. 187 of February 12, 1992) was subsequently extended by two years, until 2037, in accordance with Article 202 of Law No. 77/2020 concerning *Urgent measures regarding health, employment and economic support, in addition to social policies related to the Covid-19 emergency*. The above extension is effective ope legis, as clarified by ENAC through its communication of January 19, 2021.

The Convention in addition, at introduction No. 22, establishes that "*where SAGAT - close to the conclusion of the current extension permitted under special Law No. 187/1992 until August 3, 2035 - requires an extension of the duration of the full management of Turin Airport for an additional 20 years, ENAC, on presentation of a programme of measures by the concession holder, and having given its approval, following the completion of the required preliminary formalities, will permit an extension to the full management for a period of an additional twenty years*".

Regulatory agreement

In order to initiate the process for the signing of the Regulatory Agreement for the 2020-2023 period, on June 24, 2019 the company presented to ENAC the Four-Year Action Plan, traffic forecasts, the Financial Plan, the Quality Plan and the Environmental Protection Plan, receiving a favourable technical opinion with note No. 0091615-P dated August 1, 2019.
In order to receive information and assessments from interested parties, as per the due process and transparency of administrative action rules and in application of Directive 12/2009/EC and the updated tariff models approved by the Transport Regulation Authority with Motion No. 92/2017 of July 6, 2017, the company, following the issue of the above favourable technical opinion by ENAC's competent structures, submitted the following consultation documents:

- Traffic forecasts for the contractual period;
- Four-Year Action Plan and the relative timeline, indicating the works, where existing, of particular significance for the airport's development and to which the increased rate of return (WACC) will be applied;
- Quality Plan;
- Environmental Protection Plan.

The Regulatory Agreement for the new regulatory period has not yet been signed by the Parties, although SAGAT S.p.A. has expressed its wish for a prompt definition and completion of the relative process.

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The latest outline of the Regulatory Agreement in fact - approved by ENAC with Motion No. 20/2018 of October 2, 2018 - contains at Article 19, paragraph 1 a dispute waiver clause which the company considers unapplicable, as detrimental to the right of legal protection guaranteed by Articles 24 and 113 of the Constitution.

In light of that outlined above, on August 8, 2019, SAGAT S.p.A. communicated an extraordinary appeal to the Head of State as per Article 8 of Presidential Decree No. 1199/1971, requesting cancellation of the above ENAC Motion, regarding the section providing for the inclusion of the article in question in the framework, in addition to the annulment of the framework.

At the meeting of November 18, 2020, the Council of State issued a favourable opinion on the appeal, in accordance with Article 12 of Presidential Decree No. 1199/1971, considering the disputed clause to exceed the physiological limits within which the waiver of litigation may be permitted, assigning ENAC the duty to revise it, with the direct involvement of SAGAT S.p.A. The case has not yet concluded, given that a decision is awaited, which should be adopted by Presidential Decree of the Republic on the proposal of the competent Ministry, whose decision must agree with that of the Council of State.

Tarrif-setting process

The process to review the tariff applied to Turin airport for the 2020-2023 period was concluded in 2019. In particular, the Transport Regulation Authority (hereafter TRA), with Motion No. 145 of November 20, 2019, considered the proposed review of Airport fees presented by SAGAT S.p.A. as compliant with the Airport Fees Regulation Model approved by the TRA with Motion No. 92/2017 (hereafter the Tariff Model), subject to the application of certain corrections to be applied to the tariffs that came into force on January 10, 2020 and on a temporary basis until March 28, 2020.

The fees for the entire tariff period, which incorporated the indicated corrections, were approved by the TRA with motion No. 12/2020 of January 31, 2020 and entered into force on March 29, 2020.

According to the Tariff Model, in 2020 the company drew up the "Annual Disclosure Document" to provide the User with appropriate updates on the elements considered to update the airport fee levels for 2021. This Document was made available to the User through publication on September 30, 2020 on the Turin Airport website and was outlined, shared and approved during the annual meeting of Users held by video-conference on October 29, 2020.

1.3
General economy and air transport sector overview

General economy

The Covid-19 pandemic features strongly in the 2020 general economic overview, with this exceptional and unpredictable event having dramatic impacts on global socio-economic development.

In order to limit the spread of the virus, every country adopted during the year a series of containment measures in line with the severity of the health emergency. These measures imposed by national governments had a significant impact on economic activity and global trade, interrupting production supply chains and affecting the demand for goods and services.

On the basis of the International Monetary Fund's figures, global GDP in 2020 was down 3.5% on 2019. The contraction was above average for the advanced economies (-4.9%), while was 2.4% for the emerging economies.

The GDP of the leading economies contracted sharply in Q1, with a significant decline in international trade. The drop in demand was due to interrupted tourist traffic and a slowdown on the procurement channels. The second quarter of the year saw the substantial stoppage of activities and, although a slight respite was apparent in the summer, the uptick in infections and the emergence of new variants in the final quarter of the year led to a further generalised slowdown.

The effects of the pandemic have therefore given rise to increased uncertainty, already affected by developing tensions between the United States and China and the uncertainty stemming from the agreement between the UK and the European Union as a result of Brexit.

Eurozone GDP dropped 7.2% on 2019[1] and the effects of the pandemic on economic activity and on prices have persisted for longer than initially anticipated. The European Central Bank Governing Council broadened and lengthened its monetary stimulus to ensure favourable financial conditions for all sectors for as long as required, in order to ensure full support for the economy and inflation. The European countries responded quickly to the pandemic, helping to avoid worse outcomes. Governments across the continent have provided extensive fiscal supports to households and businesses, with employment maintenance schemes protecting at least 54 million jobs. The International Monetary Fund 2021 forecasts indicate a recovery of 4.7%[1].

The IMF's figures for **Italy** point towards an annual GDP contraction of -9.2%[1]. The pandemic outbreak in Italy at the end of February and the measures adopted in response had significant impacts on economic activity in the first quarter: industrial production and overseas business orders dropped; the outbreak resulted in a halt to international tourist arrivals into Italy and Italian business inflation expectations weakened. Inflation had impacts on jobs, which were mitigated by utilisation of the Temporary Lay-off Scheme. The second quarter of 2020 saw a further drop in output, while the Government introduced lending supports for enterprises. GDP reported higher-than-expected growth in the third quarter of 2020, indicating the country's significant ability to recover. The second wave of the pandemic - as for other Eurozone countries - however resulted in a fresh contraction in Q4: on the basis of the available indicators, Bank of Italy figures currently estimate this drop around 3.5%[2], although a very high degree of uncertainty surrounds this estimate.

In terms of the 2021 outlook, the Bank of Italy's[2] figures indicate a slight recovery in business confidence, thanks to the start-up of the vaccination campaign at the end of 2020. While on the one hand businesses are looking towards ramping up their investment plans for 2021, on the other households are still reticent to contract services in fear of infection, rather than as a result of governmental restrictions.

2020 saw the introduction of income and business support measures to protect jobs. According to the latest data presented in the INPS[3] annual report, a series of measures introduced resulted in a spend of over Euro 27 billion in the March-September period, with over two-thirds regarding the suspension of employment (Lay-Off Scheme). The utilisation by businesses of the Lay-Off Scheme was unprecedented: to highlight only a few numbers by way of example, in March 2020 over 4.2 million workers were placed in the Temporary Lay-Off Scheme, for an average of 69 hours. In April, at the height of the mobility restrictions, this number rose to 5.3 million, with an average of 108 hours supplemented. In May, both the number of beneficiaries and the average number of hours supplemented began to decline. Subsequently, between June and September, the number of beneficiaries consistently decreased to slightly over one million in September. The average number of monthly hours supplemented however stabilised from June at 60-70.

The recovery in new jobs was substantially interrupted in November, highlighting a gap with the same period of the previous year and particularly for young people and women.

Looking finally to **Piedmont's** economic environment, 2020 was undoubtedly a very difficult year for our region. The downturn in Piedmont's industrial sector continued in 2019 and the pandemic and the consequent containment restrictions further impacted the situation in 2020.

The average contraction in manufacturing production for the entire year of 2020 was -5.9%[4] - inevitably worsening on the annual average decline of 0.5% in 2019. Encouraging signs however emerged in the final three months of 2020. A number of sectors have seen a return in growth. Large enterprises have once again begun to develop and overseas market buoyancy has driven orders. 29.5% of Piedmont's manufacturing enterprises in 2020 made investments, with 29.8% refraining from doing so as a result of the pandemic, while 40.7% would not have done so anyway. If in previous years there was a close correlation between output and revenue growth and a propensity to invest and innovate, 2020 saw greater resilience among those enterprises who in spite of everything were able to invest and innovate, against those who could not or who were not inclined to do so.

International trade[5] suffered heavily from the Covid-19 pandemic. Piedmont's exports in 2020 were worth Euro 41 billion, down 12.7% on 2019 (national average of -9.7%). Imports fell 13.5% on the previous year. The value of goods imported into Piedmont dropped to Euro 27.9 billion.

The trade balance remains positive at Euro 13.1 billion, decreasing by approx. Euro 1 billion on the previous year (Euro 14.1 billion). According to the Piedmont Chamber of Commerce's figures, the number of new businesses[6] saw a decline in 2020. 20,942 businesses were created in Piedmont in the year, decreasing 19.4% on 25,972 registrations in 2019. Net of 21,913 closures (-20.3% on 27,489 in 2019), the balance decreased (-917 units), with this trend perpetuated by the slow and ongoing erosion of the local business base.

In terms of tourism, the provisional figures of the Covid impact on tourism in Piedmont indicates in 2020 a 54% decline in overnight stays and of 58% in arrivals on 2019, in line with the national figures. More encouraging signs however emerged in the summer, with a strong recovery after the lockdown and arrivals declining a more contained 36% and stays reducing only 38%, with an improvement again in August to -27%. Piedmont, which enjoys winter snow tourism, contained in the initial two months of 2020 the drop in tourism numbers. At the end of the winter season in March however, a considerable decline occurred as a result of the restrictions imposed on movements between countries and regions. These repercussions were also evident at year-end with the Christmas holidays: due to a fresh outbreak in infections from the end of October and the entry into force of nationwide containment measures, this key segment did not benefit from a recovery in snow tourism. *

Air transport market

The European air transport sector in 2020 reported a contraction in traffic of 1.72 billion passengers on 2019, reducing to 1995[1] traffic levels. These figures are reported by ACI (Airports Council International) Europe which has summarised the effects of the pandemic on Europe's Aviation Sector in the year just concluded. The drastic and dramatic impact from the Covid-19 pandemic hit all air transport sectors, from the low cost to full service segment and from the cargo to charter segments, generating in Europe alone a 70.4% drop in traffic on the previous year, for a total of 728 million passengers carried across the entire area.

* 1 https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
2 https://www.bancaditalia.it/pubblicazioni/bollettino-economico/2021-1/index.html
3 https://www.inps.it/docallegatiNP/Mig/Allegati/Il_Mercato_del_lavoro_2020_una_lettura_integrata.pdf
4 http://images.pie.camcom.it/f/ComunicatiStampa/2017/28/28942_UCCP_332021.pdf
5 http://images.pie.camcom.it/f/ComunicatiStampa/2017/28/28950_UCCP_1132021.pdf
6 http://images.pie.camcom.it/f/ComunicatiStampa/2017/28/28925_UCCP_1812021.pdf

The European situation is part of a global phenomenon which saw demand fall 65.9%[2] according to the IATA's (International Air Transport Association) figures - the worst year on record for global aviation. International traffic declined 75.6%, against a 68.1% collapse in capacity, while domestic demand was down 48.8%, against a 35.7% contraction in capacity. IATA's estimates for 2021 highlight a recovery in demand in 2021 to slightly over half the 2019 level. As a result of the pandemic in 2020, the Italian air transport industry suffered a dramatic financial impact: the airport system reported only 53 million passengers in the year, compared to 193 million in 2019, with a loss therefore of 140 million travellers (i.e. a traffic decline of 72.6%[3]). According to data processed by Assaeroporti, due to the pandemic and the consequent restrictions on free movement between countries, in 2020, 7 out of 10 passengers were domestic travellers within Italy and the hardest-hit destinations were outside the EU, which recorded a 81.2% drop in passenger numbers. The drop in EU traffic was equally severe at -77.5%, while domestic flights suffered a more contained yet still significant loss of 61.3%. Furthermore, domestic routes represented approx. 50% in 2020, compared to 33% in 2019.
Air movements also dropped sharply (-57.2%), while cargo traffic was down 23.7%. This latter decrease was less severe in view of the key role of air cargo during the pandemic. The segment primarily facilitated the distribution across all regions of the country of medical devices and equipment and secondarily benefitted as a result of increased e-commerce activity. Differing from the passenger segment, cargo traffic in the months subsequent to the first lockdown (from July onwards) gradually closed the gap on 2019 to -10.6% in December 2020. The pandemic, in addition to a loss in traffic volumes, resulted in a significant decrease in air connectivity in 2020 i.e. the number of routes available and the frequency of connections of a country with the rest of the world. ACI Europe's figures in the Airport Industry Connectivity Report 2020 highlight a contraction in Europe's connectivity indices in excess of passenger traffic numbers. In particular, in just six months in Italy (between April and September 2020) air connectivity dropped by nearly 90% on 2019, confirming the fact that the sluggish recovery in the summer did not entail a similar uptake in connectivity. According to Eurocontrol's most recent estimates, the most realistic scenario indicates a full recovery of 2019 global traffic volumes in 2026. **

** 1 ACI Europe data: https://www.aci-europe.org/media-room/303-europe-s-airport-2020-passenger-traffic-back-to-1995-levels.html
2 IATA data: https://www.iata.org/en/pressroom/pr/2021-02-03-02/
3 Assaeroporti data: https://assaeroporti.com/aeroporti-italiani-nel-2020-persi-140-milioni-di-passeggeri/

1.4
Aviation Business: passenger and cargo traffic

Turin Airport in 2020 carried 1,407,372 passengers, down 2,544,786 (-64.4%) on 2019.

PASSENGERS	2020	2019	CHANGE ON 2019	%
Domestic (scheduled)	880,284	1,900,013	-1,019,729	-53.7%
International (scheduled)	451,317	1,907,891	-1,456,574	-76.3%
TOTAL SCHEDULED	**1,331,601**	**3,807,904**	**-2,476,303**	**-65%**
Charter	69,207	126,185	-56,978	-45.2%
General Aviation	4,731	8,719	-3,988	-45.7%
Transits*	1,833	9,350	-7,517	-80.4%
TOTAL	**1,407,372**	**3,952,158**	**-2,544,786**	**-64.4%**

(*) Arriving and departing passengers using an aircraft with the same flight number as the arrival (source: Assaeroporti)

The annual drop, which cut traffic at Turin Airport to 1991 levels, stems from - as is the case for the overall international and domestic airport situation - the dramatic Covid-19 pandemic situation. From mid-January in fact, the virus began to spread in Europe, with the consequences on air traffic beginning to be felt by the end of February. Airlines began to cancel flights until an almost total absence of air traffic by mid-March.

The **domestic market**, centring mainly on the routes to Southern Italy and the islands, was able to contain the general drop to **53.7%** amid signs of recovery, particularly in the summer and during the Christmas holidays. The **international segment** on the other hand saw a decline of **76.3%**, as a result of the movement restrictions imposed by the various governments.

The year began amid signs of a recovery: in January 2020, the contraction on 2019 was only 1.7%, although this slight decrease was due to the Blue Air cuts of 2018, largely offset by the development of other airlines. A decline of 7.1% was reported in February, as the last week of the month began to see the impact of the cutback in international flights as a result of the pandemic, followed by a dramatic 82.3% drop in March on the same month of 2019.

From mid-March in fact, along with the full-scale health emergency in Italy and the beginning of the lockdown until the end of May, Turin Airport remained open and operative in accordance with the Decree of the Ministry for Infrastructure and Transport No. 112 of March 12, ensuring the essential minimum service level for its catchment area, although traffic almost dissipated entirely,

with the maintenance of only one flight to and from Rome Fiumicino, operated by Alitalia. With the reopening of travel between regions at the start of the second half of 2020, the domestic segment was vibrant on the back of growing demand for Southern Italian destinations. The central months of the summer season in fact saw the reopening of a range of new routes from and to Turin, in addition to the strengthening of existing routes.

Volotea launched three **new routes to Alghero, Catania and Lamezia Terme**, while **Blue Air** stationed from September a **second aircraft** at Turin and launched two **new flights to Bari and Cagliari**. In terms of additional flights for summer 2020, practically all existing Southern Italian and islands destinations added significant numbers of flights. In the initial weeks of the winter season additional **new flights to Naples, Lamezia Terme and Cagliari by Ryanair** were introduced, while the frequency of flights to existing destinations by the carrier were boosted considerably. Finally, **Wizz Air** launched the **new Turin-Bari route** in December.

On the international segment, although the number of routes served declined significantly, the new **Wizz Air connection to Tirana** (Albania) started up in the summer.

The worsening of the pandemic and the consequent retightening of governmental containment measures from the end of October resulted in a further slowdown in domestic traffic.

Traffic only recovered with the winter holidays, initially for outgoing and subsequently incoming flights domestically. The international segment however continued to experience substantial difficulty.

The **45.2%** contraction in the **charter segment** was due to the sudden halt in March of ski tourism traffic and the absence of a recovery in December 2020.

Destinations

Along with the provisions which in 2020 limited movements from and to many overseas countries, 8 out of 10 of the busiest routes were Italian. Rome, which has always been the busiest route, lost its top spot due to Alitalia's disengagement, which operated a maximum of 2 daily flights even in the highest demand periods.

PASSENGERS					
DESTINATIONS - SCHEDULED	2020	2019	Change compared to 2019		% OF TOTAL
Catania	166,348	298,710	-132,362	-44.3%	12.5%
Rome Fiumicino	143,646	485,391	-341,745	-70.4%	10.8%
Palermo	135,736	275,475	-139,739	-50.7%	10.2%
Naples	116,670	267,622	-150,952	-56.4%	8.8%
London Grouping	110,736	333,915	-223,179	-66.8%	8.3%
Bari	73,594	168,904	-95,310	-56.4%	5.5%
Lamezia Terme	71,615	107,945	-36,330	-33.7%	5.4%
Cagliari	64,945	91,307	-26,362	-28.9%	4.9%
Olbia	38,668	41,484	-2,816	-6.8%	2.9%
Barcelona	37,936	204,380	-166,444	-81.4%	2.8%
TOTAL TOP 10 DESTINATIONS	**959,894**	**2,275,133**	**-1,315,239**	**-57.8%**	**72.1%**
Other locations	371,707	1,532,771	-1,161,064	-75.7%	27.9%
TOTAL	**1,331,601**	**3,807,904**	**-2,476,303**	**-65%**	**100%**

Calabria, Sardinia and Sicily saw a more contained drop in passenger numbers, as a result of increased frequencies and higher summer season aircraft load factors.

The following table presents a comparison between 2020 and 2019 of movements on the main scheduled traffic destinations.

MOVEMENTS					
DESTINATIONS - SCHEDULED	2020	2019	Change compared to 2019		% OF TOTAL
Rome Fiumicino	1,552	4,547	-2,995	-65.9%	11.8%
Catania	1,348	1,861	-513	-27.6%	10.2%
Palermo	1,072	1,763	-691	-39.2%	8.1%
Naples	1,009	2,213	-1,204	-54.4%	7.7%
London Grouping	901	2,266	-1,365	-60.2%	6.8%
Frankfurt	753	2,776	-2,023	-72.9%	5.7%
Munich	739	2,981	-2,242	-75.2%	5.6%
Bari	605	1,006	-401	-39.9%	4.6%
Lamezia Terme	594	809	-215	-26.6%	4.5%
Cagliari	582	679	-97	-14.3%	4.4%
TOTAL TOP 10 DESTINATIONS	**9,155**	**20,901**	**-11,746**	**-56.2%**	**69.6%**
Other locations	4,003	12,583	-8,580	-68.2%	30.4%
TOTAL	**13,158**	**33,484**	**-20,326**	**-60.7%**	**100%**

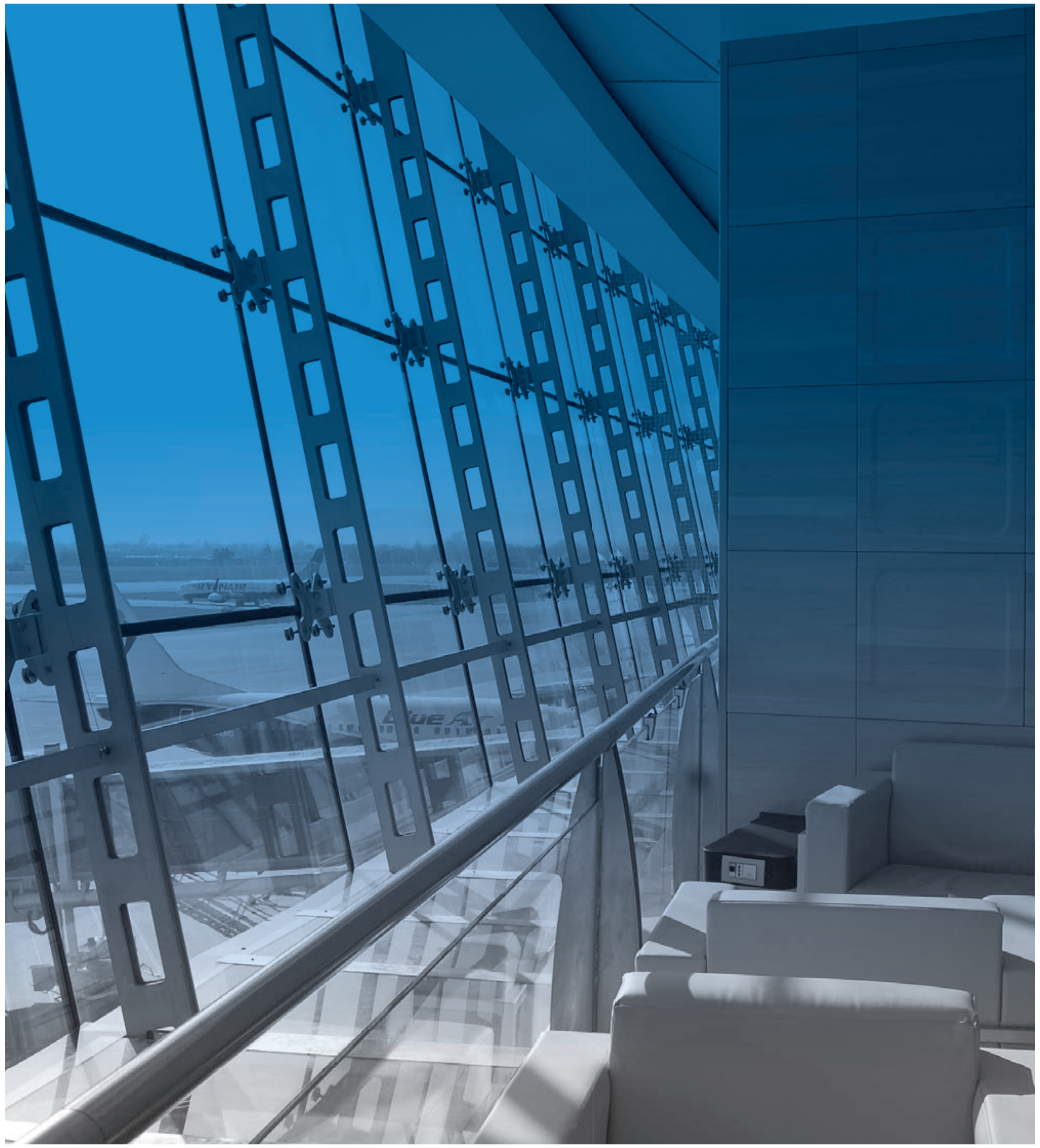
Airlines

The main **scheduled carriers** operating in 2020 at our Airport and the respective numbers of passengers carried are presented below:

	PASSENGERS				
CARRIER - SCHEDULED	2020	2019	Change compared to 2019		% OF TOTAL
Ryanair	365,145	1,004,525	-639,380	-63.6%	27.4%
Volotea	233,567	256,803	-23,236	-9%	17.5%
Blue Air	209,293	569,185	-359,892	-63.2%	15.7%
Alitalia Group	143,646	476,663	-333,017	-69.9%	10.8%
EasyJet	71,493	169,883	-98,390	-57.9%	5.4%
Lufthansa Group	66,745	384,568	-317,823	-82.6%	5%
British Airways	51,767	153,738	-101,971	-66.3%	3.9%
Wizz Air	36,465	75,862	-39,397	-51.9%	2.7%
Air France	28,862	169,207	-140,345	-82.9%	2.2%
KLM	28,375	110,637	-82,262	-74.4%	2.1%
TOTAL TOP 10 AIRLINES	**1,235,358**	**3,371,071**	**-2,135,713**	**-63.4%**	**92.8%**
Other airlines	96,243	436,833	-340,590	-78%	7.2%
TOTAL	**1,331,601**	**3,807,904**	**-2,476,303**	**-65%**	**100%**

Ryanair remains the leading carrier at Turin Airport. Volotea's performance was remarkable, becoming the number two carrier thanks to its commercial strategy to extend its network of domestic destinations and the highest load factor among Turin airport's carriers.

Low cost traffic in 2020 accounted for 68.6% of scheduled passenger numbers. The percentage increase (was 59.5% in 2019) is due to the reduced operations of the full-service carriers connecting Turin with international destinations and the disengagement of Alitalia from the Rome route, as indicated above.



Finally, scheduled carrier **movements by airline** are presented below:

MOVEMENTS					
MOVEMENTS - SCHEDULED	**2020**	**2019**	**Change compared to 2019**		**% OF TOTAL**
Ryanair	2,948	5,884	-2,936	-49.9%	22.4%
Volotea	1,941	2,093	-152	-7.3%	14.8%
Blue Air	1,924	4,581	-2,657	-58%	14.6%
Alitalia Group	1,552	4,321	-2,769	-64.1%	11.8%
Lufthansa Group	1,492	5,760	-4,268	-74.1%	11.3%
Air France	543	2,400	-1,857	-77.4%	4.1%
EasyJet	532	1,261	-729	-57.8%	4%
KLM	518	1,442	-924	-64.1%	3.9%
British Airways	450	1,114	-664	-59.6%	3.4%
Wizz Air	305	380	-75	-19.7%	2.3%
TOTAL TOP 10 AIRLINES	**12,205**	**29,236**	**-17,031**	**-58.3%**	**92.8%**
Other airlines	953	4,248	-3,295	-77.6%	7.2%
TOTAL	**13,158**	**33,484**	**-20,326**	**-60.7%**	**100%**

The following is a summary of historical trends and seasonality in total passengers specific to our airport. We have highlighted the essentially stable performance of the first two months of 2020 and the effects of the pandemic over the months that followed:

PASSENGERS (including transits & general aviation)													
Year	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**TOTAL**
2011	300,575	278,985	312,781	301,429	317,306	333,399	312,366	318,216	338,719	316,164	282,739	297,806	**3,710,485**
2012	300,967	271,516	309,360	299,873	311,909	309,811	298,850	307,339	311,482	291,052	248,093	261,595	**3,521,847**
2013	256,862	251,752	283,835	255,685	260,621	271,987	285,113	269,502	273,759	261,745	238,387	251,039	**3,160,287**
2014	266,969	267,388	294,766	270,509	297,841	296,379	332,116	304,432	309,331	277,005	248,069	267,181	**3,431,986**
2015	273,531	282,862	309,705	308,141	305,091	335,412	350,572	324,484	327,808	300,326	268,149	280,343	**3,666,424**
2016	298,806	321,833	346,471	312,453	331,793	344,008	364,466	345,742	350,210	328,576	293,054	313,496	**3,950,908**
2017	327,356	335,644	376,805	350,588	349,838	363,002	388,502	367,396	371,427	347,842	288,536	309,620	**4,176,556**
2018	318,941	327,546	366,789	346,722	335,869	337,565	363,923	341,458	358,011	347,013	307,296	333,790	**4,084,923**
2019	339,432	337,770	374,578	319,456	313,028	332,445	344,751	320,271	341,058	319,984	289,788	319,597	**3,952,158**
2020	333,274	313,742	66,446	1,487	2,619	23,994	128,377	171,484	161,872	120,850	30,453	52,774	**1,407,372**

MOVEMENTS (INCLUDING TRANSITS & GENERAL AVIATION)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
2011	4,292	4,341	4,947	4,584	5,060	4,732	4,286	3,949	4,793	4,965	4,395	4,197	**54,541**
2012	4,297	4,204	4,695	4,220	4,784	4,726	4,266	3,654	4,565	4,526	3,972	3,864	**51,773**
2013	3,714	3,570	3,953	3,620	3,999	3,753	3,879	3,068	3,585	3,720	3,404	3,391	**43,656**
2014	3,770	3,367	3,642	3,294	3,685	3,713	3,931	3,269	3,808	3,533	3,259	3,191	**42,462**
2015	3,579	3,446	3,925	3,730	3,851	3,997	4,092	3,340	3,720	3,576	3,488	3,517	**44,261**
2016	3,650	3,737	3,990	3,656	3,966	4,092	4,279	3,536	4,121	4,049	3,832	3,589	**46,497**
2017	3,761	3,452	3,970	3,878	4,158	4,315	4,625	4,015	4,319	4,207	3,627	3,528	**47,855**
2018	3,695	3,562	3,958	3,816	3,768	4,010	4,090	3,533	3,914	3,929	3,521	3,715	**45,511**
2019	3,943	3,798	4,148	3,371	3,605	3,657	3,783	3,237	3,819	3,516	3,327	3,450	**43,654**
2020	3,701	3,477	1,257	107	459	1,042	2,010	2,223	2,498	2,024	1,255	1,355	**21,408**

Cargo

Cargo traffic at Turin Airport in 2020 totalled 1,109,200 kg, down 66.73% on 2019. Against a general market contraction in Italy and a slowing of industrial production in the Piedmont region, together with a decline in exports, the impact of the Covid-19 pandemic on international trade with the region was significant. In 2020, the value of exports from Piedmont fell to Euro 41 billion, down 12.7% from 2019, 3 percentage points ahead of the national average.

Airport performance was also impacted by the concentration of cargo traffic at a limited number of airports, as is typical of the global air freight industry, which can be seen in a general tendency for industrial districts to concentrate their flow of goods through Milan's Malpensa Airport, where the greatest volumes of imports and exports are centralised.

Within this landscape, air-truck transport fell by 73.12%. This collapse was due to the interruption of production during the lockdown and the gradual closure, beginning in April, of air-truck connections to and from the main European hubs of the airport's leading freight carriers: Lufthansa (-69.9%), Air France (-74.7%), Alitalia (-81.4%), KLM (-75.5%), and Swiss Air (-98.7%), which, collectively, accounted for 88% of surface traffic annually in 2019.

At the same time, despite the sharp decline in cargo transported on board the reduced number of passenger flights, the air-freight component increased by 27.15% on 2019 thanks to a number of all-cargo flights in 2020 on Antonov 124 aircraft, which transported exceptional loads of cargo to the United States (automotive machinery) and France (aerospace materials).

In terms of total air and air-truck traffic, the leading carriers for the Turin Airport were again Lufthansa (308,593 kg), Air France (211,870 kg), Alitalia (105,955 kg), and KLM (85,306 kg), who were joined by the all-cargo carrier Volga Dnepr (207,489 kg) in 2020.

With regard to markets, the top six nations in volumes transported were the United States, China, India, Mexico, Brazil and France, with other significant markets including Qatar, Argentina, Japan, South Africa, and Canada. Medium and short-range markets in 2020 included Slovakia, the United Arab Emirates, Hungary, Egypt and Turkey.

Rate-regulated areas

The Aviation business also includes the exclusive use of dedicated airport infrastructure by the individual carriers or operators (e.g. check-in counters, offices, operating premises). Within this segment, there has been a marked increase in the use of office space within the General Aviation Terminal, rising from 181 sq. m subleased to 426 sq. m, with this infrastructure thereby reaching full occupancy.

1.5 Handling Business

In 2020, as a result of the Covid-19 pandemic, the traffic numbers for the subsidiary SAGAT Handling fell drastically from the previous year, including:

- passengers served (-62.7%);
- total weight (-54.3%);
- aircraft movements served (-57.3%);
- goods transported (-66.8%).

Traffic served by SAGAT Handling in 2020 as a percentage of total traffic through the Turin airport came to 77.8% of commercial aviation by weight (up 72.7% on 2019), 79.8% of passenger traffic (up 76% on 2019), and 76.1% of aircraft movements (up from the 71.4% of 2019).

These figures confirm that SAGAT Handling continues to be able to provide quality service to the passengers and carriers that use Turin Airport and are a testament to the high level of satisfaction with this service, which is provided at market rates.

Of course, the marked decline in traffic served led to a drastic worsening in all financials, despite having taken all possible mitigating measures, including use of the extraordinary temporary lay-off scheme for all personnel and activation of all levers available in order to reduce operating costs.

Therefore, while the value of production was essentially cut in half, from Euro 10,859 thousand in 2019 to Euro 5,418 thousand, EBITDA came to a loss of Euro 1,721 thousand, as compared to the loss of Euro 121 thousand in 2019, and the net loss for the year was Euro 2,525 thousand, as compared to the net loss of Euro 218 thousand in 2019.

The table below shows highlights for SAGAT Handling's business as compared to the previous year:

Commercial aviation	2020	2019	2020/2019
Aircraft movements (No.)	10,617	24,884	-57.3%
Domestic passengers (No.)	739,329	1,425,343	-48.1%
International passengers (No.)	379,745	1,571,896	-75.8%
Total passengers (No.)	1,119,074	2,997,239	-62.7%
Aircraft tonnage (t.)	704,200	1,541,551	-54.3%
Air/surface cargo (kg)	1,106,639	3,332,933	-66.8%

Commercial and financial performance

As mentioned previously, the significant drop in the number of passengers and movements has had a decidedly negative impact on performance, despite having taken all possible measures to reduce the effects.

The table below shows the main financial indicators for the business conducted by SAGAT Handling in 2020.

Euro thousands

	2020	2019	Cge. € 2020/2019	Cge. % 2020/2019
Value of production	5,419	10,859	-5,441	-50.1%
Personnel costs	4,605	6,145	-1,540	-25.1%
Operating costs	2,526	4,835	-2,309	-47.8%
Gross Loss	**(1,712)**	**(121)**	**-1,590**	**-1311.3%**
Provisions & write-downs	1,487	37	1,450	-3950.1%
EBITDA	**(3,199)**	**(158)**	**-3,041**	**-1924.4%**
Amortisation & depreciation	87	134	-47	-35.4%
EBIT	**(3,285)**	**(292)**	**-2,993**	**-1025.9%**
Net Financial income/(charges)	0	0	0	0
Loss before taxes	**(3,285)**	**(292)**	**-2,993**	**-1025.9%**
Income taxes	(760)	(74)	-686	-927.6%
Net loss	**(2,525)**	**(218)**	**-2,307**	**-1059.3%**

All changes in the figures shown above have been brought about by the adverse effects of the pandemic on Turin airport and on the entire aviation segment.

1.6
Non-aviation business: commercial activities

The Covid-19 pandemic has also had a major impact on the airport's commercial activities, as these are strictly related to trends in passenger traffic. As a result, 2020 featured the constant dialogue with all partners to primarily renegotiate contract terms, which made it possible to maintain the airport's operations. Discussions also focused on Covid-19 legislation and its full application within all commercial units aimed at containing the pandemic and to maintain the minimum service levels that are essential for passengers, although traffic fell to near zero in certain periods of the year.

SAGAT's total non-aviation revenues (which include the sub-licensing of retail spaces, parking, advertising, and other non-aviation passenger services) in the period declined 59.9%, with all the main revenue items decreasing.

The key developments of the individual areas of business are presented below:

• Sub-licensing of retail and food-service space

After a period of near total closure during the first lockdown, followed by a return to carrier operations at the airport, points of sale began gradually reopening in June, only to close again in November. However, the most dynamic commercial partners remained open on specific days of the week and on specific schedules in order to serve passengers and the airport community.

Two retail units were moved to the central shopping area in order to serve a greater number of customers, and, for the same reason, the café on the upper departures level before the security checkpoint was closed and moved, with a new layout, to the check-ins level. Three licensees closed their points of sale permanently, one due to the natural expiration of the contract and two for business decisions to leave the travel-retail business nationwide.
The retail and food-service segment posted declines that were essentially in line with the trend in passenger traffic.
The lack of high-spending, international passenger traffic beginning in March and the periods of closure mandated by various government decrees for specific types of business had a greater impact on the performance of duty-free sales than the reduction in traffic.
Beginning in December, an extraordinary exception allowed by Italy's customs authority given the state of emergency declared by the government allowed the airport community to take advantage of duty-free sales in order to help mitigate the negative impact on revenues.

• Non-retail and other sub-licensing

The Travel & Facilities segment benefited from longer opening hours of the points of sale as compared to other activities, as they provide essential services for passengers, such as the sale of face masks and other goods necessary for travel. A new unit was sub-licensed for

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Italy's first airport Covid test point, an innovative service that attracted the interest of passengers for whom health checks are not mandatory. For these reasons, performance for this segment was better than the trend in passenger traffic.
In the car-hire segment, despite the sharp decline in car hiring due to the drop in traffic, all sub-licensees continued to operate by also serving a non-passenger customer base. Revenues performed better than passenger traffic due both to a fixed component of revenues and for the performance posted in the first two months of the year, which benefited from the new layout of the arrivals level, which was completed in 2019.

• Parking

In order to continue improving the shopping experience for passengers, work continued in 2020 to set up the e-commerce and promotions platform. The weekend rate, in particular, was set at Euro 9.90 for a period of time, in part to support the return of passenger traffic during the summer months. Online purchases were preferred, in line with industry trends and based on increased interest in avoiding contact with people and devices so as to prevent infection.

Beginning in March, we saw a considerable lack of parking for business travel, which had a significant impact on the average value of parking.
Parking revenues in 2020 fell 65.8% from the previous year, declining at a faster pace than passenger traffic.

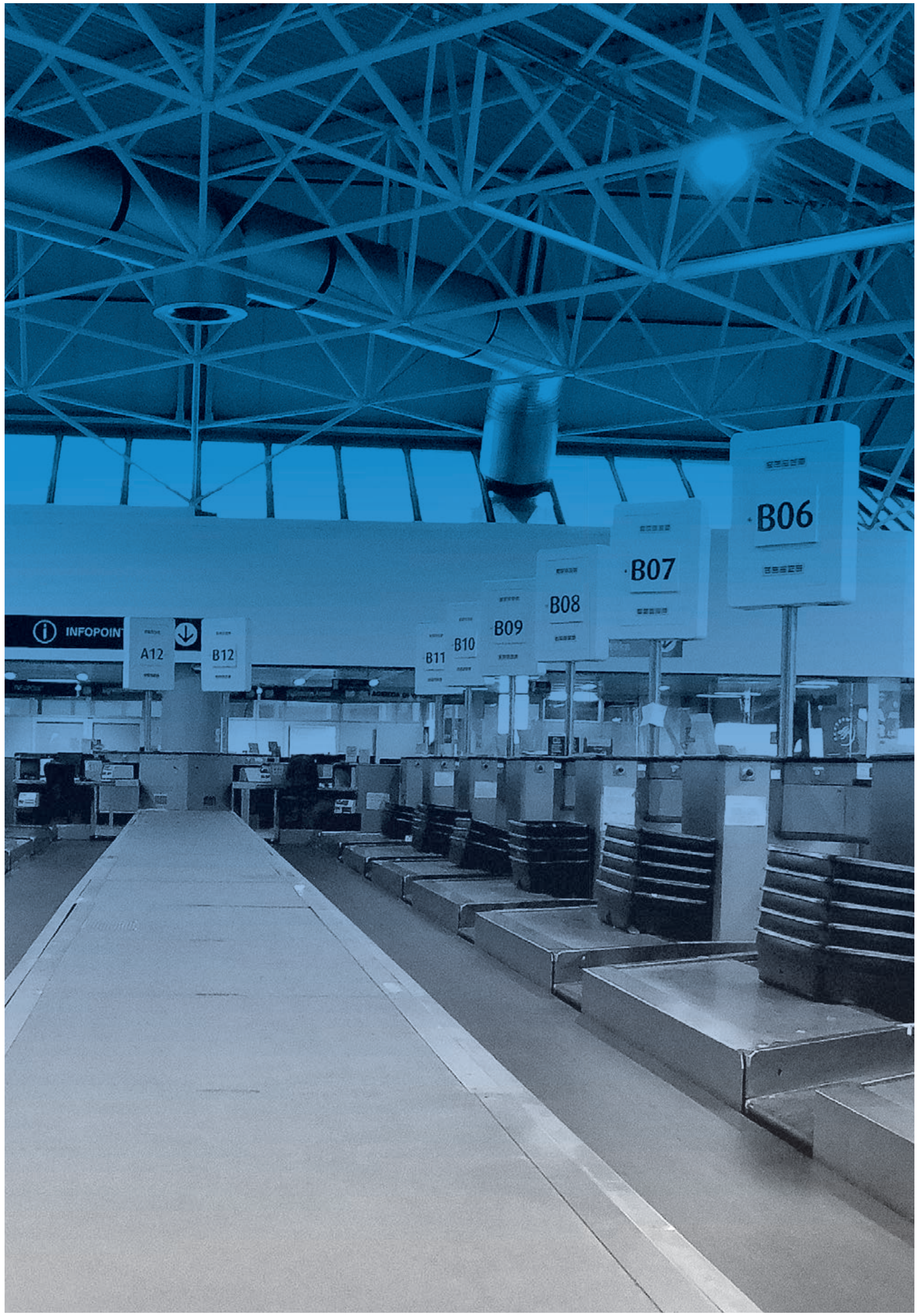
• Advertising

As is typical, the majority of revenues came from the primary sub-licensee, IGPDecaux, whose business was penalised by the various restrictions on travel that made airport media less attractive to advertisers. The main long-term contracts signed in early 2020 were also renegotiated downward due to the new air-travel landscape that arose in March.
Advertising revenues overall decreased by 53.7% from 2019.

• Non-aviation Assistance

The VIP lounge was closed for a total of 221 days in 2020 (60% of the year), and entries decreased by 76% due to a lack of business travellers, who are the primary users of VIP services, and to the drastic reduction in ski traffic in March 2020 and the total absence of such traffic in December 2020. The fast track was closed for 152 days (42% of the year). Access numbers decreased by 79%. The reduction in 2020 revenues compared to the previous year by a greater percentage than the decline in traffic is attributable to both service unavailability and the renegotiation of carrier contracts.

Ticketing continued operating in order to serve passengers and was faced with extraordinary volumes of work, particularly in the early part of the pandemic, due to cancellations and consequent need to make accommodations. Revenue performance was in line with the reduction in traffic.



1.7
Operating performance

The operating performance in 2020 was significantly compromised by the Covid-19 health emergency. The Parent Company posted a net loss of Euro 16,056 thousand for the year, decreasing Euro 25,608 thousand on 2019. At consolidated level, the net loss came to Euro 18,565 thousand for the year, decreasing Euro 27,915 thousand on 2019.

The tables below summarise the main items of the income statement compared with the figures for the previous year.

Euro thousands

SAGAT S.P.A.	2020	2019	Cge.	Cge. %
Revenues (*)	23,647	66,212	-42,564	-64.3%
Personnel costs	11,603	13,802	-2,199	-15.9%
Operating costs	18,513	28,295	-9,782	-34.6%
Gross Profit/(loss)	**(6,469)**	**24,114**	**-30,582**	**-126.8%**
Gross Profit/(loss) %	**-27.3%**	**36.4%**	**-63.8%**	
Provisions and write downs	9,439	5,389	4,050	75.1%
EBITDA	**(15,908)**	**18,725**	**-34,631**	**-184.9%**
EBITDA %	**-67.3%**	**28.3%**	**-95.5%**	
Amortisation & depreciation	5,860	6,028	-167	-2.8%
Grants	671	671	0	0%
EBIT	**(21,095)**	**13,368**	**-34,463**	**-257.8%**
EBIT %	**-89.2%**	**20.2%**	**-109.4%**	
Net Financial income/(charges)	(206)	499	-705	-141.2%
Profit/(loss) before taxes	**(21,301)**	**13,867**	**-35,168**	**-253.6%**
Income taxes	(5,245)	4,315	-9,560	-221.5%
Net profit/(loss)	**(16,056)**	**9,551**	**-25,608**	**-268.1%**

Euro thousands

CONSOLIDATED	2020	2019	Cge.	Cge. %
Revenues (*)	26,583	73,244	-46,661	-63.7%
Personnel costs	16,206	19,947	-3,741	-18.8%
Operating costs	18,556	29,304	-10,748	-36.7%
Gross Profit/(loss)	**(8,179)**	**23,993**	**-32,172**	**-134.1%**
Gross Profit/(loss) %	**-30.8%**	**32.8%**	**-63.5%**	
Provisions & write-downs	10,925	5,426	5,499	101.4%
EBITDA	**(19,104)**	**18,567**	**-37,671**	**-202.9%**
EBITDA %	**-71.9%**	**25.3%**	**-97.2%**	
Amortisation & depreciation	5,931	6,146	-215	-3.5%
Grants	671	671	0	0%
EBIT	**(24,365)**	**13,092**	**-37,456**	**-286.1%**
EBIT %	**-91.7%**	**17.9%**	**-109.5%**	
Net Financial income/(charges)	(206)	499	-705	-141.2%
Profit/(loss) before taxes	**(24,570)**	**13,591**	**-38,161**	**-280.8%**
Income taxes	(6,005)	4,241	-10,247	-241.6%
Consolidated profit/(loss)	**(18,565)**	**9,350**	**-27,915**	**-298.6%**

(*) Net of revenues for personnel seconded to third parties, recognised as a reduction to personnel costs.

Revenues

The tables below highlight the main components of revenue for 2020 and 2019 for the Parent Company and for the Group:

Euro thousands

SAGAT S.P.A.	2020	2019	Cge.	Cge. %
Value of Production	**23,647**	**66,212**	**-42,564**	**-64.3%**
Aviation	**16,093**	**39,781**	**-23,689**	**-59.5%**
of which:				
Fees	10,184	25,777	-15,593	-60.5%
Centralised infrastructure	789	1,455	-665	-45.7%
Safety	2,806	8,352	-5,546	-66.4%
Aviation Assistance	1,241	1,397	-157	-11.2%
Regulated sub-concessions	1,072	2,800	-1,728	-61.7%
Handling	**57**	**183**	**-126**	**-68.9%**
Non-Aviation	**6,070**	**15,126**	**-9,056**	**-59.9%**
of which:				
Ticketing	221	497	-275	-55.5%
Food & Beverage	696	1,939	-1,243	-64.1%
Beauty & Fashion	203	493	-289	-58.8%
VIP Lounge & Fast Track	291	996	-705	-70.8%
Duty Free	365	1,084	-719	-66.3%
Travel & Facilities	252	565	-313	-55.4%
Financial Services	110	195	-85	-43.7%
Rent a car	701	1,546	-845	-54.6%
Subc. spaces	662	666	-4	-0.6%
Parking	2,098	6,136	-4,038	-65.8%
Advertising	465	1,006	-540	-53.7%
Other	6	4	1	30.7%
Other revenues	**1,427**	**11,121**	**-9,694**	**-87.2%**

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Company Report

Euro thousands

CONSOLIDATED	2020	2019	Cge.	Cge. %
Value of Production	**26,583**	**73,244**	**-46,661**	**-63.7%**
Aviation	**15,712**	**38,687**	**-22,976**	**-59.4%**
of which:				
Fees	10,184	25,777	-15,593	-60.5%
Centralised infrastructure	789	1,454	-665	-45.7%
Safety	2,806	8,352	-5,546	-66.4%
Aviation Assistance	1,241	1,395	-155	-11.1%
Regulated sub-concessions	691	1,708	-1,017	-59.5%
Handling	**3,800**	**8,834**	**-5,034**	**-57%**
of which:				
Assistance	3,660	8,422	-4,762	-56.5%
Cargo activities	140	411	-271	-66%
Non-Aviation	**5,932**	**14,983**	**-9,051**	**-60.4%**
of which:				
Ticketing	221	497	-275	-55.5%
Food & Beverage	696	1,939	-1,243	-64.1%
Beauty & Fashion	203	493	-289	-58.8%
VIP Lounge & Fast Track	291	996	-705	-70.8%
Duty Free	365	1,084	-719	-66.3%
Travel & Facilities	252	565	-313	-55.4%
Financial Services	110	195	-85	-43.7%
Rent a car	701	1,546	-845	-54.6%
Subc. spaces	554	554	-1	-0.1%
Parking	2,068	6,106	-4,037	-66.1%
Advertising	465	1,006	-540	-53.7%
Other	6	4	1	30.7%
Other Revenues	**1,140**	**10,740**	**-9,600**	**-89.4%**

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The main changes at the consolidated level are described below.

Revenues

Aviation revenues amounted to Euro 15,712 thousand in 2020, a reduction of Euro 22,976 thousand, or 59.4%. This significant drop was brought about by the Covid-19 health emergency, as the competent authorities in the various nations-imposed restrictions on air travel.

The health emergency also affected non-aviation revenues, which decreased by Euro 9,051 thousand in 2020 (-60.4%), from Euro 14,983 thousand in 2019 to Euro 5,932 thousand in 2020. The collapse of passenger traffic had an impact on nearly all segments, including retail, food services, parking, advertising, ticketing, the VIP lounge, and fast track, where as subconcessions did see any movement on 2019 as they are not tied to passenger traffic.

Other revenues of Euro 1,140 thousand decreased significantly due to non-recurring revenue in 2019 on the favourable rulings related to the disputes with the Fire Prevention Service and with Italy's Ministry of Infrastructure and Transport. The details of this item are reported in the Explanatory Notes.

Personnel costs

Personnel costs for the Group, including the cost of temporary workers, amounted to Euro 16,206 thousand in 2020, a reduction of Euro 3,741 thousand from the previous year.

This change is mainly attributable to the use of the Extraordinary Temporary Lay-off Scheme for all personnel. For further information, reference should be made to the related sections of the Directors' Report and the Explanatory Notes.

Operating costs

As a result of both the reduced traffic and pervasive efforts to increase efficiency and renegotiate vendor and service agreements, operating costs for the Group amounted to Euro 18,556 thousand, a reduction of Euro 10,748 thousand from the previous year, attributable to the following components:

- a reduction in commercial costs to promote retail activities and traffic, which decreased overall by Euro 3.1 million;
- a decrease of Euro 1.6 million in costs for lease payments;
- a decrease of Euro 1.4 million in costs for security services due to the drop in passenger traffic and efforts to achieve cost efficiencies in the area of security;
- a decrease of Euro 1.1 million in costs for utilities;
- a decrease of Euro 1 million in costs for passenger services and airport use;
- a decrease of Euro 0.8 million in costs for materials and maintenance;
- a decrease of Euro 0.8 million in costs for external support services;
- the net effect of other changes for a total reduction of Euro 0.9 million.

Gross profit

As a result of the changes in the revenue and cost components described above, the gross result for 2020 amounted to a loss of Euro 8,179 thousand, a reduction of Euro 32,172 thousand from 2019.

Provisions and write-downs

Provisions and write-downs include the doubtful debt provision to cover potential losses on certain trade receivables as well as an estimate of the potential liability in relation to third-party claims and disputes based on information provided by legal counsel and other consultants following such disputes.

In 2020, provisions and write-downs by the Group amounted to Euro 10,925 thousand, an increase of Euro 5,449 thousand on the previous year. This significant change is mainly attributable to the doubtful debt provision, a portion of which was made necessary by the effects of the pandemic on the aviation industry.

EBITDA

As a result of the factors described above, EBITDA for 2020 amounted to a loss of Euro 19,104 thousand, with the overall result declining Euro 37,671 thousand from 2019.

Amortisation and Depreciation

Amortisation and depreciation, totalling Euro 5,931 thousand, decreased by Euro 215 thousand and is essentially in line with the previous year.

Grants

Totalling Euro 671 thousand, grants are in line with the previous year and represent the portion attributable to 2020 of grants received in the early 2000's. For further information, reference should be made to the related sections of the Explanatory Notes.

EBIT

Group EBIT for 2020 amounted to a loss of Euro 24,365 thousand, with an overall reduction in the result of Euro 37,456 thousand from 2019.

Net financial income/(charges)

Compared to 2019, the net financial charges of Euro 206 thousand represents a reduction of Euro 705 thousand due both to the lack of a dividend distribution by the company that manages the Bologna airport and to interest expense on financing received in 2020.

Result before taxes

The pre-tax loss came to Euro 24,570 thousand for the year, with an overall decrease in the result of Euro 38,161 thousand on 2019.

Income taxes

The total income tax effect fell by Euro 10,247 from the previous year, to a net positive contribution to earnings of Euro 6,005 thousand, in that it includes tax credits related to deferred taxes and the effect of the net loss for the year.

The difference between the actual 2020 tax rate, of 24.4% at the consolidated level, and the theoretical rate is described in detail in the specific section of the Explanatory Notes.

Net result

The Group posted a net loss of Euro 18,565 thousand for the year, a decrease in net earnings of Euro 27,915 thousand compared to the previous year.

1.8
Financial position analysis

The tables below present the separate and consolidated balance sheets, which have been reclassified as per financial criteria, including comparisons of the 2020 figures with those of the previous year.

Euro thousands

SAGAT S.p.A.	2020	2019	Δ vs 2019
Intangible and tangible fixed assets	52,701	55,263	-2,562
intangible	8,945	9,791	-846
tangible	43,756	45,472	-1,716
Financial assets	12,691	12,691	0
Fixed Assets	**65,392**	**67,954**	**-2,562**
Trade receivables	4,362	13,670	-9,308
Trade payables	(15,432)	(18,484)	3,052
Operating working capital	**(11,070)**	**(4,815)**	**-6,255**
Other assets	24,857	19,600	5,257
Other liabilities	(28,359)	(33,955)	5,595
Other Assets/ Other Liabilities	**(3,503)**	**(14,355)**	**10,852**
NWC	**(14,573)**	**(19,170)**	**4,597**
Provisions	**(11,622)**	**(10,073)**	**-1,549**
NET CAPITAL EMPLOYED	**39,197**	**38,711**	**486**
Share capital	12,911	12,911	0
Reserves	33,903	24,352	9,552
Net profit/(loss) for the year	(16,056)	9,552	-25,608
Shareholders' Equity	**30,759**	**46,815**	**-16,056**
Cash and cash equivalents	(16,726)	(8,104)	-8,622
Loans	25,164	0	25,164
Net Financial Position	**8,439**	**(8,104)**	**16,542**
SOURCES	**39,197**	**38,711**	**486**

Euro thousands

CONSOLIDATED	2020	2019	Δ vs 2019
Intangible and tangible fixed assets	52,868	55,458	-2,590
intangible	8,965	9,806	-841
tangible	43,903	45,652	-1,750
Financial assets	9,847	9,847	0
Fixed Assets	**62,715**	**65,306**	**-2,590**
Trade receivables	4,928	15,271	-10,343
Trade payables	(16,147)	(19,429)	3,282
Operating working capital	**(11,219)**	**(4,158)**	**-7,060**
Other assets	24,925	20,305	4,620
Other liabilities	(27,581)	(33,017)	5,436
Other Assets/ Other Liabilities	**(2,656)**	**(12,712)**	**10,056**
NWC	**(13,875)**	**(16,870)**	**2,995**
Provisions	**(13,201)**	**(11,040)**	**-2,162**
NET CAPITAL EMPLOYED	**35,639**	**37,396**	**-1,757**
Share capital	12,911	12,911	0
Reserves	33,973	24,624	9,350
Net profit/(loss) for the year	(18,565)	9,350	-27,915
Shareholders' Equity	**28,320**	**46,885**	**-18,565**
Cash and cash equivalents	(17,845)	(9,489)	-8,356
Loans	25,164	0	25,164
Net Financial Position	**7,319**	**(9,489)**	**16,808**
SOURCES	**35,639**	**37,396**	**-1,757**

The main changes at the consolidated level are described below:

As can be seen in the statement above, capital employed, net of current liabilities, decreased by Euro 1,757 thousand as a result of the following changes:

- a reduction of Euro 2,590 thousand in fixed assets, due essentially to:
  - a reduction of Euro 841 thousand in intangible assets due to new investments made during the year for Euro 1,223 thousand, ordinary amortisation for Euro 1,048 thousand, and a reduction due to reclassifications to other asset accounts for Euro 1,015 thousand;
  - a reduction of Euro 1,750 thousand in property plant and equipment, the combined effect of ordinary depreciation for Euro 4,882 thousand, new capital expenditures during the year for Euro 2,930 thousand, and the net positive effect of other changes for Euro 201 thousand;
- the increase in net working capital of Euro 2,995 thousand due mainly to:
  - a reduction of Euro 10,343 in trade receivables due, in turn, primarily to the combined effect of the reduction in revenues for the year and the significant doubtful debts provision recognised in part in response to the crisis within the air transport industry;
  - an increase of Euro 4,620 in other assets, mainly attributable to the recognition of deferred tax assets and to the tax consolidation;
  - a decrease of Euro 3,282 thousand in trade payables due mainly to the reduction in costs compared to the previous year;
  - a decrease of Euro 5,436 thousand in other liabilities due mainly to the reduction in payables for surtaxes and the offset of taxes payable from the previous year;

- an increase in provisions for Euro 2,162 thousand as follows:
  - Euro 2,178 for the provision for risks and charges related to the allocation made at the end of the year to adjust the balance of the provision based on actual potential risks, as well as to releases and uses during the year. At December 31, 2020, the provision was Euro 10,182 thousand, as detailed in the related section of the Explanatory Notes;
  - a reduction of Euro 17 thousand in the liability for post-employment benefits for Company personnel.

Group shareholders' equity decreased by Euro 18,565 thousand as a result of the net loss for the year.

Financial debt amounted to Euro 25,164 thousand as a result of the funding received in order to ensure the company's financial sustainability.

As a result of the changes above, cash and cash equivalents at the end of 2020 increased by Euro 8,356 thousand on the previous year, amounting to Euro 17,845 thousand.

The net financial position for the year decreased by Euro 16,808 thousand, from a net cash position of Euro 9,489 thousand at December 31, 2019, to a net debt position of Euro 7,319 thousand at December 31, 2020.

1.9 Cash flow analysis

During the year, Group operations absorbed cash for Euro 16,808 thousand.

Consolidated cash flow from operating activities, a net absorption of Euro 13,262 thousand, is a result of the gross operating loss of Euro 8,179 thousand, the decrease of Euro 2,995 in net working capital, the tax effect for the year for Euro 6,005 thousand of cash generated, and other non-monetary items (provisions and grants) for Euro 8,093 of cash absorbed.

Cash flow on investing activities in intangible assets and in property, plant and equipment absorbed cash for Euro 4,153 thousand, while financing activities absorbed cash for Euro 206 thousand due to the payment of interest on financing.

As a result, overall consolidated cash flows absorbed cash for Euro 16,808 thousand. The net financial position at December 31, 2020, was a net debt position of Euro 7,319 thousand, as compared to a net cash position of Euro 9,489 thousand on December 31, 2019.

The changes described above are summarised in the following table.

Euro thousands

CASH FLOW STATEMENT - CONSOLIDATED	2020	2019
Cash and cash equivalents	9,489	16,024
Financial payables	0	(1,500)
Initial NFP	**9,489**	**14,524**
EBITDA	(8,179)	23,993
Δ NWC	(2,995)	(2,243)
Income taxes	6,005	(4,241)
Δ Provisions (net of allocations for the period)	(8,093)	(1,811)
OPERATING CASH FLOW	**(13,262)**	**15,698**
Investments	(4,153)	(10,879)
Other items	812	147
CASH FLOW – Investments	**(3,341)**	**(10,732)**
FREE CASH FLOW	**(16,602)**	**4,966**
Dividends	0	(10,500)
Net financial income/expense	(206)	499
CASH FLOW – Dividends & Fin. inc/exp	**(206)**	**(10,001)**
NET CASH FLOW	**(16,808)**	**(5,035)**
Final NFP	**(7,319)**	**9,489**
Financial payables	(25,164)	0
Cash and cash equivalents	17,845	9,489

Therefore, overall, Group operations absorbed cash for Euro 16,808 thousand.

The table below shows a breakdown of and changes in liquidity and net financial position for SAGAT, the parent company:

Euro thousands

CASH FLOW STATEMENT - SAGAT S.P.A.	2020	2019
Opening cash and cash equivalents	8,104	12,958
Opening financial liabilities	0	(1,500)
Initial NFP	**8,104**	**11,458**
EBITDA	(6,467)	24,114
Δ NWC	(4,597)	(1,516)
Income taxes	5,245	(4,315)
Δ Provisions (net of allocations for the period)	(7,219)	(1,702)
OPERATING CASH FLOW	**(13,038)**	**16,581**
Investments	(4,110)	(10,796)
Other items	812	862
CASH FLOW – Investments	**(3,298)**	**(9,934)**
FREE CASH FLOW	**(16,336)**	**6,646**
Dividends	0	(10,500)
Net financial income/charges	(206)	499
CASH FLOW – Dividends & Fin. inc/exp	**(206)**	**(10,001)**
NET CASH FLOW	**(16,542)**	**(3,355)**
Final NFP	**(8,439)**	**8,104**
Financial payables	(25,164)	0
Cash and cash equivalents	16,726	8,104

1.10 Key financial indicators

The table and the figures below present the consolidated operating and financial highlights, along with comparisons to the previous year.

Euro thousands

CONSOLIDATED	2014	2015	2016	2017	2018	2019	2020
Value of production*	55,888	66,020	65,238	69,975	66,292	73,244	26,583
Operating costs	25,784	25,992	28,712	30,331	30,346	29,304	18,556
Personnel**	19,161	19,708	20,713	20,497	19,577	19,947	16,206
Gross Profit/(loss)	10,942	20,320	15,813	19,147	16,369	23,993	(8,179)
Net profit/(loss)	3,357	8,709	6,761	11,187	7,689	9,350	(18,565)
Shareholders' Equity	45,804	47,618	52,152	51,249	48,505	46,885	28,320
ROI %	3.25%	22.93%	24.76%	27.68%	22.13%	32.38%	n/a
ROE %	7.33%	18.29%	12.96%	21.80%	15.85%	19.94%	n/a
Trend in investments	3,136	3,263	4,735	6,470	6,833	10,879	4,153
Trend in self-fin.	14,301	20,450	13,789	18,979	15,132	21,353	(1,014)
Trade receivables	13,292	11,979	12,892	15,557	15,215	15,271	4,928
Average duration of trade receivables	90	79	74	86	86	89	71
Trade payables	9,904	10,842	16,020	17,822	17,868	19,436	16,147
Average duration of trade payables	144	152	204	215	216	243	318

(*) Net of revenues for personnel seconded to third parties, recognised as a reduction to personnel costs
ROI: EBIT / capital employed. The figure for the previous years has been adjusted to align the calculation method across all companies of the Group.
ROE: net result / equity
Days Sales Outstanding: trade receivables / sales (item A1 of IV EEC format)
Accounts payable turnover: trade payables / costs for suppliers
(**) SELF-FINANCING: profit/(loss) for the year + amortisation/depreciation + provisions/write-downs + net change in post-emp. ben.

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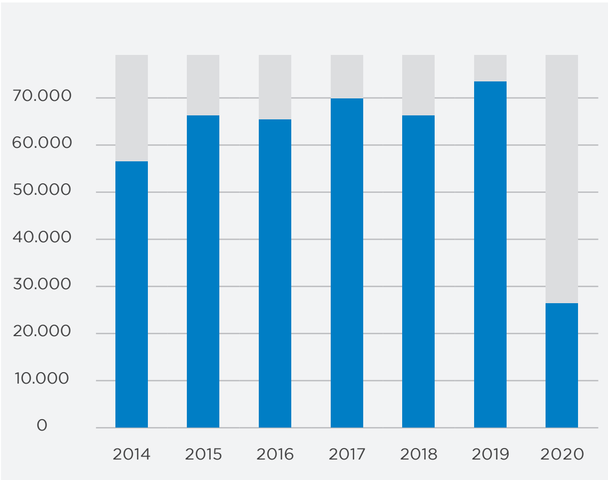
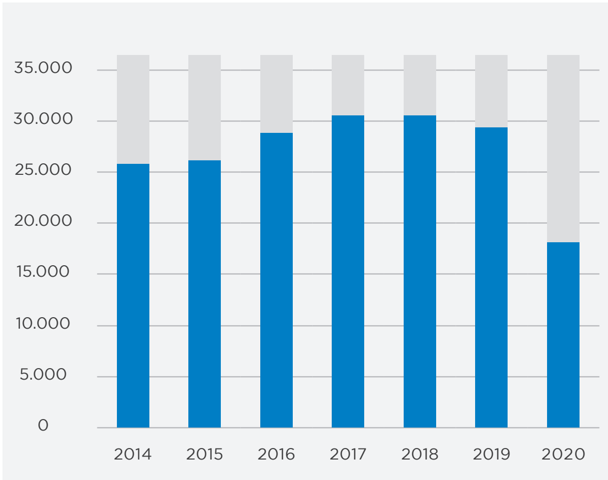
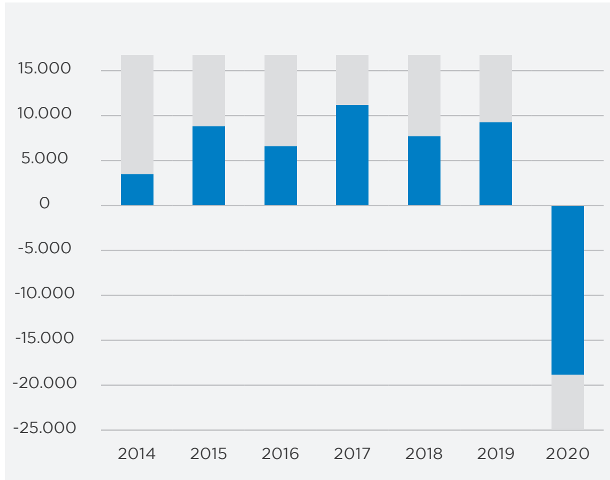
Value of production



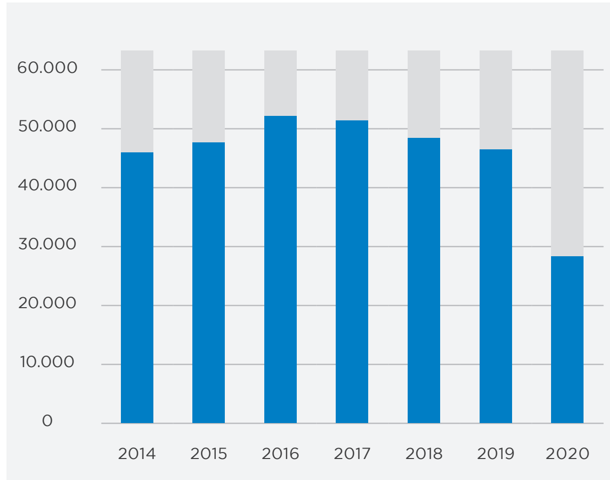
Operating costs



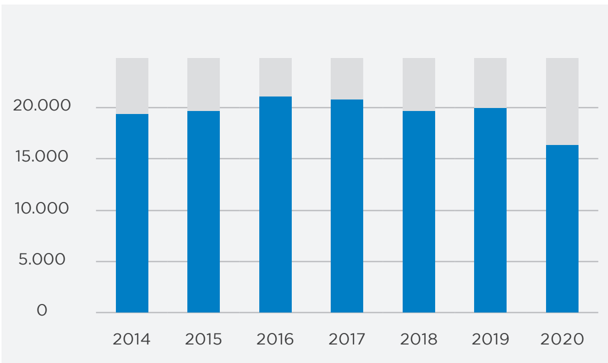
Net profit/(loss)



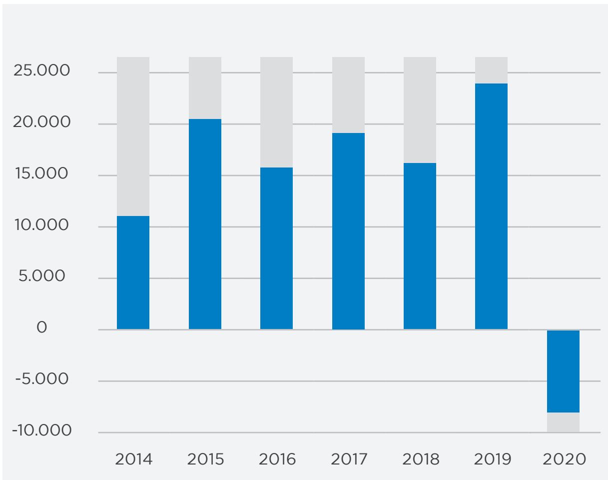
Shareholders' equity



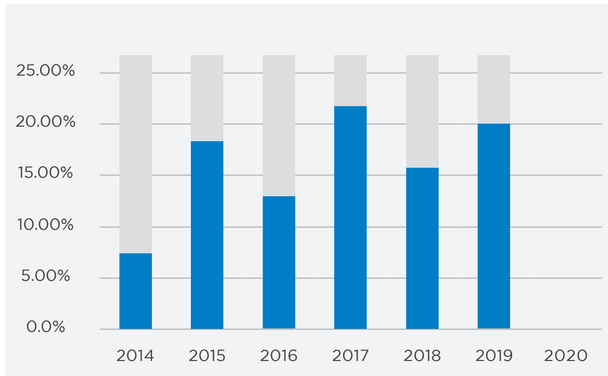
Personnel costs



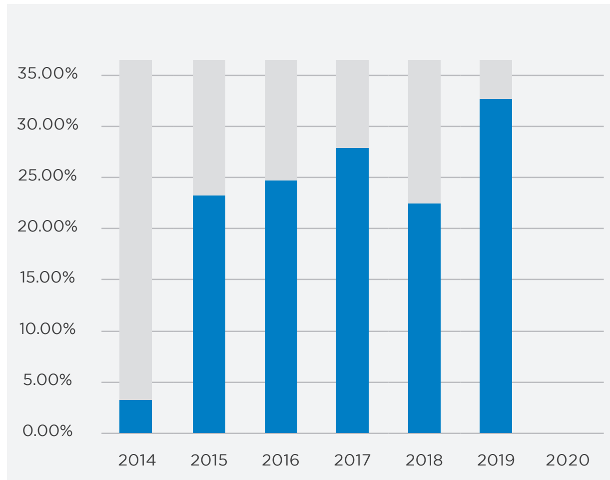
Gross profit



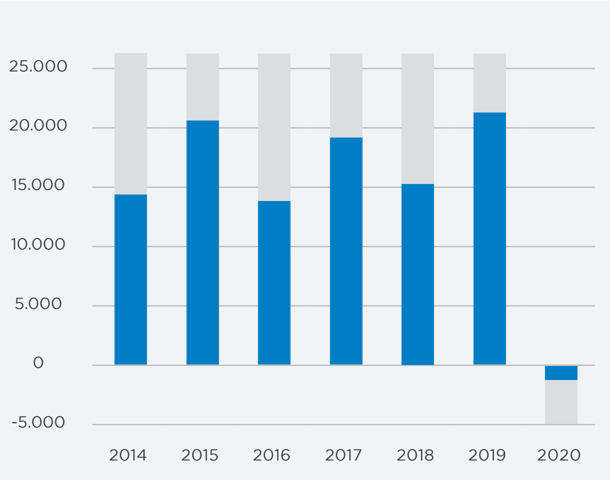
ROE



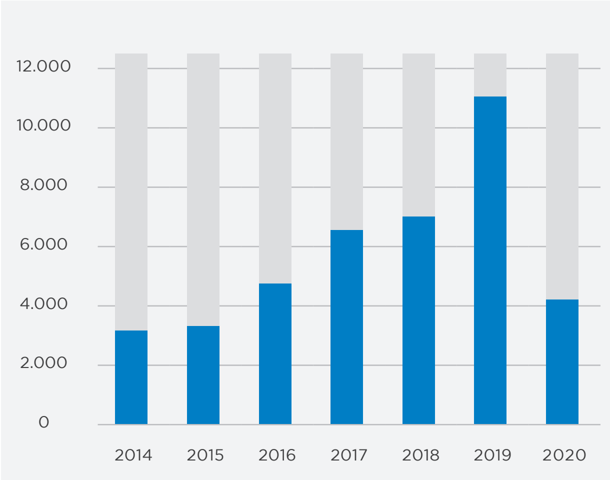
ROI%



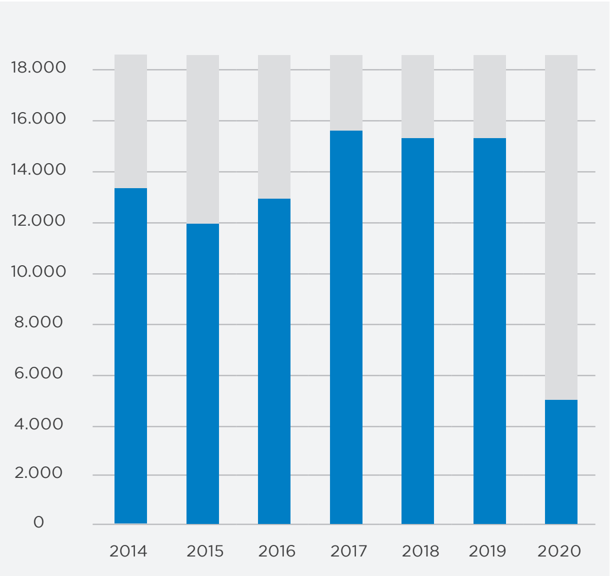
Trend in self-financing



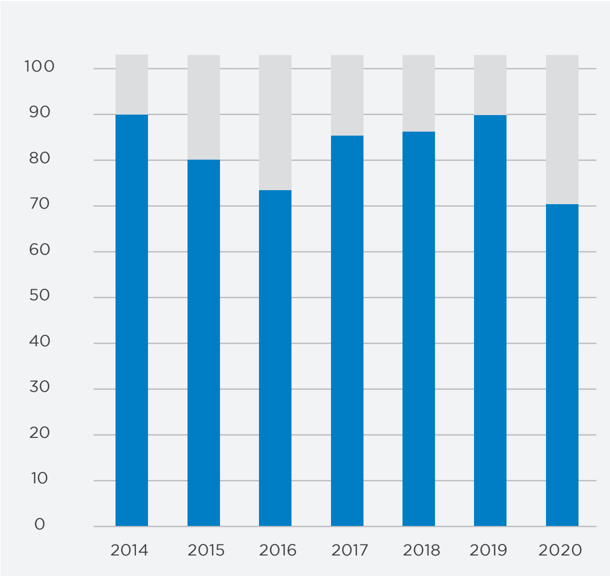
Trend in investments



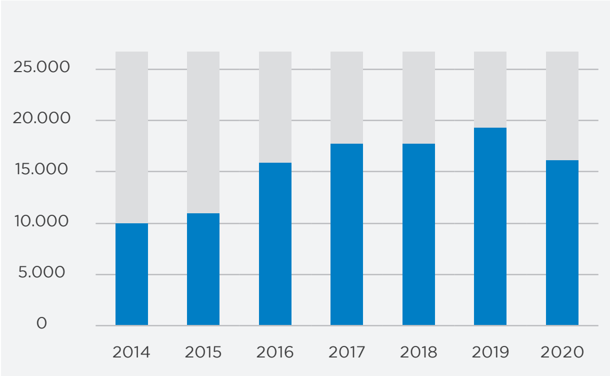
Trade receivables



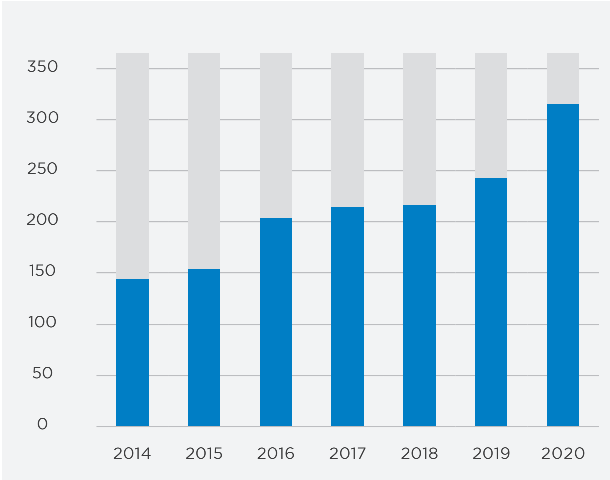
Average duration of trade receivables



Trade payables



Average duration of trade payables



1.11
Financial instruments

In December 2019, with the final instalment of the amortisation schedule, SAGAT S.p.A. settled the loan received from Intesa Sanpaolo in February 2010 with a total initial value of Euro 15 million.

In the first quarter of 2020, despite the fact that no new financial debt was expected and SAGAT S.p.A. had cash and cash equivalents at January 1, 2020, in the amount of Euro 8.1 million, it became necessary to enter into talks with the leading banks to raise the financing needed to ensure the company's continued operation within the landscape of collapsing markets, and particularly within the transport industry.

Therefore, in August 2020, SAGAT S.p.A. signed an agreement with Intesa Sanpaolo for a loan in the amount of Euro 20 million. In December 2020, an agreement was signed with Medio Credito Centrale for a loan in the amount of Euro 5.5 million and backed by the guarantee fund for small and medium enterprises as per Article 2 (100), letter a), of Italian Law 662/96.

As described in the section concerning the cash flows of the Parent Company, the balance of new debt for SAGAT S.p.A. at December 31, 2020 of Euro 25,164 thousand helped to support the cash absorbed by operating activities for Euro 13,038 thousand and by investing activities for Euro 4,110 thousand.

For further details, reference should be made to the section of the Explanatory Notes of the Parent Company related to debt.

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1.12
Human resources and the group organisation

The personnel of the SAGAT Group, with their wealth of knowledge and talent, have always been of strategic importance in our development. In 2020, they were all called upon to make an extraordinary commitment to being flexible and open to change within an extremely challenging, unpredictable landscape.

On March 23, 2020, we activated the Extraordinary Temporary Lay-Off Scheme for a total of 52 weeks in response to this unexpected, external event brought about by the global spread of the SARS-CoV-2 virus. This scheme was adopted for both companies of the SAGAT Group and for all eligible personnel without exception. Employees also had access to supplemental benefits of the air transport and airport system sector Solidarity Fund.

Also in March, we implemented "agile" working for 100% of the Group's administrative personnel who requested it (103 employees).

Industrial relations

In 2020, discussions between the companies of the Group and the trade unions were extensive and productive and centred around measures that could bring about major operational efficiencies for 2021 and the years to come, while safeguarding levels of employment within the delicate landscape of the pandemic. In this regard:

- in March, agreements were signed that led to the activation of the aforementioned Extraordinary Temporary Lay-off Scheme;
- in June, agreement was reached on not applying the SAGAT S.p.A. supplemental agreement for future hires of employees on permanent contracts, while protecting seasonal workers with the greatest seniority;
- in that same month, an agreement was signed that called for insourcing the airside management of PRM assistance, including the location and operation of the Ambulift vehicle, following termination of the contract between SAGAT S.p.A. and SAGAT Handling S.p.A. on December 31, 2020. This agreement allowed for the unification of the entire process of service management to operate the service more effectively, while safeguarding levels of employment within the Group;
- in December, an agreement was signed concerning the option for voluntary redundancy as allowed by Article 14 of Legislative Decree 104/2020.

In June, an agreement was also signed for recognition of the 2019 productivity bonus, which took account of new targets for earnings, quality and productivity, further integrating them with the subsidiary SAGAT Handling S.p.A. as envisaged under the agreement signed last year. In accordance with legislation, the agreement gave employees the option to convert the performance bonus into company welfare benefits.
Within the scope of these negotiations, the companies and the trade unions reached an agreement concerning the use, by December 31, 2020, of all remaining holiday time accumulated by each employee. This agreement was also extended to 2021 and 2022. In this way, the average number of outstanding holiday days per employee has improved further compared to 2013, the year in which this extraordinary measure

of cost containment began, with outstanding holiday days falling 87.5%, average annual FTE decreasing 4.4%, and outstanding holiday days per employee falling 86.9%. These figures underscore the efficient, effective management of human resources by the SAGAT Group.

The table below shows the trend for 2020 as compared to 2019.

	2020	2019	Difference 2020/2019	%
Outstanding holiday time (in days)	409	861	452	-52.5%
Average annual FTE	349	355	6	-1.69%
Outstanding holiday time per employee	1.2	2.4	-1.2	-50%

Company welfare and work-life balance

In a year strongly affected by the pandemic, the SAGAT Group sought to pay close attention to the quality of life of its employees, seeking to improve their work-life balance through a series of corporate welfare tools.

As mentioned, the health emergency accelerated the roll-out of remote working to the Group's administrative staff members. An employee survey was sent out to monitor the progress of this rapid innovation process, receiving an 82.5% response rate. The most popular elements related to personal needs. Analysing the data by gender and age revealed that certain categories were more likely to appreciate remote work, as they felt it better accommodated their family commitments (86.7% of women) and improved their well-being (69% of women and 76% of younger employees). Older employees expressed the most concern. One of the key issues to arise from the survey was a lack of opportunities to socialise and receive feedback from colleagues (70.4%).

An insurance policy was taken out for all employees to cover medical expenses arising from hospitalisation and convalescence due to Covid-19 and an agreement was put in place for routine screenings.

As anticipated, following an agreement signed with the trade unions in 2019, employees were able to convert their annual performance bonus into welfare services, benefiting from lower contribution allowances and a tax break on their gross pay.

Below is a full list of the initiatives implemented during 2020:

INITIATIVE	DESCRIPTION	NO. RECIPIENTS
Summer trips for the children of employees up to 17 years of age	The Group covers 77% of the cost of leisure, sports and English language trips during the summer months	33 children of Group employees attended summer camps
Reimbursement of nursery and kindergarten expenses	Companies reimburse 50% of the costs incurred	38 Group employees benefited
Comprehensive health care insurance	A health insurance policy covering services and reimbursing expenses incurred outside the network of affiliated health care facilities for employees and cohabiting family members	188 employees working for the Airport Manager are insured, in addition to 32 department heads and middle managers
Covid-19 health care insurance	Health care insurance policy providing hospitalisation benefits, convalescence benefits, and post-hospitalisation care.	All Group employees are covered by the policy
Covid-19 IgG/IgM Rapid Test agreement to detect SARS CoV 2 antibodies	Access to antibody (serology) tests at a reduced rate. The Group companies bear 50% of the costs. Reduced rate for cohabiting family members	Available to all Group employees and their family members. 116 employees have used the service to date
Remote work	Option to work from home made available to all administrative staff	103 Group employees have benefited from the scheme
Flexible benefits	Option for employees to convert their annual performance bonus into welfare services (e.g., school expenses for textbooks, university fees, etc.)	90 Group employees have chosen to convert their bonus

Personnel development

All Executives, Heads of Service and Office Managers are involved in the process of assessing employees to monitor their performance, motivation, potential, and aspirations and expectations within the organisation.

The process is based on a conversation between managers and their employees and seeks to analyse distinctive performance factors and identify any areas for improvement. This process is accompanied by the finalisation of the company MBO and an assessment of the objectives assigned to individual employees.

As a result of this process, more than 20 training courses were made available to employees during 2020 on topics relating to employee management, teamwork, project management, innovation, and interpersonal communication, to name a few. All training sessions that were postponed due to Covid-19 have been included in the 2021 Training Plan.

Training

Training and professional development activities carried out by the SAGAT Group in 2020 aimed to prepare staff members for market challenges, the Covid-19 emergency, and to facilitate the change management process. For this reason, training measures seek to strengthen both the technical skills and soft skills of employees.

National and regional pandemic containment measures have led to a significant reduction in the number of training measures included in the Corporate Training Plan. Greater recourse was therefore made to the DOCEBO eLearning platform, which allowed the Group to train employees on Covid-related topics (with particular attention paid to operations staff in direct contact with passengers), to meet skills certification deadlines for operations staff (although extensions were provided by various authorities in some cases), and to continue offering basic and refresher training to Group and external employees.

By offering new courses in addition to those already made available, more than 2,700 SAGAT Group employees and 1,300 employees working for other companies at the airport received online training over the course of the year.

Permanent and fixed-term employees attended 7,853 hours of training in total, while each SAGAT S.p.A. employee received an average of 23.8 hours of training and each SAGAT Handling S.p.A. employee received an average of 19.9, resulting in an average of 22.4 hours per employee per year for the two Group companies.

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All Group employees at all levels participated in some form of basic or refresher training:

Employees trained in 2020 (SAGAT Group total)

CLASSIFICATION	PERSONNEL	TRAINING
Executives	6	6
Managers	27	27
White-collar	222	222
Blue-collar	96	96
Interns	0	0
SAGAT Group total	**351**	**351**
Temporary	20	20
Sub-contractors	399	399
Total other	**419**	**419**
TOTAL	**770**	**770**

Training with both internal and external trainers was received positively in 96% of cases, with 23% of those asked rating training as "good" and 73% as "excellent".

Employee health and safety

SAGAT Group companies are equipped with occupational safety management systems aimed at the maximum protection of their workers. The Parent Company SAGAT S.p.A. uses a management system that is certified according to the international UNI EN ISO 45001:2018 standard, while SAGAT Handling S.p.A. uses an integrated system in compliance with Article 30 of Legislative Decree 81/08.Health and safety training activities for Group employees continued in 2020, albeit with the difficulties associated with in-person training. No occupational or commuting accidents were recorded by either company in 2020.

Following the outbreak of Covid-19 in March, the Group companies collaborated with the HR department and Prevention and Protection Service to implement various measures to contain the spread of the SARS CoV 2 virus among the Group's workforce through a series of internal communications.

A dedicated Working Group was set up and overseen by the HR department, with the aim of analysing workplaces and the measures to be taken to combat the spread of the virus (e.g., new PPE, reorganising office spaces, installing protective barriers, etc.).

In May, the "Protocol for governing measures to combat and contain the spread of Covid-19 in SAGAT Group workplaces" came into force, which summarised previous measures and contained new innovative suggestions to manage the gradual return of employees to the office.

The Protocol – which has been shared with the trade union members of the Group's Safety Management Committee – seeks to govern behaviour in the workplace and to provide an up-to-date, comprehensive framework for the individual and collective behaviours to be adopted, listing all obligations and prohibitions and providing useful suggestions for dealing safely with "Phase 2", taking into account the national and regional regulations and, in particular, the Protocol of April 24, 2020, signed by the Presidency of the Council of Ministers and the Social Partners.

All SAGAT Group employees also attended a training course and received an information/training flyer for easy reference in case of need.

Education-work projects

The SAGAT Group companies are committed to building relationships with local education institutes through partnerships and internships with high school and university students.

In particular, the on-the-job "TO GUYS" internship launched at the beginning of 2020 involved thirty Class 5 and 6 students as part of the "Percorsi per le Competenze Trasversali e l'Orientamento" [Cross-Cutting Skills and Orientation Pathways] (formerly the "scuola-lavoro alternanza"). Students were able to participate in internships in the operations area of the passenger assistance sector, overseeing snow charter traffic in the terminal at the weekends, after receiving appropriate training from SAGAT in December 2019. The programme had to be halted following the nationwide suspension of face-to-face teaching and internships in February 2020 due to Covid-19.

Management and organisation

In 2020, the Group companies persevered with the efficiency recovery process started in 2014.

The average annual number of FTEs in the Group – including staff members who directly manage the freight warehouse after the service was brought in house in January 2020 – is 348.9, a reduction of 1.7% (5.9 FTEs) compared to the previous year, as shown in the table below.

CATEGORY	Average value 2020	Average value 2019	Absolute change	Percentage change
Executives	6	6.9	-0.9	-13%
White-collar	246.6	246.7	-0.1	-0.1%
Blue-collar	96.3	101.2	-4.9	-4.8%
TOTAL	**348.9**	**354.8**	**-5.9**	**-1.7%**

The reduction is due to voluntary retirements during the year and the partial replacement of vacant roles, in addition to the lack of temporary staff hired to meet peak workloads during the 2020-2021 charter winter season, which did not take place due to national and international travel restrictions and the closure of all ski facilities due to Covid-19.

The total number of Group employees at December 31, 2020 decreased by 25 to 351 employees compared to the previous year, of which 10 fixed-term employees.

Net of secondments, the Group's personnel costs amounted to Euro 16,206 thousand in 2020. In January 2020, the National Collective Bargaining Agreement for the Air Transport Workforce (Specific Airport Managers Section) was renewed, which provided for an increase in the minimum contractual remuneration awarded to each management level and came into effect in January 2020. However, personnel costs were much lower than in 2019 due to the application of the Extraordinary Temporary Lay-Off Scheme by both Group companies from March 23, 2020, which resulted in savings of Euro 2,730 thousand.

COMPANY	Personnel costs 2020	Personnel costs 2019	Absolute Change
SAGAT S.p.A.	11,602	13,802	(2,200)
SAGAT Handling S.p.A.	4,605	6,145	(1,540)
SAGAT GROUP	**16,206**	**19,947**	**(3,741)**

SAGAT S.P.A.

In 2020, SAGAT S.p.A.'s workforce decreased by 4.1% (9.4 FTEs) to 218.5 FTEs compared to the previous year. The headcount also dropped by 7.9% to 222, compared to 241 the previous year.

The reduction is due to voluntary retirements during the year and the lack of temporary staff hired to meet peak workloads during the 2020-2021 charter winter season, which did not take place due to national and international travel restrictions and the closure of all ski facilities in Italy due to Covid-19.

Total personnel costs amounted to Euro 11,602 thousand, net of secondments, which is lower than in 2019 due to the application of the Extraordinary Temporary Lay-Off Scheme from March 23, 2020 onward, which resulted in savings of Euro 1,570 thousand. Meanwhile, the National Collective Labour Agreement for the Air Transport Workforce (Specific Airport Managers Section) applied by SAGAT S.p.A., provided for an increase in the minimum contractual remuneration awarded to each management level and came into effect in January 2020.

SAGAT HANDLING S.P.A.

SAGAT Handling S.p.A. had 120.4 FTEs at December 31, 2020. This figure includes 8 FTEs dedicated to the Cargo Service, which was brought in house in January 2020. At December 31, 2020, the headcount had dropped by 4.44% to 129 from 135 the previous year.

The reduction is due to voluntary retirements during the year and the lack of temporary staff hired to meet peak workloads during the 2020-2021 charter winter season, which did not take place due to national and international travel restrictions and the closure of all ski facilities in Italy due to Covid-19.

Total personnel costs stood at Euro 4,605 thousand lower than in 2019 due to the application of the Extraordinary Temporary Lay-Off Scheme from March 23, 2020, which resulted in savings of Euro 1,160 thousand.

1.13
Investments

The Group's investment model was completely remodelled in 2020 due to Covid-19, which impacted passenger traffic and resulted in organisational constraints that affected the continuity of operations. Priority was given to measures required to deal with the health emergency. As a result, the amount of actual investments was significantly lower than planned in 2020, at just Euro 4,153 thousand. The main measures implemented are highlighted below, with a descriptive annex that details the specific infrastructural and logistical measures implemented to deal with the pandemic.

The works begun in 2019 to revamp the **passenger terminal** were completed at the beginning of 2020. The most significant of these concerned the completion of works on the Upper Departures Level (+10.93), involving the infrastructural interconnection of catering areas with operational office areas and the simultaneous upgrading of the fire-fighting system. The passport control stations on the Arrivals and Departures Levels in the terminal's North Wing were also restructured at the beginning of 2020. During the year, automatic tray retrieval systems were installed to assist security checks carried out on the baggage and personal effects of departing passengers, and works began to upgrade a section of the mezzanine in the South Area of the passenger terminal to house the new Border Police offices.

As regards **other buildings in the airport grounds**, at the beginning of the year, work was completed on the construction of a new Training Centre. In the latter half of the year, work was limited to minor extraordinary maintenance, mainly on the Fire Prevention Service, Police, and Finance Police ("Guardia di Finanza") buildings.

As far as **measures in the aircraft movement area** are concerned, the Group was able to take advantage of the drop in traffic due to the pandemic to upgrade the runway touchdown area.

In terms of **upgrading the airport plant networks**, a number of secondary heating plants were upgraded. In addition, the district heating system that supplies the majority of airport buildings was functionally remodelled.

In terms of **hydraulics**, a new sewage pipe was connected to the sewage treatment plant serving the vehicle workshop, in compliance with regulations. Significant sections of the airport water supply networks were also upgraded with the aim of minimising network losses.

As far as **electricity infrastructure** is concerned, specific consumption measurement systems were installed for sub-concessionaires. These activities involved activating a closed management system for electricity supplies, allowing for the more effective monitoring of electricity consumption.

In terms of **energy savings**, old lighting systems were replaced with LED fixtures in the multi-storey car park, along the road in front of the passenger terminal, on aircraft aprons, in disembarkation

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areas of the passenger terminal, in the aviation terminal, and in the State Bodies building.

With regard to **electromechanical systems**, important investments were made to remodel the BHS (baggage handling system) and to install new EDS Standard 3 machines (explosive detection system) in compliance with European and Italian security requirements. The first of three EDS Standard 3 machines was installed to meet these new requirements. Further installations are expected in 2021.

In line with the Group's environmental objectives, the airport fleet continued to be replaced with hybrid vehicles. Lastly, with regard to **infrastructural planning**, the Airport Development Plan (PSA) for the ten-year period up to 2030 was completed and presented in 2020, and the ENAC urban planning inquiry will be completed in 2021.

In terms of IT **investments** in 2020, the Access Control System hardware was upgraded to expand the use of new airport badges equipped with contactless proximity chips (to prevent the spread of Covid-19), which contain encrypted information to open/close airport gates. The system management platform software is also in the process of being upgraded and integrated with the HR Training System so that validation checks at customs gates can be automated in 2021, in line with the security regulations that will soon come into force regarding the sufficient training of staff with access to high-security areas.

The hardware and software infrastructure of the platform used to manage airport freight transport activities was also upgraded with highly reliable virtualisation technologies and cutting-edge databases. A new software module has been introduced for agency activities, as requested by the main airlines operating at the airport.

Two NAS (Network Attached Storage) units with ample storage capacity were purchased to expand and streamline the corporate data storage areas made available on the network.

A project is underway to upgrade the car park management system's hardware and software using highly reliable virtualisation technologies and cutting-edge databases. The project is due for completion in 2021.

Investments were made in the e-commerce platform to further improve its user interface and the overall user experience. For example, customers can now log in automatically using Google Login or Apple Sign-in, guaranteeing faster access than traditional log-in methods.

New digital payment options are also being introduced, allowing customers to make purchases using PayPal, Satispay and MyBank. Expanding the payment tools available to customers at checkout beyond traditional credit and debit cards will create a seamless shopping experience and may help to reduce cart abandonment rates. Finally, it is now possible to differentiate between product and service prices depending on the sales channel (website/app), supporting greater sales and promotional granularity.

Covid-specific measures

Gli inInitiatives to deal with the Covid-19 pandemic involved a series of wide-ranging investments which, combined with organisational measures, allowed the Group to respond promptly to emerging needs, in order to safeguard the health of operators and passengers and to guarantee a decent level of service despite the considerable restrictions in place. The main measures implemented are described below.

Special thermal scanners were installed and control stations were set up to measure the body temperature of passengers.

Two new stands were set up for passengers boarding on foot (stands 106 and 107) to limit the use of buses to board aircraft.

As detailed in a comprehensive plan, work was also carried out on route marking systems (barriers, curtain walls), modifying automations and alarms on automatic doors and installing dedicated and widespread signage. These measures have allowed the Group to quickly overhaul passenger routes at the airport while ensuring social distancing, separating incoming and outgoing passengers and creating effective, dedicated routes depending on the type of checks to be carried out.

Hand sanitiser dispensers have also been installed in visible, signposted locations in all airport buildings.

Lastly, work was carried out to remodel the air circulation systems in the passenger terminal and in other airport buildings to better circulate air due to the pandemic. The recommended aeraulic flow management methods were adopted following a study commissioned by the Politecnico di Torino.

Finally, materials were purchased to sanitise rooms, equipment, and vehicles. Numerous investments have been made to prevent the spread of Covid-19 among SAGAT Group employees. New offices and operating spaces (in the passenger terminal and in all airport buildings) have been set up rapidly to ensure adequate social distancing for airport staff on duty. These measures have been accompanied by the modification of operating desks and workstations and the installation of Plexiglas barriers to guarantee the effective separation of operators and passengers.

Special thermal scanners have been installed to measure body temperature. These scanners are connected to clock-in systems, allowing access only to those with a temperature below 37.5°C.

Finally, the supply of new technical hardware and software has been accelerated considerably. The main objective is to support the widespread and sudden reliance on remote work, which has involved almost the entire company population. The provision of new, higher-performance notebooks and the transition to a new Microsoft 365 system has allowed the Group to make considerable technological progress, resulting in a significant boost in the use of cloud systems and video conferencing tools.

1.14
Innovation and digitisation

In the completely unprecedented situation in which the Group found itself operating due to the Covid-19 emergency, product and process innovation (and digital opportunities) played a key role in preventing the spread of the virus and responding to the emerging needs of passengers and SAGAT Group employees. The innovation team participated in and across all departments, recalibrating objectives and priorities to address the crisis and to implement innovative solutions in all areas.

The Covid pandemic has resulted in a marked change in passenger journeys, involving, where possible, the introduction of touchless procedures and contactless processes to render journeys smooth, safe, and secure.

In this respect, the first technological preventive measures taken by the Group concerned the installation of nine thermal scanners to measure the body temperature of all arriving and departing passengers.

In the VIP lounge, a touchless and paperless digital newsstand service was launched in place of paper publications. More than 300 Italian and international newspapers and magazines can be consulted for free on any device (a smartphone, tablet or laptop) through the portal using a dedicated WiFi network.

In 2020, the (SMILEY) instant feedback push-buttons system used by passengers to express their opinion on the security service/hand luggage checks were replaced by touchless systems that allow people to give feedback without touching the buttons.

A Whatsapp channel was also set up to support the information office during the first wave of the pandemic, in view of the large influx of requests, and to offer passengers an additional way of getting in immediate contact with the airport.

A dedicated section has been created in the Torino Airport App to provide information on the new Covid Test Point facility and to render the booking feature available to all citizens.

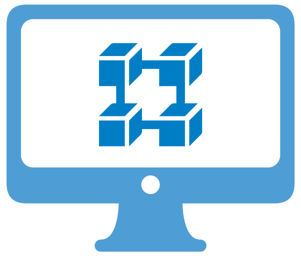
Innovation also accompanied employee initiatives to combat the spread of the virus. The body temperature of all employees was monitored at the start of their work shift through integrated temperature scanners installed in time-recording terminals, which prevented people from clocking in if their temperature exceeded the permitted limit.

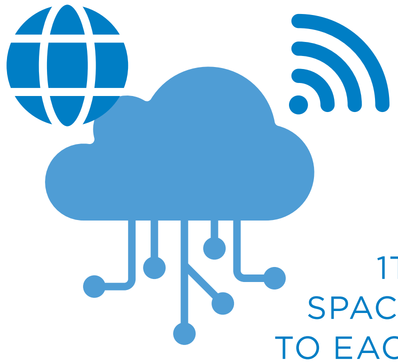
At the same time, the digital employee experience was boosted through the introduction of remote working, made possible thanks to a 37% increase in company notebooks and the Group's migration to the Microsoft 365 platform, which provided a new suite of cloud-based mail and storage tools, as well as a new interaction and video conferencing platform (Teams).

The digital survey tool was used among SAGAT Group employees for the first time. At the end of the first lockdown, perceptions of remote working were investigated by (anonymously) collecting, processing and analysing responses on benefits, critical issues, and room for improvement.

The health and safety training delivered upon the return of employees to the office made use of the company's eLearning cloud platform, involving all employees through virtual classes.

Group employees have clocked up more than 40,000 remote connection hours and have participated in 1,173 video calls since remote working was rolled out. In addition, more than 450GB of files and documents have been stored on the cloud, and 1TB of cloud space has been made available to each employee.





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1.15 The environment

Environmental management system

The SAGAT Group takes environmental topics very seriously and considers environmental and sustainable development to be essential to the management of its business activities. With this in mind, the Group is committed to promoting a culture of responsibility and active commitment to protecting the environment at all company levels.

SAGAT S.p.A. makes uses of a strategic, cross-cutting HSE (Health, Safety & Environment) Management System for all activities carried out on airport grounds, including development, aviation operations, direct and indirect service management, design, construction, and plant and infrastructure maintenance. Through the adoption of certain protocols and procedures, which demand strict compliance, workers' health and safety, fire prevention, building and workplace hygiene and cleanliness, and environmental matrices (water, air and soil) are managed in an comprehensive manner.

The HSE Management System is certified by the certifying body TÜV Italia according to international standards on workplace health and safety (ISO 45001:2018) and the environment (ISO 14001:2015). In November 2020, an audit to renew both certifications was carried out with a positive outcome. In consideration of the current state of the environmental matrices present on the airport grounds, indicators have been identified and linked to the completion of specific investments foreseen in the Airport Development Plan. Feasibility studies have been completed for an ambitious project to reduce the airport's atmospheric emissions and water discharges while encouraging adherence to a circular economy.

Environmental protection plan

In 2020, the Group focused particular attention on its Environmental Protection Plan, which lists the indicators for which SAGAT S.p.A. is committed to achieving certain improvement objectives, as well as a description of the activities and key investments implemented to achieve these objectives.

In line with the Environmental Protection Plan under the Regulatory Agreement for Turin Airport (pursuant to Legislative Decree 133/2014 and subsequent Law No. 164/2014), approved by ENAC in 2019, the following interventions are underway:

- the replacement of existing lighting systems with energy-saving ones (LED technology with dimming systems);
- the provision of information and training courses to staff members whose work activities could impact the environment. The objective is to make staff members aware of the Environmental Management System, its protocols and procedures, and to encourage appropriate, responsible behaviours to help protect the environment;
- the replacement of the existing vehicle fleet with vehicles powered by fuels with a lower environmental impact or with reduced emissions (e.g., natural gas, biodiesel, electricity, hydrogen, hybrids, etc.);
- the retrofitting of oil-fired heat generators to reduce emissions levels and increase efficiency.

Planning of environmental activities

The planning of activities to comply with general and special environmental regulations as well as to protect the environmental matrices on the airport grounds has resulted in the definition and completion of the following activities:

- the implementation of an ongoing improvement plan with specific improvement targets for environmental topics;
- the continuous monitoring of environmental performance indicators (KPIs) relating to rainwater and surface water, through the Prevention and Management Plans for rainwater on the runway and aircraft aprons shared with the Metropolitan City of Turin and SMAT S.p.A.;
- the implementation of operating procedures to manage waste produced during runway and apron sweeping activities, through the purchase of temporary storage equipment;
- the modernisation of containing basins for non-hydrocarbon liquids and implementation measures to prevent the dispersion of these liquids into the soil;
- the management and streamlining of the airport sewage system, through upgrading works, agreed with the Metropolitan City of Turin;
- the monitoring, managing and streamlining of water sources by modernising the drinking water supply network and replacing old and/or deteriorated sections of the network with new ones to avoid waste;
- the monitoring of atmospheric emissions from heat generators.

Airport noise

Communities living near the airport tend to notice airport noise more than any other environmental factor. As such, SAGAT S.p.A. is committed to managing this issue efficiently and effectively on an ongoing basis, guaranteeing constant communication and contact with the competent authorities and developing monitoring and operating procedures to reduce the impact of noise. In 2020, SAGAT S.p.A. continued with:

- the ongoing monitoring of airport noise levels through a system of eight noise monitoring stations;
- the calculation of noise indices required by Italian and European regulations;
- checks on compliance with anti-noise procedures;
- studies into the noise impact on airport surroundings by means of simulations using INM software;

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- the handling of citizen complaints by analysing the aviation factors behind them and recommending mitigating actions;
- the sharing of airport and regional planning tools with the regional authorities;
- collaboration with the bodies responsible for managing airport noise pollution through dedicated technical working groups.

Energy management system

The Turin Airport Energy Management System is certified by DNV-GL according to the ISO 50001:2011 standard. The SAGAT Group had its certification renewed following a successful audit, completing its transition to the 2018 version on time while adopting the High Level Structure (HLS) and specific changes required by the update.

Turin Airport has completed its transition to Level 2 (Reduction) of the Airport Carbon Accreditation environmental sustainability programme promoted by Airports Council International (ACI).

Certification at level 2 of the Airport Carbon Accreditation programme represents a significant step towards achieving NetZero 2050, which is an important commitment made by the SAGAT Group towards the environment and the local community. By adhering to the NetZero 2050 target, the Group commits to reducing carbon dioxide emissions from operations under its control to zero by 2050.

The goal set for the next three years (2021-2023) by the Carbon Management Plan under Level 2 of the Airport Carbon Accreditation is to halve CO2 emissions compared to the 2017 base year by making investments to increase the efficiency of the most energy-demanding systems (lighting and air conditioning systems) and by only purchasing electricity from certified renewable sources.

In the three-year period from 2017 to 2019, the SAGAT Group reduced its CO2 emissions by 10.43%, the equivalent of 1,350 tonnes, thanks to initiatives set out in its energy improvement plan and to investments made to improve the efficiency of its lighting systems with LED technology and remote control systems.

Total consumption expressed in tonnes of oil equivalent (TOE) decreased compared to the previous year by approximately 28%, amounting to 3,262 TOEs. The sharp drop in passengers due to the pandemic contributed to this reduction, although the decision to keep the airport fully operational resulted in traffic-independent consumption levels.

In 2020, the percentage of electricity purchased from renewable sources (certificates of origin ("GO")) increased from 20% in the first half of the year to 75% in the second half.

The car fleet continues to be upgraded with the purchase of electric vehicles in order to improve environmental standards by reducing exhaust emissions from vehicles used on the airport grounds. The upgrade programme will affect around 50% of the diesel car fleet and is due for completion in 2023. Increasing the percentage of electricity purchased from renewable sources will render the increase in electricity consumption resulting from the use of new vehicles sustainable.

As part of the initiative to improve the efficiency of heat transfer fluid production systems, the thermal power stations fuelled by diesel oil have been adapted and the main thermal station has been converted from superheated water to hot water, which will allow for greater efficiency and lower emissions during the winter season.

1.16 Quality

The SAGAT Group is committed to analysing customer needs and pursuing their satisfaction, despite the differing customer base served by SAGAT S.p.A. (passengers) and SAGAT Handling (airlines). Quality objectives are shared at all levels of the organisation and pursued through the provision of adequate resources.

A customer-first approach

SAGAT S.p.A.'s Quality Policy is based on the supervisory role played by the Airport Manager with regard to the airport system, placing customers at the heart of activities through an ongoing customer experience improvement process.
The Quality Management System (certified ISO 9001:2015) plays a strategic, cross-cutting role in all processes and makes use of various, complementary tools:

- the ongoing monitoring of **process indicators** to allow for continuous performance improvements, based on:
  - a tried and tested system for **monitoring** the level of quality provided and perceived in accordance with the reference legislation (ENAC Circulars GEN-06 and GEN-02A);
  - a customer satisfaction **survey** system according to the ACI ASQ model, which compares Turin airport to an international benchmark, encouraging comparison with airports with similar traffic levels;
  - a **voluntary certification** system according to ISO standards (9001:2015, etc.);
  - the carrying out of **assessments** aimed at obtaining certifications issued by the world airport sector association (ACI Airports Council International) to certify Turin Airport at an international level;
- an **understanding of customer needs and expectations**, achieved through the management and analysis of passenger reports and complaints.

Measurement activities in 2020

In 2020, all activities to measure quality provided and perceived were carried out, as provided for by:

- the **Service Charter**: the minimum service standards that SAGAT S.p.A. undertakes to provide, and which are subject to approval and verification by ENAC;
- the **Quality Plan** annexed to the **Regulatory Agreement** (four-year period 2020-2023): ten indicators, with pre-established improvement objectives with reference to the base year (2018). These, too, are subject to ENAC approval and verification;
- the **ASQ**, the benchmark of the Airport Council International, which monitors customer satisfaction levels at airports.

Service Charter and quality Plan annexed to the Regulatory Agreement

Despite ENAC's guidance that, in light of the ongoing health crisis, Service Charter 2020 monitoring would not be considered in assessing Operator service quality, and that monitoring of the 2020 Quality Plan of the Regulatory Agreement would be suspended, Turin Airport continued to monitor all indicators throughout the year. Measurements of quality provided and perceived - normally carried out on a continuous basis - were profoundly affected in 2020 by restrictions and the dramatic fall in volumes that resulted from the Covid-19 virus.

Quality perception

For airports with traffic between 2 and 5 million passengers, ENAC Memorandum GEN-06 requires a minimum sample of 1,100 interviews, with a statistical error tolerance of around 3%.
Surveys are carried out using questionnaires delivered to passengers on the basis of the indicators set out by national law. The system is based on a scale from 1 (terrible) to 6 (excellent). To obtain the satisfaction rate, the number of positive responses (4, 5 or 6) is calculated as a percentage of the total number of responses.
The surveys are carried out by specially trained internal staff. In 2020, with traffic down 64.4% on the figure of 4 million reported in 2019, 488 questionnaires were collected. Furthermore:

- no surveys were carried out between mid-March and mid-August, or between early November and mid-December;
- to minimise the risk of infection, changes were made to the way in which questionnaires were delivered: face-to-face surveys were replaced by paper questionnaires, which passengers filled out autonomously;
- nonetheless, the ratio between sample interviewed and total commercial aviation passengers remained constant, as set out in the following comparison between 2020 and 2019:

Interviews	Total no.	Passengers	% of total
2020	488	1,400,808	0.03%
2019	1,249	3,934,089	0.03%

- surveys were also conducted with Passengers with Reduced Mobility (PRM), and here, too, numerical reliability was ensured:

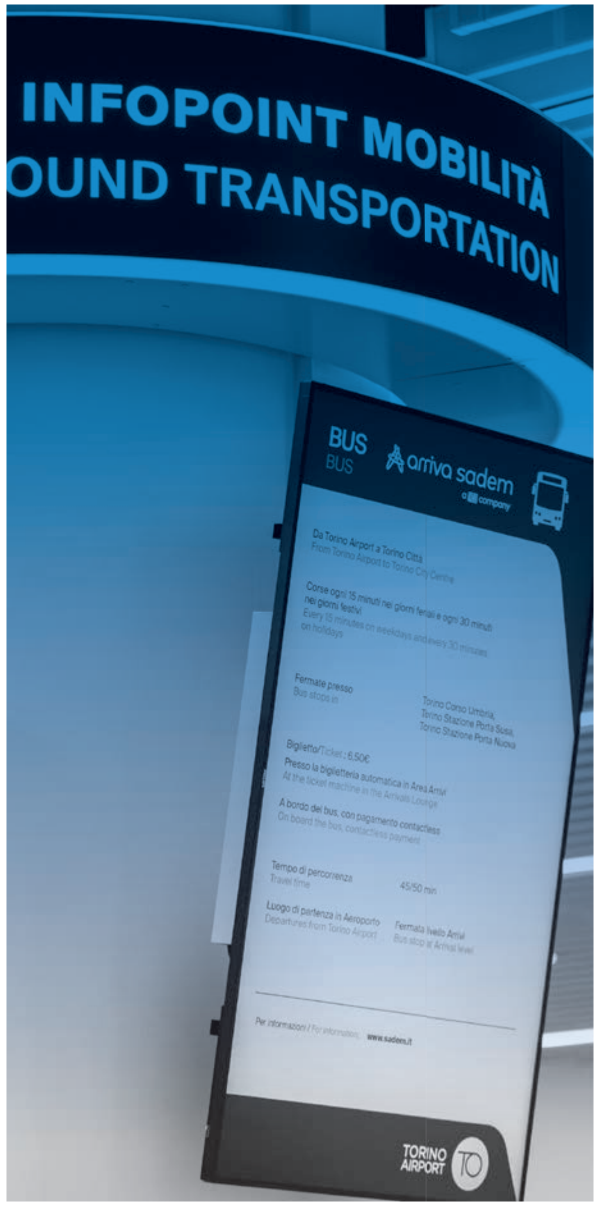
PRM Interviews	Total no.	Passengers	% of total
2020	693	12,944	5.35%
2019	1,807	33,005	5.47%

Quality provided

ENAC's memoranda set out methods for measuring and calculating values for each indicator. In 2020, these measurements were also affected by the pandemic:

- monitoring of service times and objective data was suspended between mid-March and mid-June;
- monitoring of passport control times was suspended for four months, and arrivals measurements ceased entirely, since they were nullified by new anti-Covid health procedures;
- due to operating problems, it was not possible to monitor security waiting times in December;
- the data retrieved from the airport's IT system is entirely in line with variations in traffic;
- total reporting reflects the changes in commercial aviation volumes, and samples collected in 2020 are consistent with those from 2019:

	2020	2019	Change 2020 vs 2019
Reports	28,929	80,020	-63.85%
Passengers	1,400,808	3,934,089	-64.39%



2020 Service Charter

Considering these premises, it is possible to comment on overall data for 2020. Of the roughly fifty objectives contained in the Service Charter, seven were not achieved. Of these, five related to perceived quality. The two indicators relating to quality provided are both associated with aircraft disembarkation, and one relates to PRM's.

In detail:

No	Indicators	Unit	2019 Result	2020 Objective	DEC
7	Boarding wait time for the 1st passenger	Block-on waiting time in 90% of cases	3:48	4:00	4:20
16	Perception of the availability of mobile phone and laptop recharging stations in common areas	% of satisfied passengers	99.3%	96%	95.8%
20	Perception of shop and newsstand availability, quality and prices	% of satisfied passengers	98.5%	96%	88.6%
21	Perception of bar and restaurant availability, quality and prices	% of satisfied passengers	97.3%	96%	92%
22	Perception of beverage/snack distributor availability	% of satisfied passengers	98.8%	96%	95.7%
34	Perception of the adequacy of airport-city connections	% of satisfied passengers	82%	86%	83.6%

No	Indicators	Unit	2019 Result	2020 Objective	DEC
3	For PRMs arriving with advance notice: waiting time on board for PRM disembarkation after disembarkation of the last passenger	Waiting time in minutes in 90% of cases	3:48	4:08	4:37

- The results for indicators 16 (charging stations) and 22 (F&B distributors) are close to target levels (rounded to the objective value).
- It is no surprise that indicators 20-21-22 (relating to commercial service offering) suffered as a result of the pandemic, which forced changes to opening times and even the temporary closure of some stores. Restaurant services may also have been affected by more rigid service and longer waits resulting from staff shortages as subconcessionaires attempted to contain costs.

The figures from vending machines are not believed to reflect upgrades made in

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November 2020. Two vending machines have been added since 2019. These are located at the remote check-in area, close to the relocated Covid Test Point (first opened in the public section of the departures hall, and from November made available to all citizens, including non-passengers, who were not part of the sample interviewed).

- Indicator 34, regarding the adequacy of transport connections between the city and the airport, was not immune from the effects of the pandemic: social distancing measures and capacity reductions (no. of available spaces on each means of transport and number of services) implemented by travel providers may have negatively affected passenger perceptions. Despite that, in 2020 there was a significant improvement on the previous year, in which the percentage of satisfied passengers remained steady at 82%.
- Onboard waiting times following the disembarkation of the first passenger exceeded target levels ostensibly as a result of new disembarkation procedures. To comply with social distancing rules, these involve disembarkation by row. Nevertheless, this indicator remained within acceptable levels, and was down on the overall figure for 2019.
- Finally, disembarkation times for PRMs arriving with advance notice were in line with the general slowdown in aircraft disembarkation and first passenger disembarkation times, suffering the effects of the latter. However, this performance indicator also remains at acceptable levels.

Focus on Passengers with Reduced Mobility (PRM)

Service times reported in 2020 are in line with expected standards, with the indicator described above the sole exception. For its study of customer satisfaction for passengers with reduced mobility, in 2020 SAGAT S.p.A. carried out a sample of 693 surveys. Customer satisfaction for PRMs arriving and departing from Turin Airport was once again excellent (lowest satisfaction level: 97.6%).

In the area of service for passengers with disabilities or reduced mobility, 2020 saw the continuation of collaboration with CPD - *Consulta per le Persone in Difficoltà* (Council for People in Difficulty). Despite the need to reduce costs across business areas, SAGAT continued to provide financial support to CPD as part of the "Caselle for All" project, which sets out to improve airport usability for passengers with specific needs or physical-motor or sensory disabilities. The project provides specially-equipped airport-city transport support services, which can be booked via a toll-free phone line managed by CPD. In 2020, 99 transport support services were provided, compared to 263 in 2019.

In 2020, SAGAT S.p.A. also continued its commitment to the "*Autismo - in viaggio attraverso l'aeroporto* (Autism - A journey through the airport)" project, created by ENAC in partnership with Assaeroporti, sector associations and airport management companies to facilitate airport access and air travel for people affected by autism.

Results of the Quality Plan annexed to the Regulatory Agreement 2020

As previously mentioned, ENAC suspended monitoring effects for the Regulatory Agreement in 2020. It did not, however, relieve operators of their duty to carry out this monitoring, and Turin Airport continued to undertake this activity to the extent possible considering reduced operations and problems created by the pandemic.

Of the ten indicators, two objectives were not reached. In both cases, the value recorded in 2020 was lower than the equivalent figure for 2018, the base year on which the four-year targets were set:

- disembarkation times for PRM's with advance notice (this parameter is also included in the Service Charter, as described above);
- ASQ ground transportation rating: this result is lower than expected and is in line with the equivalent indicator measured as per the Service Charter.

The other eight indicators, however, significantly exceeded their respective target values.

		Weighting	Real data - base year 2018	Results - bridge year 2019	2020		Objectives		
					Objectives	Results	2021	2022	2023
1) Quality provided	Perception of passport control waiting time	15	5:05	4:30	5:04	4:10	5:03	5:02	5:01
2) Quality provided	Last baggage return time	5	30:01	25:39	30:00	26:28	29:59	29:58	29:57
3) Quality perceived	Perception of toilet facilities	10	89,8%	94%	90%	97,4%	90,2%	90,4%	90,6%
4) PRM - provided	Disembarkation time, advance notice	10	4:09	5:28	4:08	4:37	4:07	4:06	4:05
5) PRM - perceived	Perception of access to infrastructure	10	93,4%	97,1%	93,6%	97,6%	93,8%	94%	94,2%
6) Quality provided	Check-in waiting time	7	5:04	4:55	5:03	4:36	5:02	5:01	5:00
7) ASQ	Overall satisfaction	15	3,86	3,96	3,87	4,09	3,88	3,89	3,90
8) ASQ	Ground transportation	8	3,56	3,62	3,57	3,36	3,58	3,59	3,60
9) Technical	Usage of Automated Border Control (E-gates)	10	0%	0%	1%	31,21%	2%	3%	4%
10) Technical	Charging stations (TPHP/no.)	10	631,7	384,6	625	335	500	416,7	357,1

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Airport Service Quality

2020 is the fourth full year of measurements, carried out according to a rigorous sampling plan known as ASQ. The quarterly field test must include every day of the week and the entire opening hours of the airport. Data are gathered using questionnaires completed by passengers, comprising a series of questions that require answers on a scale between 1 (terrible) and 5 (excellent).
Considering the effects of the pandemic, in 2020 ACI permitted some exceptions to the sampling process, allowing Operators to suspend and/or reduce the number of measurements in line with the reduced traffic volumes they actually managed. At Turin Airport, following a complete suspension in Q2 (which coincided with the first lockdown), full field testing continued in Q3 and at reduced levels in Q4, when it was affected by Turin's classification as a "red zone".
2020's overall satisfaction figure continued the positive performance reported in previous years.

Trend by year

2016	2017	2018	2019	**2020**
3.66	3.73	3.86	3.96	**4.09**

"The Voice of the Customer"

It was this perseverance to fieldwork that saw Turin Airport recognised as "The Voice of the Customer", an award given by ACI to airports that continued to prioritise passengers in 2020, endeavouring to gather feedback through ASQ despite the ongoing pandemic.

Voluntary certifications and assessment

Two different certifications were achieved in 2020. The first is consistent with the company's strategy of placing customer experience at the centre of SAGAT Group operations, while the second came as a swift response to the changes created in the operating environment by the effects of the Covid-19 emergency.

- **Airport Customer Experience Accreditation**
  (obtained May 2020)
  This voluntary certification measures an airport's ability to manage passenger experience, as part of the ACI ASQ (Airport Service Quality) programme, and certifies an airport's ability to oversee customer experience. Airports must demonstrate their maturity as regards customer analysis, performance measurement, processes to manage customer service activities and strategies to improve the quality of services provided. The certificate is awarded based on the assessment, carried out by an international commission, of the achievement of objective requirements. These are identical for every airport, regardless of passenger numbers.
  Turin Airport, certified at Level 1, was the first Italian airport in its ACI category (2-5 million passengers per year) to receive the certification. SAGAT's investments in innovation and digital communication were cited among the factors that led to the award.

- **Airport Health Accreditation**
  (obtained October 2020)
  This programme assesses the health measures and procedures implemented by airports following the Covid-19 pandemic, conforming to the recommendations issued by the International Civil Aviation Organisation (ICAO - Council Aviation Recovery Task Force), in line with the European Union Aviation Safety Agency (EASA), the European Centre for Disease Prevention and Control (ECDC - Aviation Health Safety Protocol), and the ACI Europe guidelines for a Healthy Passenger Experience at airports.
  Topics taken into account by ACI when awarding the accreditation include: cleaning and disinfection of spaces, maintenance of social distancing, protecting personnel, and passenger communications and facilities.

The two new certifications supplement the certified systems that comprise our Integrated Policy:

Voluntary certifications according to UNI EN ISO regulations:

- ISO 9001 Quality Management System;
- ISO 14001 Environmental Management System;
- ISO 50001 Energy Management System;
- ISO 45001 Occupational Health and Safety Management System.

Sector-specific obligatory certifications:
- ENAC - Airport Certification.

Sector-specific voluntary certifications:
- ACA - Airport Carbon Accreditation;
- ASQ - Airport Customer Experience Accreditation;
- AHA - Airport Health Accreditation.

In November 2020, Turin Airport was also presented the ACI Europe **Best Airport Award** as the best airport in Europe in the under 5 million passengers category. This recognised the airport's ability to react to the Covid-19 health crisis, which was the defining feature of the industry in 2020.

ISO 9001:2015 Quality Certification

In December 2020, the certification body DNV carried out the oversight audit required to maintain ISO 9001:2015 certification.
The audit concluded positively, and no non-conformities were found.

Passenger listening

In addition to the use of questionnaires as described above, passenger listening is also carried out through the management of complaints and reports, which are classified in compliance with ENAC Memorandum GEN-06 (dissatisfaction, non-compliance, and safeguarding requests).
Analysis of the 52 complaints received in 2020 reveals that:

- there were fewer complaints than in 2019, though the fall was less than proportional to the decrease in traffic;
- a quarter of the complaints are in some way connected to Covid-19;
- over 21% of complaints were baseless.

There continued to be a number of sporadic, repeated offensive complaints. It was decided to ignore these. All other complaints, including baseless ones, received a formal response.

Completion of the ENAC quality and prm audit carried out in february 2019

On October 1, 2020, ENAC's Central Economic and Airport Oversight Vice Management Team declared their checks complete, on the basis of documentary evidence acquired and the results of the inspection carried out on September 30, 2020.

1.17 Communications and relations with the community

In 2020, the SAGAT Group's communications focused heavily on information regarding the health crisis as both offline (in passenger terminals and employee workplaces) and online channels (social media, Turin Airport digital tools) were dedicated to the subject. To manage the influx of requests, the information office introduced a WhatsApp channel in addition to the existing telephone assistance.

Also of note was the promotion to all audiences of the prestigious Best Airport 2020 award, part of ACI Europe's annual Best Airport Awards competition which this year focused exclusively on Covid-19.
Turin Airport was ranked first in its category (up to 5 million passengers) by an independent panel comprising civil aviation experts from the European Commission, Eurocontrol, SESAR Joint Undertaking, the European Travel Commission and Flight Global. It stood out for its ability to rapidly and effectively implement the preventative measures designed to contain the pandemic, proposing innovative solutions, sometimes before any of its competitors. Staff training and protection were given particular importance, as was the ability to collaborate with the community by providing support for badly affected people and schools in the surrounding areas.

The airport's management of the crisis also formed the basis of a consolidation of its relationship with the surrounding area. Turin Airport remained open at all times, even through the peak of the health crisis, during which it continued to offer full service to the public. Keeping the airport open meant that flights transporting healthcare materials and personnel were able to arrive in Piedmont. The collaboration with the Italian Red Cross - Turin Committee was renewed, ensuring 24/7 medical support for passengers and the airport community.
Turin Airport also sought to underline its closeness to the territory by supporting those people struggling as a result of the health crisis. SAGAT S.p.A. provided over 600 shopping bags in the neighbouring municipalities of San Maurizio Canavese and San Francesco al Campo, and supported distance learning by supplying the Istituto Comprensivo di Caselle Torinese with computer equipment for students.

From the summer season, as tourists once again began to arrive from abroad, this link was further strengthened by the need to provide support to local health structures in testing arriving passengers. Turin Airport's contribution involved not only setting up the test area at the remote terminal extremely quickly, but also communicating this externally in collaboration with the health authorities.

A final step was taken in the autumn as an airport Covid Test Point was set up. This was created through a non-aviation sub-concession by a private company, once again in collaboration with the local health authorities. The centre provides paid, voluntary Covid-19 preventive

health screenings for passengers and all citizens. Screening results are shared with the Local Health Service in order to monitor epidemiological trends in the area.
Alongside these Covid-19-related activities, and despite the difficult circumstances, the year saw the continuation of all the usual communication designed to promote the network of destinations, the range of services offered, the addition of new flights, the achievement of new certifications, new project initiatives and participation in sector events, through press office, social media and digital PR activities.

In the second year of social media presence (the channels were opened in 2019), at December 31, 2020, the airport had over 40,000 Facebook fans, with an organic monthly coverage of 500,000 views per post. It also had 2,325 followers on Instagram and 1,951 on Twitter.
Engagement activities included Spotters Day, held in February 2020, just days before the outbreak of the pandemic. The day was dedicated to aviation-loving photographers and generated significant engagement on social networks: enthusiasts were able to visit and photograph airport activities from the runway.

1.18
Disputes

Fire Services

Article 1, paragraph 1328, of Law No. 296 of December 27, 2006 (2007 Finance Act) established a special Fund, to be supported by airport operators in proportion to traffic generated, amounting to Euro 30 million per year, in order to finance fire-fighting services provided at airports by the Fire Prevention Service. Subsequently, Article 4, paragraph 3-bis of Legislative Decree No. 185 of November 29, 2008, which confirmed the extent and methods of financing the Fund, stipulated that it should not only finance airport fire-fighting services, but also contribute, alongside other resources, to financing all the activities of the Fire Prevention Service.

In 2009 SAGAT S.p.A., together with other airport operators, challenged the constitutionality of the regulations establishing the Fire Prevention Fund and the legitimacy of the provisions establishing and implementing the Fund, and took action to have these provisions annulled. The appeals were then repeated annually by SAGAT S.p.A. in the face of the various ENAC requests for Fund contribution payments. The legal dispute, which has now lasted for ten years and has been extensively and thoroughly described in previous years' reports, has been extremely complex. The opposing views have mainly centred around whether the contribution is a tax or a consideration and, therefore, the competence of the tax judges to rule on its merits.

The case has been referred to both the Supreme Court and the Constitutional Court. Both have found fully in favour of the Operators' arguments, confirming that the contributions to the Fund established by Article 1, paragraph 1328, of Law No. 296 of December 27, 2006 are in fact a tax. Two separate decisions of the Rome Provincial Tax Commission (judgement No. 10137/51/14, judgement No. 2517/19) have now become final, expressly acknowledging that the tax is not due from 2009, due to the non-applicability of its original legislative purpose as per Article 4, paragraph 3-bis of Legislative Decree No. 185 of 2008.

The assessment relating to the years 2007 and 2008 is still pending. For these years, however, the Rome Provincial Tax Commission (judgement No. 4874/8/19 of April 2, 2019) has already ordered cancellation, confirming, once again, that the Fire-Fighting Fund constitutes a tax (specifically a purpose tax) and declaring that the legal premise underlying the obligation to contribute to said Fund no longer exists. The first instance ruling was confirmed on appeal by the Lazio Tax Commission (ruling No. 7164/2019). On February 19, 2020, the Attorney General's Office gave notice of an appeal to the Court of Cassation against this judgement; SAGAT S.p.A. duly appeared and the outcome is currently pending.

Alitalia revocatory action

As described in previous years' reports, on August 29, 2008, Alitalia was placed under special administration by a decree issued by the President of the Council of Ministers, pursuant to Legislative Decree. 347/2003 (the so-called "Marzano Law") as amended by Decree Law 134/2008. On January 12, 2009 Alitalia Linee Aeree Italiane, which is under special administration, ceased operations and on January 13, 2009 Alitalia Compagnia Aerea Italiana became operational. The latter acquired Alitalia's company facilities from the administrator.

Previous reports also described the initiatives taken by SAGAT S.p.A. regarding this extraordinary administration to collect its receivables.

On August 9, 2011 Alitalia in extraordinary administration notified SAGAT S.p.A. of a writ of summons before the Court of Rome with which it requested revocation of the payments made by Alitalia in the six months prior to the declaration of insolvency and admission to the extraordinary administration procedure. Revocation payments for SAGAT S.p.A. amount to Euro 2,208,622.

SAGAT S.p.A., having obtained formal assurances from its lawyers regarding the validity of its legal arguments, therefore took legal action, contesting, among other things, that a large part of the payments made by Alitalia were made after the entry into force of the so-called Alitalia Decree (Law Decree 80/2008), which declared payments made by Alitalia after its entry into force to be irrevocable. With regard to the remaining payments, SAGAT S.p.A. maintained that the subjective and objective requirements of Article 67 of the Bankruptcy Law did not exist, and that the payments made to SAGAT S.p.A. were therefore not revocable.

It should be noted that similar legal action was also taken against the subsidiary SAGAT Handling S.p.A., whose payments subject to revocation amount to Euro 956 thousand. SAGAT Handling S.p.A. opposed the revocation in court with legal arguments similar to those of SAGAT S.p.A.

First instance judgements in both the above cases were reached in 2014, with judgement 14238/14 of July 1, 2014 regarding SAGAT Handling S.p.A. and judgement 16469/14 of July 29, 2014 regarding SAGAT S.p.A. Both judgements fully reject Alitalia's claims, accepting the defensive arguments of SAGAT S.p.A. and SAGAT Handling S.p.A. In 2015, Alitalia launched appeals against both first instance judgements.
On June 8, 2018 the Rome Court of Appeal filed its judgement in relation to the SAGAT S.p.A. case, which partially modified the first instance decision. Specifically, the Court confirmed that payments made after April 24, 2008 (totalling

Euro 1,308,103.88) were not revocable, since they were made after the so-called Alitalia Decree came into force. On the other hand, the same Court deemed the other payments, made outside the protection of the Alitalia Decree, for a total of Euro 689,323.49, to be revocable.
In December 2018, SAGAT S.p.A. launched an appeal to the Court of Cassation. On January 16, 2019 Alitalia in administration notified SAGAT S.p.A. of a counter-appeal.
As regards the case involving SAGAT Handling S.p.A., with judgement of December 10, 2020, filed on December 23, 2020, the Rome Court of Appeal entirely rejected the appeal lodged by Alitalia against the aforementioned company.

Inflation

In 2006, SAGAT S.p.A. took legal action against the Ministry for Infrastructure and Transport to obtain compensation for damages deriving from the failure to adjust airport fees in line with inflation, as provided for annually by law pursuant to Article 2, paragraph 190, of Law No. 662 of December 23, 1996.

With the judgement of September 15, 2011, the judge ruled against the Ministry and accepted SAGAT S.p.A.'s request regarding the period 1999-2005, ordering the Government to pay SAGAT S.p.A. the amount of Euro 2,650 thousand plus monetary revaluation and interest as provided for by law. The judge did not, however, accept the further request for compensation for damages relating to subsequent years (2006-2008), declaring that there was no jurisdiction over this request.

In confirming the first instance judgement No. 3996/2019 of June 14, 2019, the Rome Court of Appeal also ordered the Ministry for Infrastructure and Transport to pay SAGAT S.p.A. damages resulting from the failure to adjust airport fees to inflation in the period 2006-2008, for a further Euro 2,723 thousand plus interest and revaluation. On December 6, 2019, the Attorney General's Office gave notice of an appeal to the Court of Cassation against this judgement. The decision is still pending.

Annual fee as per Article 7 City of Turin agreement - SAGAT S.p.A.

Following the signature of the Convention for the governance of relations regarding the management and development of the airport activity of Turin Airport by SAGAT S.p.A. and ENAC on October 8, 2015, the SAGAT S.p.A. Board of Directors requested a legal investigation into the company's continuing obligation to pay the City of Turin the annual fee set out in Article 7 of the Convention signed between the City and SAGAT S.p.A. on September 30, 2002.

Legal investigations carried out with the assistance of an external legal firm revealed that the company was no longer obliged to pay the fee set out in the 2002 Agreement. SAGAT S.p.A. notified the City of Turin of the above by letter in October 2016. SAGAT S.p.A. rejected subsequent requests from the City of Turin for payment of the fee for 2016 and 2017, citing the legal justifications. On December 15, 2017, SAGAT S.p.A. received notification from the City of Turin of an injunction for payment in the amount of Euro 832,239, relating to unpaid fees for the years 2016 and 2017 plus legal interest. In January 2018, SAGAT S.p.A. appealed against the injunction in question before the Court of Turin, also requesting that the injunction be suspended. The City of Turin appeared before the Court and at simultaneously brought an action before the Court of Cassation.

The Court of Turin took note of the jurisdiction proposed by the City and, by order of May 2018, suspended the judgement pending the decision of the Court of Cassation. In the meantime, judging itself to be without jurisdiction and deeming the jurisdiction to be administrative, the Court rejected SAGAT S.p.A.'s appeal to suspend the injunction. SAGAT S.p.A. promptly lodged a complaint against this order, but this complaint was also not upheld. By order issued on May 13, 2019, the Court of Cassation ruled on the aforementioned jurisdiction regulation, rejecting it and referring the case - resumed by SAGAT S.p.A. on June 14, 2019 - to the Court of Turin. In the hearing on October 27, 2020, the case adjourned for sentencing. With a judgement dated February 17, 2021 (which is not yet final) the Court of Turin rejected SAGAT S.p.A.'s opposition to the injunction against the City of Turin.

Revocation action blue panorama in administration

By means of a summons served on March 20, 2017, Blue Panorama in administration requested the revocation, pursuant to the combined provisions of Article 67, paragraph 2 and Article 67, paragraph 3 sub A) of the Bankruptcy Law, of the payments made to SAGAT S.p.A. in the six months prior to the publication in the Companies' Register of the application for pre-arrangement pursuant to Article 161, paragraph 6 of the Bankruptcy Law. The payments subject to revocation amount to Euro 1,063 thousand. SAGAT S.p.A. appeared before the court and raised objections on the basis of:

- an incorrect calculation of the so-called "suspect period", due to the fact that the counterparty deemed the principle of the so-called "continuation of procedures" to be applicable;
- the absence of scientia decoctionis;
- the fact that the payments were made within the "terms of use", and are consequently exempt from revocation;

- the failure to allege and prove the *eventus damni*.

The case is still pending.

A similar case was also brought by Blue Panorama in administration against SAGAT Handling S.p.A.; the payments subject to revocation in this case total Euro 517 thousand.

Alitalia bankruptcy proceedings

On May 2, 2017 Alitalia - Società Aerea Italiana S.p.A. - entered the extraordinary administration procedure pursuant to Decree-Law No. 347/2003, converted with amendments into law by Law No. 39/2004 and subsequent amendments.
With judgement No. 17 of May 11, 2017, the Court of Civitavecchia declared the company insolvent and set the related hearing to verify the state of its liabilities. In view of this hearing, on December 7, 2017 SAGAT S.p.A. filed an appeal for admission as a creditor in the bankruptcy proceedings pursuant to Article 93 and thereafter of the Bankruptcy Law, Article 53 of Legislative Decree 270/1999 and Article 4-ter of Legislative Decree No. 347/2003, with which the Parent Company requested that the entire amount due, including municipal surtaxes and amounting, as of that date, to Euro 3,327 thousand, be classified as preferential liabilities, pursuant to Articles 74 and 111 of the Bankruptcy Law.

In the unlikely event that the main request was not accepted, SAGAT S.p.A. also formulated a series of subordinate requests covering the various possible degrees of preference. On December 4, 2019, the tenth Draft Liability Statement was filed, in which the liquidators proposed the admission of SAGAT S.p.A.'s receivable for Euro 2,868.36 as a preferential creditor, Euro 1,396,938.76 in special preferential status pursuant to Article 1023 of the Code of Navigation and Euro 366,471.96 in unsecured status.

It should finally be noted that the subsidiary SAGAT Handling S.p.A. also lodged an appeal for admission as a creditor in the bankruptcy proceedings of receivables due from Alitalia amounting to a total of Euro 29,483 thousand at December 11, 2017, the date on which the appeal was filed. This appeal has also not yet been reviewed.

On December 4, 2019, the tenth Draft Liability Statement was filed, in which the liquidators proposed the admission of SAGAT S.p.A.'s credit for Euro 19,325.63 in unsecured status.

Litigation over ICEP Resolution of November 28, 2018 on ENAC Regulatory Agreement

With Resolution of November 28, 2018, published in the Official Gazette No. 87 of April 12, 2019, the Inter-ministerial Committee for Economic Planning (hereinafter ICEP) expressed a favourable opinion on the outline Regulatory Agreement entered into between ENAC and SAGAT S.p.A., pursuant to Article 1, paragraph 11, of Decree-Law 133/2014, as converted by Law 164/2014, for the period 2016-2019.

By expressing this favourable opinion, the ICEP endorses the recommendations expressed in NARS Opinion No. 4 of November 26, 2018, and in particular, the recommendations:
"*to insert a specific litigation waiver clause, the proposed wording of which is as follows: 'With this Regulatory Agreement, the company waives all rights and/or claims, including those relating to tariffs, connected with the sector legislative and regulatory framework, the concession, and/or the contract and those previously stipulated, as well as pending litigation actions relating to any of the areas mentioned*".

With Resolution No. 20 of October 2, 2018, ENAC approved the new outline of the Model Contract, which saw the addition to Article 19 of a clause that waived the right to disputes, and which was very similar to that drafted by NARS and ICEP in their Resolution.

On August 8, 2019, SAGAT S.p.A. lodged an extraordinary appeal with the Italian President as per Article 8 of Presidential Decree No. 1199/1971, requesting cancellation:

- of ICEP Resolution No. 64/2018 of November 28, 2018;
- of ENAC Board of Directors Resolution No. 20/2018 of October 2, 2018, which approved the new model outline of the Regulatory Agreement which proposed the insertion into said model outline of Article 19 regarding the "litigation waiver";
- of the new model outline approved by ENAC Resolution No. 20/2018, with specific reference to the provision in Article 19 relating to the "litigation waiver".

The appeal focuses particularly on the clause waiving the right to litigation, the illegality of which is contested on various bases. Chief among these is the violation of the right to defence which is enshrined in Articles 24 and 113 of the Constitution.

On November 20, 2020 the Council of State expressed a favourable opinion, deeming the appeal brought by SAGAT S.p.A. justified and therefore admissible. The contested act, limited to the clause in question, was consequently annulled. The Council of State tasked the Administration with revising the clause in question after directly involving SAGAT S.p.A. and in accordance with the justifications set out in the aforementioned opinion.

A Presidential decree is pending, and will have to acknowledge the opinion of the Council of State and definitively define the dispute.

Blue Air

On August 6, 2020 SAGAT S.p.A. and SAGAT Handling S.p.A. were informed by the company KPMG Restructuring - appointed extraordinary commissioner by the Court of Bucharest - that, as of July 6, 2020, Blue Air Aviation S.A. had entered the "preventive moratorium" procedure, a bankruptcy procedure governed by Romanian law No. 85/2014 that is similar in practice to the procedure of arrangement with creditors with business continuity governed by Italian law.

The same communication stated that, for creditors with registered offices in Italy, the Company would also file a special application for arrangement with creditors in that country, as a secondary procedure to the process underway in Romania, pursuant to the combined provisions of Article 3, paragraph 2 of EU Regulation 2015/848 and Article 161, paragraph 6 of the Bankruptcy Law. On October 3, 2020 Blue Air therefore began a secondary procedure before the Court of Rome, submitting an application for admission to the arrangement with creditors. As a result of this, on November 4, 2020 the Court issued a decree by which it nominated the court-appointed commissioner and granted, at the request of the company itself, a deadline for submitting the final proposal for arrangement with creditors together with the plan and any other document required by law. Blue Air is currently preparing the plan pursuant to Article 161, paragraph 2, letter e) of the Bankruptcy Law (a plan containing an analytical description of the methods and timescales for fulfilling the proposal), which will be submitted to the Court for assessment in order to decide whether the arrangement with creditors is acceptable.

Appeal of regulatory models for airport fees - A.R.T. Resolution No. 136 of July 16, 2020

With an appeal filed on October 14, 2020 SAGAT S.p.A. appealed to the Piedmont Regional Administrative Court, requesting the cancellation:

1) of Transport Regulation Authority Resolution No. 136/2020 approving the update of the "Airport fee regulation models" and in particular the *"Offices investigation report. Conclusion of the procedure begun with Resolution No. 84/2018. Approval of airport fee regulation models"* and Annex A, which contains the aforementioned models;
2) any other act that is prerequisite, connected and/or consequential to them.

This appeal challenged these acts in relation to the ART's introduction of an asymmetrical mechanism for compensating for traffic risk and a parameter (which was unpublished and not submitted for consultation) in the formula for determining the amount of remuneration for invested capital, which has led to a reformatio in pejus of the same. The decision is currently pending.

SAGAT - FINANCIAL STATEMENTS AND DIRECTORS' REPORT 2020

1.19 Privacy

The SAGAT Group, in accordance with the "Accountability Principle" as per Regulation EC 2016/679, has adopted a company Personal Data Protection Manual identifying the specific technical and organisational measures put in place by the Group companies for the processing of personal data and has appointed a Data Protection Manager.

Training continued in 2020 involving all employees who in the course of their duties are tasked with the processing of personal data.

1.20
Risk factors

The Covid-19 pandemic has changed the risk perception of the business leaders of the world's largest enterprises, sharpening concerns of global-level threats, as outlined in the "Regional Risks for Doing Business 2020" drawn up by the World Economic Forum. This report highlights unemployment as the leading global concern, with infectious diseases coming second (30th last year), the financial crisis third (first place in 2019), followed by cyber-attacks and thereafter social instability. In general, a greater focus was apparent on nature-related risks than in 2019, from catastrophes to extreme weather events, while terrorist threats dropped by nine places. Also for the Sagat Group - although it had already included pandemic-related risks in the mapping of external risks - its importance had to be entirely reconsidered. The description of each of the risk factors identified outlines the possible impact from the current pandemic and other health emergencies, together with the mitigation measures adopted (where possible). In addition, reference should be made to the "Covid-19 Highlights" section for all of the specific and main oversight and mitigation actions taken against the pandemic, in addition to the "Outlook" section for the relative considerations.

Management method and internal oversight

The management of risk requires appropriate corporate governance mechanisms, an organisational structure with well-defined lines of responsibility and effective internal control systems. The creation of sustainable value for stakeholders cannot exclude taking risks, which is a fundamental component of doing business.

SAGAT S.p.A., as an airport manager and SAGAT Handling S.p.A., as the main airport handler at Turin airport, are subject to potential risks which may impede the achievement of the strategic objectives. In order to mitigate exposure to these events, the Group has established an organisational structure and processes and procedures which protect airport safety, the quality of services, operations and ensure the creation of value over the long-term.

The SAGAT Group's risk governance centres on: :

- first level controls carried out by the operating structures, formalised in procedures, or digitally-based;
- specialist second level company control functions - Quality, EASA Compliance Monitoring, Security Manager, Safety Manager, Protection and Prevention Manager (RSPP), DPO, who ensure the adequacy of the processes within the relative scopes;
- third level controls - Internal Audit - to guarantee the effective running of operations and risk development and to assess the completeness, adequacy, functionality and reliability of the organisational structure and of the other internal control system components.

The model put in place establishes that risk management involves the entire organisation and management is ultimately responsible for the individual risks which it handles on a daily basis and the related mitigation actions, in line with the strategic indications set by the Board of Directors. Management discusses and works on a continual basis with the second and third level controls to agree the risk containment actions.

SAGAT Group main risk factors

The SAGAT Group's risk assessment model covers five typical sector risk drivers:

- strategic and external environment risks,
- operating risks;
- financial risks;
- legal and compliance risks;
- reputational risks.

These drivers, which categorise the main risks to which the SAGAT Group is potentially exposed to and which may impact the objectives set out in the strategic plan, are described below.

• Strategic and external environment risks

The SAGAT Group operates in a regulated environment as an airport operator, whereby results may be affected by socio-political, macro-economic, competitive and global health events, which represent "external" risks.

The SAGAT Group operates in a regulated environment as an airport operator, whereby results may be affected by socio-political, macro-economic, competitive and global health events, which represent "external" risks.

- **Health risks**

The global health situation has demonstrated how it can dramatically shape the airline industry in terms of traffic volumes and type/nationality of travelling passengers. As highlighted by the measures adopted to tackle the Covid-19 pandemic, a large-scale disease outbreak may lead to the adoption by the authorities of individual governments of severe limitations or indeed prohibitions on the movement of individuals, not just beyond - but also within - national borders, with sharp and unmitigable effects on air traffic.

This risk, materialising in 2020 with the Covid-19 pandemic on an unprecedented scale in terms of the impact on air traffic, has not yet seen effective mitigation measures that can be adopted independently by the airport management companies and therefore also by SAGAT. Infection prevention measures at the airport were adopted promptly and proactively, according to the health protocols as issued by the competent domestic authorities. These costs impact upon the operating result.

Company Report

- **Climate change risk**

The Climate Change risk for Sagat relates to the aviation industry's significant environmental impact. The increased and more widespread awareness of Climate Change impacts may result in a drop in air traffic, particularly over short distances where convenient alternative solutions are available.
Sagat is committed, together with its supply chain, to the fight against Climate Change, adopting emission containment measures. On December 21, 2020, Turin Airport was Level 2 "Reduction" certified as part of the Airport Carbon Accreditation environmental sustainability programme - the common protocol for the active management of airport emissions through measurable results promoted by ACI Europe, the European airports management companies association.
For the coming 2021-2023 three-year period, Sagat has set the target of halving CO_2 emissions on the 2017 base year, with investments focused on boosting the efficiency of the most energy-intensive systems and the purchase of electricity only from certified renewable sources.

- **Risks stemming from the UK's departure from the EU (Brexit)**

As noted, following the 2016 Referendum, the United Kingdom left the European Union. Although the transition period concluded at the end of December 2020, due to the pandemic it was not possible to assess air traffic volume development post-Brexit. Uncertainty therefore continues to surround the effects of Brexit on the maintenance and growth of traffic volumes to and from the UK and Turin airport, particularly considering the importance of ski traffic and the high cost profile of UK passengers.

- **Market risks**

The review of strategies by the leading airlines for the SAGAT Group may result in changes to flights resulting in reduced traffic, with a consequent impact on the Group's operations and results.
The strategic choices of other operators, both direct and indirect competitors, providing an alternative to air transport, may pose a threat to Turin airport traffic development.

The industrial performance of the two major manufacturers Airbus and Boeing may have impacts on air traffic levels. For example, Boeing's delay in delivering the new 737-MAX, subject to review after some well published serious accidents, has forced the major airlines to review traffic plans, which in any case were disrupted by the pandemic.

The development of fast and alternative rail transport has reduced travel times from Turin to Italy's major population centres - Rome in particular - and has made it easier to reach even more distant destinations by rail. The increase in frequency of high-speed trains along these routes may lead to a reduction in air traffic through Turin airport, as the proximity of other internationally-focused airports may hinder the development of Turin air traffic volumes.

- **Regulatory development risks**

The Group operates in a sector regulated at a national, EU and international level.
SAGAT 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......), the allocation of slots and the control of air traffic. Any change to the regulatory framework may impact the Group's results.
SAGAT S.p.A. constantly monitors the activities of Authorities in the national and European aviation field and actively participates in technical roundtables set up by industry associations in order to remain firmly in line with any legislative and regulatory changes.

• Operating risks

The operating risk factors are related to the carrying out of airport activities and may impact Group performance.

- **Safety & security**

Passenger and employee safety is a central concern for the Group, which places maximum priority and focus on daily operating and management activities. The Group has adopted specific Health and safety policies requiring, a) compliance with all applicable regulations, b) ongoing staff training, c) the achievement and maintenance of specific certifications.

With regards to the actions taken to fight the Covid-19 pandemic to protect employee and traveller safety, reference should be made to the "Covid-19 Highlights" Section.

In addition, in view of the specific company activities, the Group has for some time put in place a Safety Management System (SMS) to ensure that airport operations are carried out in conditions of established safety, periodically assessing its efficacy to correct any deviations and pursue improvements.

The SAGAT Group regularly undertakes compliance verification, change management and the identification of dangers processes and monitors, assesses and mitigates on an ongoing basis operational risks in order to contain the risk as much as possible (ALARP - as low as reasonably practicable).

Through reviewing performances, reports, auditing and monitoring programmes, accidents recorded internationally, in addition to the relative literature, the applicable safety standards are constantly assessed, with dangers identified and risk mitigation systems drawn up, identifying also possible areas for improvement.

The compliance of the organisation, the infrastructure, the systems and the procedures and the proper functioning of the management system are reflected in the Airport certificate.

- **Activity and Service Interruptions**

SAGAT Group activities may be interrupted through: strikes by personnel, by those of the airlines, personnel dedicated to air traffic control services and public emergency service operators, the incorrect and non-punctual provision of services by third parties, adverse weather conditions (snow, fog etc.) and the impossibility to use the runway due to events caused by aircraft taking off and landing.
Natural events may result in the stoppage of IT systems and/or temporary interruptions to airport operations, with repercussions on the airport's ordinary operations.
The infrastructural systems are designed and constantly maintained to minimise disruptions from such circumstances and the company procedures cover also the management of these events.

- **Risks related to the loss of key suppliers**

Any bankruptcy or even temporary difficulties of strategic suppliers may have an impact on the SAGAT Group in operational and economic-financial terms.
The Covid-19 pandemic resulted in financial difficulties for many sectors, which are particularly critical for businesses working exclusively and principally in the hardest hit sectors, such as air transport. In order to reduce the exposure to this type of risk to a minimum, the Group has introduced a supplier selection and monitoring system. Specifically, for tenders and contractor selection procedures, prior certification of an absence of situations not complying with Article 80 of Legislative Decree 50/2016 (Procurement Code) is required and - in view of the importance of procurement - the holding of ISO certifications (quality, environment, safety, etc.) is scored positively. Where considered necessary, potential suppliers participating in the selection process are required to provide appropriate bank references.

- **Industrial relations risk**

Human resources and relations with employees are key factors contributing to the achievement of the SAGAT Group's objectives.
A structured employee selection process, together with talent development plans and continuous cooperation and dialogue with the trade union representatives, support a conducive corporate environment which minimises the risks related to human resource conflict management and rewards good workplace conduct.

- **Ethical standards violation risks**

The unethical or inappropriate conduct of employees or of Group companies may have legal and financial consequences for business activities, and may also cause significant reputational damage. The SAGAT Group therefore has a system of rules and controls suited to the environment in which it operates:

- a comprehensive set of procedures, which all employees are required to comply with in the undertaking of their duties;
- a 231 Model as per Legislative Decree No. 231/01, in relation to which specific training is provided to employees;
- an Ethics Code, which is extensively circulated both internally and externally;
- Supervisory Boards for the Group companies;
- a system, overseen by the Supervisory Boards, for reports (including anonymously) on the company's website;
- third level control activities by the Internal Audit function.

- **Information Technology Risk**

The increasing aggressiveness and pervasiveness of cyber-attacks on a global level and new Digital Transformation/Innovation technology initiatives involving the airport sector may increase the risk of vulnerability of information and technology systems.
The SAGAT Group pays great attention to the protection of its IT systems from unauthorised access and cyber-attacks that may cause the temporary suspension or hindering of operational services.
The actions undertaken regard vulnerability assessment activities to prevent any gaps emerging in their systems and risk reduction activities to ensure continuous alignment with international best practice.

• Financial Risks

- **Commercial credit risk**

Credit risk represents the exposure of the SAGAT Group to potential losses deriving from the non-compliance of obligations by counterparties. The company continuously monitors the main credit positions and protection against this risk, issuing reminders and involving the relevant internal structures. Where required, solicitation is pursued through outside legal firms, up to the deployment of forced recovery actions.
Any residual non-collection risk on the conclusion of the periodic recovery actions requires the accrual in the financial statements of a doubtful debt provision considered adequate in view of the estimates of relative non-recoverability.

- **Liquidity risk**

The liquidity risk of the SAGAT Group may arise from the difficulty to obtain loans to support operating activities in a timely manner. This risk is directly influenced by the respective overall economic situation within the sector and the contingent point at which the financial need arises. The cash flows, funding needs and liquidity of the Company are monitored and managed centrally on a continuous basis under the control of the Treasury Department, with the objective of guaranteeing the efficient management of financial resources for the entire Group.

- **Currency and interest rate risk**

The Group is not subject to market risk deriving from fluctuations in exchange rates as it does not operate in an international marketplace in which transactions are undertaken in currencies other than the Euro and with differing interest rates.
At December 31, the SAGAT Group did not hold any of its own liquidity on the markets, nor had received loans whose charges depend on interest rate movements and is therefore not subject to interest rate risk.

• Legal and compliance risks

The companies of the SAGAT Group undertake their own contractual relationships, maximising the protection of their interests and clarifying reciprocal rights and duties as transparently as possible. The process of drafting and signing contracts involves background checks by the relevant departments and the assistance of the internal legal department and, where necessary, external legal firms and consultants. The risk of any legal disputes with contractual partners is therefore systematically contained through preventative actions. In the event of disputes, the exposure to the risk of loss is constantly monitored, also through outside consultants and lawyers. Where this risk is considered to exist, the company as a precaution accrues the estimated amounts for coverage to specific provisions. The compliance of processes and procedures with domestic and international standards, the certifications obtained and mapped over time, in addition to the numerous audits to which internal processes are subject, ensure that the risk of non-compliance with directives and voluntary regulations is low.

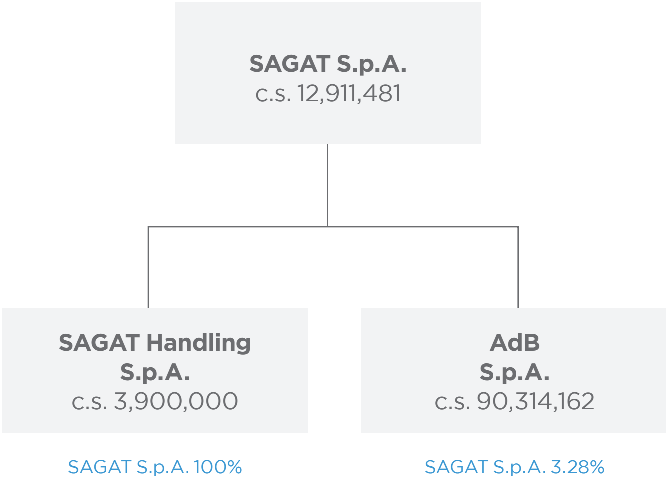
• Reputational risks

The SAGAT Group has always placed a particular focus on its reputation, considering it a key factor for success. All activities require in fact the confidence of investors, the control bodies, of employees and of the customers using the services - to view them as excellent and recommend them to third parties.
Errors, certain events and regulatory violations may generate a "media storm", causing reputational damage - in certain cases of such severity as to threaten the Group's going concern. The Group has therefore decided to consider reputational risk as a first level risk, although it is connected to other risk categories and in particular strategic risk. This underlines the Group's sensitivity to reputational protection, which is an ongoing commitment in managing operations.

1.21 Equity investments

The following table presents the equity investments held by SAGAT (with the relative Share Capital):

(in Euro)



The investment in SAGAT Handling was recognised at December 31, 2020 at a value of Euro 2,844 thousand, in excess of its Shareholders' Equity, which at the same date was Euro 437 thousand, due to the loss in the year of Euro 2,525 thousand and prior year losses. The impairment test carried out by independent third parties did not indicate the need to alter the value of the investment in the subsidiary.

The company managing G. Marconi Airport of Bologna (hereafter AdB) was admitted to trading on the STAR segment of the Italian Stock Exchange in July 2015. SAGAT held at December 31, 2020 1,183,643 ordinary AdB shares, at a carrying amount of Euro 8.26 per share. The market value of the share at December 31, 2020 was Euro 8.48 and was therefore in excess of the carrying amount, as historically has occurred.

1.22 Additional information

- Financial and operating transactions between the parent company SAGAT S.p.A. and its subsidiaries, associates, parent companies and companies subject to control of the parent companies, are reported in the following table:

Euro thousands

COMPANY	Revenues	Costs	Receivables at 31/12/2020	Payables at 31/12/2020
SAGAT Handling S.p.A.	918	1,566	1,566	1,452
Total subsidiaries	**918**	**1,566**	**1,566**	**1,452**
2i Aeroporti S.p.A.	0	0	1,765	0
Total parent companies	**0**	**0**	**1,765**	**0**
SO.GE.A.AL. S.p.A.	1	0	0	0
IRIDEOS S.p.A.	0	36	0	12
Other related parties	**1**	**36**	**0**	**12**
TOTAL	**919**	**1,601**	**3,331**	**1,463**

- SAGAT S.p.A. is subject to the management and co-ordination of 2i Aeroporti S.p.A., as per Articles 2497 – 2497-sexies of the Civil Code.
- In accordance with Article 2428 of the Civil Code, the company does not have secondary offices.
- During the year, the Company did not incur any research and development expenses.

1.23
2021 Outlook

The Covid-19 pandemic unfortunately did not end in 2020. The second wave emerging over the final two months of 2020 in fact continued into January and February 2021. An even more severe third wave hit Europe and Italy from March 2021, resulting in an extension and tightening of the mobility restrictions imposed by governments. Traffic in January 2021 was down 87.1% on the previous year, with February's traffic dropping 93% (-90% over the two-month period), as the initial two months of the year compare with months in the previous year which had not been significantly impacted by the pandemic.

The month of March 2021 however also contracted on March 2020, a month in which the pandemic had already had an impact (-50%), resulting in a cumulative January-March 2021 contraction of 86.3% on the same period of the previous year. Passengers carried in the January-March 2021 period numbered 97,332. International traffic declined 97.3%. Domestic traffic - which continues to be impacted by the prohibition on inter-regional travel - saw a decline of 71.5%.

Traffic in the coming months shall continue to be heavily impacted by infection rates, the containment measures introduced in Italy and in the countries connected to Turin by air, including the mobility restrictions, the availability of vaccines and the ability of States to effectively organise vaccination campaigns.

An additional factor influencing traffic will be the creation and circulation of a health passport: standard certificates among the 27 EU countries which, while maintaining privacy, will indicate for each citizen not only their vaccination status but also Covid test results. Its launch is scheduled for mid-June 2021, with the information provided by the individual EU states.

Traffic forecasts and for the SAGAT Group's operational performance for the remainder of 2021 are difficult to make in view of their inherent uncertainty.

ACI Europe estimates this year a possible recovery in traffic volumes of between 36% and 44% on 2020 - while remaining highly dependent on the vaccination campaigns. Against this backdrop, Turin airport domestic traffic is expected to recover from the end of the first half of the year, with however a return of international transport only emerging in the second half of the year.

The Group's operating-financial results will also be impacted by the ability of its aviation and non-aviation partners to recover and their effective capacity to remain on the market.

In order to ensure financial and social sustainability, the Group will continue to take all possible cost-cutting measures compatible with maintaining the airport's full operability, including use of the Extraordinary Temporary Lay-Off Scheme in place since March 23 and currently expected to run until June 13, in addition to all social support measures (where required) subsequent to this date.

SAGAT - FINANCIAL STATEMENTS AND DIRECTORS' REPORT 2020

1.24
Proposal for the allocation of the result for the year

Dear Shareholders,
the Separate Financial Statements at December 31, 2020 of the parent company SAGAT S.p.A. outlined above, which were subject to the legally-required audit of the independent audit firm EY S.p.A., report a net loss of Euro 16,056,087.37, which we propose to allocate entirely to accumulated losses.

Original copy, signed by:
The Chairperson
Elisabetta Oliveri

SAGAT - FINANCIAL STATEMENTS AND DIRECTORS' REPORT 2020

2

Financial statements of SAGAT Group

at December 31, 2020

Consolidated balance sheet: Assets

amounts in Euro

Consolidated balance sheet: Assets	Financial statements at 31/12/2020	Financial statements at 31/12/2019
A) RECEIVABLES FOR UNPAID SHARE CAPITAL		
B) FIXED ASSETS		
I. Intangible assets		
4) Concessions, licenses, trademarks & sim. rights	371,103	626,270
6) Assets in progress and advances	510,394	2,366,038
7) Other assets	8,083,946	6,813,719
Total intangible assets	**8,965,443**	**9,806,027**
II. Property, plant and equipment		
1) Land and buildings	3,515,794	3,515,794
3) Industrial and commercial equipment	2,811,471	2,548,368
4) Other assets	1,226,190	1,423,469
5) Assets in progress and advances	2,568,091	2,567,378
II.bis Transferable assets		
1) Land and buildings	25,201,788	27,192,482
1-bis) Runways and related land	301,520	321,622
2) Plant and machinery	8,278,025	8,083,333
Total property, plant & equipment	**43,902,879**	**45,652,446**
III. Financial assets		
1) Investments in:		
d-bis) Other companies	9,781,870	9,781,870
2) Receivables:		
d-bis) Other:		
within 1 year	0	0
beyond 1 year	65,236	65,375
Total receivables:		
within 1 year	0	0
beyond 1 year	65,236	65,375
Total Receivables	**65,236**	**65,375**
Total Financial Assets	**9,847,106**	**9,847,245**
TOTAL FIXED ASSETS (B)	**62,715,428**	**65,305,718**

SAGAT - FINANCIAL STATEMENTS AND DIRECTORS' REPORT 2020

amounts in Euro

Consolidated balance sheet: Assets	Financial statements at 31/12/2020	Financial statements at 31/12/2019
C) CURRENT ASSETS		
I. Inventories		
1) Raw materials, ancillaries and consumables	510,537	461,389
Total Inventories	**510,537**	**461,389**
II. Receivables		
1) Trade receivables:		
within 1 year	4,928,332	15,270,894
beyond 1 year	0	0
4) Parent companies:		
within 1 year	3,462	152,648
beyond 1 year	2,338,092	0
5) Companies subject to control of parent companies:		
within 1 year	0	41,034
beyond 1 year	0	0
5-bis) Tax receivables:		
within 1 year	1,108,163	672,281
beyond 1 year	3,352,081	3,352,081
5-ter) Deferred tax assets:		
within 1 year	535,006	212,001
beyond 1 year	8,295,970	6,172,865
5-quater) Others:		
within 1 year	8,517,911	9,005,115
beyond 1 year	88,330	88,330
Total Receivables:		
within 1 year	15,092,874	25,353,973
beyond 1 year	14,074,473	9,613,276
Total Receivables	**29,167,347**	**34,967,249**
IV. Cash and cash equivalents		
1) Bank deposits	17,805,048	9,444,441
2) Cheques on hand	467	0
3) Cash & cash equivalents on hand	39,260	44,214
Total	**17,844,775**	**9,488,655**
TOTAL CURRENT ASSETS (C)	**47,522,659**	**44,917,293**
D) ACCRUED INCOME & PREPAYMENTS		
Accrued income	0	0
Prepayments	175,244	147,237
TOTAL ACCRUED INCOME & PREPAYMENTS (D)	**175,244**	**147,237**
TOTAL ASSETS	**110,413,331**	**110,370,248**

Consolidated balance sheet: Liabilities

amounts in Euro

Consolidated balance sheet: Liabilities	Financial statements at 31/12/2020	Financial statements at 31/12/2019
A) Shareholders' equity		
I. Share capital	12,911,481	12,911,481
II. Share premium reserve	6,104,521	6,104,521
III. Revaluation reserve		
- Revaluation reserve as per Law 342/2000	7,362,627	7,362,627
IV. Legal reserve	2,582,296	2,582,296
V. Statutory reserves	0	0
VI. Other reserves, as follows:		
- Extraordinary reserve	4,140,862	4,140,862
- Reserve for extraordinary investments	4,906,340	4,906,340
- Consolidation reserves	4,196,575	4,414,556
VII. Cash flow hedge reserves	0	0
VIII. Retained Earnings/(Accum. Losses)	9,503,588	(64,000)
IX. Profit/(loss) for the year	(18,564,901)	9,349,607
X. Negative reserve for treasury shares in portfolio	(4,823,612)	(4,823,612)
Group shareholders' equity	28,319,777	46,884,678
Minority interest shareholders' equity	0	0
TOTAL SHAREHOLDERS' EQUITY (A)	**28,319,777**	**56,183,452**
B) Provisions for risks and charges		
4) Other provisions:		
- Provision for exchange rate fluctuations	0	0
- Provision for future charges	10,181,801	8,003,308
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	**10,181,801**	**8,003,308**
C) Post-employment benefits	3,019,621	3,036,355
TOTAL (C)	**3,019,621**	**3,036,355**

amounts in Euro

Consolidated balance sheet: Liabilities	Financial statements at 31/12/2020	Financial statements at 31/12/2019
D) Payables		
4) Bank payables:		
within 1 year	0	0
beyond 1 year	25,164,227	0
7) Trade payables:		
within 1 year	16,140,271	19,429,253
beyond 1 year	6,823	6,823
11) Parent companies:		
within 1 year	0	1,977,351
beyond 1 year	0	0
11-bis) Payables to companies subject to the control of parent companies:		
within 1 year	0	25,884
beyond 1 year	0	0
12) Tax payables:		
within 1 year	1,477,199	1,519,286
beyond 1 year	1,550,962	2,033,942
13) Payables to social security institutions:		
within 1 year	1,071,033	1,026,166
beyond 1 year	0	0
14) Other payables:		
within 1 year	15,932,970	18,259,574
beyond 1 year	784,909	839,737
TOTAL:		
within 1 year	**34,621,472**	**42,237,514**
beyond 1 year	**27,506,921**	**2,880,502**
TOTAL PAYABLES (D)	**62,128,393**	**45,118,016**
E) ACCRUED EXPENSES AND DEFERRED INCOME		
Accrued expenses	821	588
Deferred income	6,762,917	7,327,303
TOTAL (E)	**6,763,738**	**7,327,891**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**110,413,331**	**110,370,248**

Consolidated income statement

amounts in Euro

Consolidated income statement	Financial statements at 31/12/2020	Financial statements at 31/12/2019
A) Value of production		
1) Revenues from sales and services	25,472,077	62,587,174
5) ther revenue and income showing separately operating grants:		
Other revenues and income	1,768,268	11,578,119
Operating grants	14,311	0
Total other revenues and income	**1,782,579**	**11,578,119**
TOTAL VALUE OF PRODUCTION (A)	**27,254,656**	**74,165,293**
B) Costs of production		
6) Raw materials, ancillary, consumables and goods	1,060,638	1,538,345
7) Services	13,758,453	22,601,237
8) Rent, leasing and similar costs	1,490,787	2,982,989
9) Personnel costs:		
a) salaries and wages	11,326,660	14,626,755
b) social security charges	3,457,528	4,209,867
c) post-employment benefits	923,009	891,480
d) pension and similar rights	0	0
e) other costs	499,916	470,040
Total personnel costs	**16,207,113**	**20,198,142**
10) Amortisation, depreciation and write-downs:		
a) amortisation	1,048,254	941,616
b) depreciation	4,882,650	5,204,140
c) write-down of fixed assets	0	0
d) write-downs of current receivables and cash and cash equivalents	9,039,778	2,145,040
Total amortisation, depreciation and write-downs	**14,970,682**	**8,290,796**
11) Change in inventories of raw materials, ancillaries, consumables and goods	(49,148)	(68,836)
12) Provisions for risks	1,885,707	3,281,048
13) Other provisions	0	0
14) Other operating costs	2,295,081	2,250,046
TOTAL COST OF PRODUCTION (B)	**51,619,313**	**61,073,767**
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	**(24,364,657)**	**13,091,526**

amounts in Euro

Consolidated income statement	Financial statements at 31/12/2020	Financial statements at 31/12/2019
C) Financial income and charges		
15) Investment income:		
e) dividends and other income	0	531,456
16) Other financial income:		
d) other income		
other	3,423	4,219
Total	**3,423**	**535,675**
17) Interest and other financial charges:		
other	(208,984)	(36,477)
17-bis) Exchange gains and losses	(179)	15
TOTAL FINANCIAL INCOME AND CHARGES (C)	**(205,740)**	**499,213**
D) adjustments to financial assets		
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS (D)	**0**	**0**
RESULT BEFORE TAXES (A-B+/-C+/-D)	**(24,570,397)**	**13,590,739**
20) Income taxes for the year:		
a) Current taxes	3,564,036	(5,463,720)
b) Deferred tax (charges) & income	2,441,460	1,222,588
21) GROUP AND MINORITY INTEREST RESULT FOR THE YEAR	**(18,564,901)**	**9,349,607**
GROUP PROFIT/(LOSS)	**(18,564,901)**	**9,349,607**
MINORITY INTEREST PROFIT/(LOSS)	**0**	**0**

SAGAT Group cash flow statement

amounts in Euro

SAGAT Group cash flow statement	2020	2019
A) Cash flow from operating activities		
Group profit/(loss) for the year	(18,564,901)	9,349,607
Income taxes	(6,005,496)	4,241,132
Interest charges/(income)	205,561	32,257
(Dividends)	0	(531,456)
(Gains)/losses on sale of assets	(25,500)	(25,000)
1) Profit (loss) for the year before taxes, interest, dividends and gains/losses from disposals	**(24,390,336)**	**13,066,540**
Non-cash adjustments not impacting working capital:		
Provisions	1,885,707	3,281,048
Amortisation & depreciation	5,930,904	6,145,756
Impairments	643,019	618,264
Other non-cash increases/(decreases)	606,470	0
2) Total non-cash adjustments not impacting working capital	**9,066,100**	**10,045,068**
Cash flow before working capital changes	**(15,324,236)**	**23,111,608**
Change in net working capital:		
Decrease/(Increase) in inventories	(49,148)	(68,835)
Decrease/(Increase) in trade receivables	10,342,562	(76,887)
Increase/(Decrease) in trade payables	(3,288,983)	1,501,120
Decrease/(Increase) in prepayments and accrued income	(25,016)	196,766
Increase/(Decrease) in accrued expenses and deferred income	(564,153)	(674,884)
Other Decreases/(Other Increases) in working capital	(2,994,282)	(4,904,107)
Total changes in working capital	**3,420,980**	**(4,026,827)**
Cash flow after changes in net working capital	**(11,903,256)**	**19,104,781**
Other adjustments:		
Interest received/(paid)	(212,406)	(32,257)
(Income taxes paid)	(482,979)	(2,486,405)
Dividends received	0	531,456
(Utilisation of provisions)	(392,346)	(423,952)
Other receipts/(payments)	0	384,797
Total other adjustments	**(1,087,731)**	**(2,026,361)**
CASH FLOW FROM OPERATING ACTIVITIES (A)	**(12,990,987)**	**17.078.20**

amounts in Euro

SAGAT Group cash flow statement	2020	2019
B) Cash flow from investing activities		
Property, plant & equipment:		
(Cash flows from investments)	(2,929,770)	(4,935,145)
Cash flows from divestments	0	1,470
Intangible assets:		
(Cash flows from investments)	(1,223,123)	(5,943,459)
Cash flows from divestments	0	0
CASH FLOW FROM INVESTING ACTIVITIES (B)	**(4,152,893)**	**(10,877,134)**
C) Cash flow from financing activities		
Third-party funds:		
Increase/(Decrease) in short-term bank payables	0	0
New loans	25,500,000	0
(Repayment of loans)	0	(1,500,000)
Own funds:		
Reimbursement of paid-in capital	0	(736,140)
Dividends and advances on dividends paid	0	(10,500,000)
CASH FLOW FROM FINANCING ACTIVITIES (C)	**25,500,000**	**(12,736,140)**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**8,356,120**	**(6,534,854)**
OPENING CASH AND CASH EQUIVALENTS	**9,488,655**	**16,023,509**
CLOSING CASH AND CASH EQUIVALENTS	**17,844,775**	**9,488,655**

The undersigned herewith declares that the financial statements shown above reflect the underlying accounting entries.

On behalf of the Board of Directors

The Chairperson

Notes to the consolidated financial statements

General principles and basis of presentation of the consolidated financial statements

SECTION I

Form and content of the consolidated financial statements

1. The Consolidated Financial Statements comprise the Balance Sheet, the Income Statement, the Cash Flow Statement, and the Explanatory Notes, together with the Directors' Report. They have been prepared in accordance with the provisions of Legislative Decree 127/1991 (implementing Directives IV and VII of the European Community) and Italy's generally accepted accounting principles.

2. These financial statements have been prepared so as to provide sufficient information to give a true and fair view of the financial performance and standing of the Group as a whole.

3. The layout and content of the balance sheet and income statement comply with the principles defined by the Italian civil code as applicable to the Parent Company so as to provide a true and fair view of the Group.

4. The consolidated financial statements have been prepared with reference to the close of the financial year of the Parent Company, which is the same closing date as for the other consolidated companies.

5. Even though the information required by Italian law as concerns the layout and content of the consolidated financial statements is deemed sufficient in providing a true and fair view of the Group, the following supplemental information is also provided:

   - a reconciliation of shareholders' equity and net profit for the Parent Company and for the Group as shown in the consolidated financial statements;
   - an analysis of financial position – included in the Group Directors' Report;
   - cash flow statement;
   - other material information based on the size and characteristics of the Group.

6. The consolidated financial statements were audited, in accordance with Article 2409-bis of the Italian civil code, by the independent audit firm EY S.p.A.

7. The Balance Sheet, Income Statement and Cash Flow Statement were prepared in units of Euro, while the Explanatory Notes are expressed in thousands of Euro, except where otherwise stated.

SECTION II

Consolidation scope

1. Subsidiaries, i.e. those companies in which the Parent Company directly or indirectly holds a controlling interest as defined by Article 26 of Legislative Decree No. 127/91, have been consolidated on a line-by-line basis. The companies included in the consolidation scope are as follows:

Euro thousands

Company	Registered office	Share capital	Shareholders' equity	Holding %
SAGAT S.p.A.	Strada san Maurizio, 12 Caselle Torinese	12,911	46,815	Parent Company
SAGAT Handling S.p.A.	Strada san Maurizio, 12 Caselle Torinese	3,900	2,961	100%

No companies have been consolidated at equity.
The following equity investments are measured at cost:

Euro thousands

Company	Registered office	Share capital(1)	Shareholders' equit(1)	Holding at al 31/12/19
Aeroporto G.Marconi di Bologna S.p.A.	Via Triumvirato 84 Bologna	90,314	173,927	3.28%

(1) Figures relating to last financial statements available at 31/12/2019.

It should be noted that the consolidation scope has not changed from the previous year.

SECTION III

Consolidation procedures

1. The balance sheets and income statements of the subsidiaries have been consolidated on a line-by-line basis. When preparing the consolidated financial statements, the carrying amount of equity investments has been eliminated along with the share of equity held directly or indirectly by the Parent Company. Any differences resulting from the elimination of equity investments against the carrying amount of equity as at the acquisition date are recognised as assets and liabilities of the consolidated companies within the limit of their fair values. Any residual values are, if positive, recognised as goodwill and amortised on a straight-line basis based on their expected recoverability and, if negative, recognised among shareholders' equity as applicable on a case-by-case basis.

2. Minority interests in equity and earnings of the consolidated subsidiaries are shown separately.

3. Receivables and payables, in addition to inter-company transactions between subsidiaries are fully eliminated. No profits or losses not yet realised by the Group in their entirety are recognised to the consolidated financial statements as deriving from inter-company transactions.

4. For the subsidiaries, we have used, for the consolidation, the financial statements for the financial year ended December 31, 2019, as prepared by their respective Boards of Directors for approval by the companies' shareholders.

5. The consolidated financial statements have been prepared using uniform accounting policies for similar transactions.

SECTION IV

Accounting policies

1. The accounts have been measured on a prudent and going concern basis, while also taking account of the substance of the transaction or the contract (Article 2423 bis, para. I, No. 1, of the Civil Code.).

2. The profits realised at the closing date of the fiscal year were exclusively included.

3. Income and charges were considered on an accruals basis, independently of the date of receipt or payment. Costs have been matched with related revenues recognised during the year.

4. Account is taken of risks and losses in the year even if known after the year-end.

5. Dissimilar components of individual items are valued separately.

6. No assets and liability accounts are recorded under more than one line item of the balance sheet (Article 2424, para. II, of the Civil Code.).

7. Group core operating items have been added for the sake of greater clarity.

8. In accordance with Article 2423-ter of the Italian civil code, it should be noted that all figures are comparable.

9. The accounting policies utilised in the preparation of these financial statements were adjusted to the amendments, supplements and new provisions introduced to the Civil Code by Legislative Decree No. 139/2015, which transposed into Italian Law the 34/2013/EC accounting directive. In particular, Italian GAAP issued by the OIC were adopted for the preparation of these financial statements.

SAGAT - FINANCIAL STATEMENTS AND DIRECTORS' REPORT 2020

Criteria applied in the measurement of the accounts in the consolidated financial statements, value adjustments and translation of amounts in foreign currencies

Assets

Assets to be used over the long-term are classified under fixed assets.

Intangible assets

Intangible assets are recorded at purchase or production cost, including direct accessory charges, and are amortised on a straight-line basis based on their remaining useful lives. The amortisation schedule, in accordance with this principle, is shown below.

Intangible assets	
Type of asset	**Rate**
Industrial patents and intellectual property rights	33%
Concessions, licenses, trademarks and similar rights	33%
Other intangible assets	Between 5.26% and 33%

The amortisation criteria and ratios applied have not been amended on the previous year.
At the balance sheet date, no intangible assets were found to have a permanent value of less than their purchase cost, including direct accessory charges and net of amortisation; therefore, no impairment losses have been recognised.

Property, plant and equipment

Property, plant and equipment are measured at purchase or construction cost, including direct accessory charges, with the exception of assets subject to revaluation in accordance with Law No. 72/83, as specified in Part III of these Explanatory Notes.
The cost of an asset includes the financial charges incurred for their production up to the moment in which the asset is ready for use and for the portion reasonably attributed to said asset. The amount of the financial charges capitalised during the year is shown in Part III of these Explanatory Notes.
The cost of property, plant and equipment, whose utilisation is limited in time, are depreciated on a straight-line basis each year based on their residual future utility.

The depreciation schedule, in accordance with the principles described above, is shown below:

Property, plant & equipment	
Type of asset	**Rate**
Buildings and related property	4%
Runways and aircraft apron	5.26%
Flight-assistance systems	31.5%
Other plant	10%
Runway and ramp equipment	10%
Equipment for other uses	20%
Specific equipment	12.5%
Motor vehicles	25%
Transport vehicles	10%
Furniture and fittings	12%
EDP	20%
Other property, plant and equipment	20%
Sundry property, plant and equipment	100%

In light of company programmes, at the balance sheet date, no property, plant or equipment was found to have a permanent value of less than their (adjusted) purchase cost, including direct accessory charges and net of depreciation.

It should be noted that, following the amendment to Article 104 of the Consolidated Income Tax Act introduced by Legislative Decree No. 669 of December 31, 1996, which allows financial depreciation solely as an alternative to technical depreciation (and no longer in addition to it), the Parent Company has, since 1997, adopted technical depreciation and has recognised previously accumulated financial depreciation from the historical cost of the related assets. The only exceptions are the categories "Runways and aircraft aprons" and "Other intangible assets", for which the Parent Company has adopted financial depreciation and amortisation, which is on a straight-line basis and is calculated so that the useful lives of the assets ends in 2037, i.e. the end of the airport concession agreement, which was extended by way of Article 202, paragraph 1-bis, of Legislative Decree No. 34 of May 19, 2020, as amended by Law No. 77 of July 17, 2020.
Assets which went into use during the year are amortised or depreciated for a half year in order to take account of their reduced use for the year.
It should also be noted that the category "Runway

and ramp equipment" for the Parent Company was previously depreciated at an annual rate of 31.5%, and transport vehicles for the subsidiary SAGAT Handling were depreciated at a rate of 20%. These rates are no longer deemed to be representative of the actual useful life of the assets in recent years, which have a high historical cost and are undoubtedly to be used over the long term. The effect of changing the current rate to 10% for both categories is described in the section of the Explanatory Notes related to amortisation and depreciation.

Financial assets

This aggregate reflects the amount of non-current uses of funds of a financial nature.
Equity investments in companies other than subsidiaries or associates are recognised at cost and adjusted in the event of any permanent losses in value. These impairment losses are reversed when the reasons underlying then cease to exist.
Receivables are recorded at their estimated realisable value.
Treasury shares are recorded at their purchase cost in the negative equity reserve for any treasury shares held.
For non-current financial receivables, we have assessed adopting the amortised cost approach as defined under Article 2426, paragraph 2, of the Civil Code, while also taking account of time value and presumed realisable value in accordance with the point 8 of Article 2426, paragraph 1, of the civil code.
The immateriality of the application of the amortised cost method was verified for all non-current receivables, or where the settlement costs, commissions paid between the parties and any other difference between the initial value and the value on maturity is immaterial or where the receivables are short-term (i.e. with maturity of less than 12 months).

Inventories

Inventories of raw materials, ancillaries, consumables and goods, which mainly concern materials and replacement parts, have been recognised at purchase cost plus accessory charges. As in previous years, this cost has been calculated as a weighted average.
Assets that do not have a real possibility of being used in production are recognised at their realisable value when less than their purchase cost.
In any event, the carrying amount of inventories is not greater than their presumed market value taking account of the utility of the goods within the scope of the production process.
The value of inventories is not significantly different from their fair value at year-end.

Receivables

For current financial receivables, we have assessed adopting the amortised cost approach as defined under Article 2426, paragraph 2, of the Civil Code, while also taking account of time value and presumed realisable value in accordance with the point 8 of Article 2426, paragraph 1, of the civil code, net of adjustments and a provision for credit risk of a suitable amount to take account of the risk of default on all trade receivables as a whole. The immateriality of the application of the amortised cost method was verified for all receivables, or where the settlement costs, commissions paid between the parties and any other difference between the initial value and the value on maturity is immaterial or where the receivables are short-term (i.e. with maturity of less than 12 months).
Receivables for interest on arrears have been fully written down in the years in which they accrued.
There are no receivables for which payment terms have been deferred by contract, for which it would be appropriate to recognise their present value at current rates in accordance with applicable accounting standards.

Cash and cash equivalents

Cash and cash equivalents are recorded at their nominal value.

Prepayments and accruals

Prepayments and accruals include the income/charges of the year applicable in future periods and charges/income sustained in the period relating to future periods. Only amounts relating to two or more periods are recorded in these accounts, the amount of which varies depending on the time period involved.

Provisions for risks and charges

Provisions for risks and charges only include provisions to cover known or likely losses or liabilities of a specific nature, the timing and extent of which cannot be determined at year-end.

Post-employment benefits

Law No. 296 of December 27, 2006 (2007 Finance Act) introduced amendments for the post-employment benefits maturing from January 1, 2007. These rules apply to Group companies with more than 50 employees.
As a result of the reform in supplemental pension benefits, for the Parent Company and for SAGAT Handling:

- the post-employment benefits matured until December 31, 2006 remain within the company;
- the post-employment benefits matured from January 1, 2007 accumulate by the method expressly or tacitly selected by the employee as follows:

  a) allocated to a supplementary pension fund;
  b) held in the company, which must transfer the relative quota to the Treasury Fund managed by INPS.

Since January 1, 2007, amounts matured during the year continue to be recognised as post-employment benefits (item B.9 c) in the income statement).

Under the balance sheet, post-employment benefits (account C) represent the residual provision at December 31, 2018, while the accounts D.13 "Payables to social security institutions" and D.14 "Other payables" refer to the payable matured at December 31 relating to post-employment benefits still to be paid to the INPS treasury fund and to the pension funds.

Payables

For payables, we have assessed adopting the amortised cost approach as defined under Article 2426, paragraph 2, of the Civil Code, while also taking account of time value and their nominal value in accordance with the point 8 of Article 2426, paragraph 1, of the civil code, which applies to when transaction costs, fees paid by the parties, and any differences between the starting value and the value when due are not insignificant and the payable is due beyond 12 months.
Therefore, payables are recognised at their nominal value, with the exception of the Euro 25 million bank loan as described in the related section herein.

Risks, commitments and guarantees

Risks that are likely to give rise to a liability are described in the Explanatory Notes and the related provisions recorded under Risk Provisions. Risks that will only possibly give rise to a liability are described in the Explanatory Notes without making a provision.

Commitments are recognised at their contractual value, whereas guarantees are recognised based on the risk assessed at year-end. Both of these are discussed in the Explanatory Notes.

Revenues and costs

Revenues, costs and other income and charges are recognised on a prudent basis and in line with the matching of revenue and expenses and are shown net of discounts, rebates, and other incentives and subsidies. Service revenues are recognized in the period in which the services are performed.

Grants

Grants are recognised as other revenue and income in the period in which there is a reasonable certainty concerning eligibility for their receipt and recognised as deferred income when related to future periods. This deferred income is then reduced at the end of each financial year and recognised as income at the same rate as for the depreciation of the asset to which the grant refers.

Income taxes

Beginning with the 2017 financial year, the Company, as a subsidiary of the Group, adhered to the National Tax Consolidation scheme in accordance with Articles 117 et seq. of Italy's Income Tax Law. The other subsidiaries also adhering to the scheme are SAGAT S.p.A., GESAC S.p.A., Software Design S.p.A., 2i S.A.C., and Aeroporto Friuli Venezia Giulia S.p.A., while 2i Aeroporti S.p.A. is the parent company.
The current National Tax Consolidation scheme concerns the three-year period 2020-2022. This option was exercised in order to take advantage of the benefits allowed under the law, including the ability for the parent company to offset the earnings of the individual companies involved. Notification of the renewal of this option, as envisaged under Article 5, paragraph 1, of the Decree of the Ministry for the Economy and Finance of June 9, 2004, was filed electronically with Italy's Tax Agency on October 31, 2020, by 2i Aeroporti S.p.A.

The relevant aspects of the group rules on tax consolidation are described below:
a) if, and to the extent that, in one of the fiscal years within the tax consolidation scheme, one of the parties contributes a surplus of interest expense and similar charges (in accordance with Article 96, paragraph 7, of the Income Tax Law), this party shall have the right to receive compensation for such charges;
b) in the event the taxable income of a subsidiary, net of fiscal losses as per Article 84 of the Income Tax Law, prior to the start of tax consolidation, this subsidiary shall pay the parent company an amount equal to the related taxes due, calculated as if the tax consolidation were not in effect;
c) in the event of a loss recognised by a subsidiary in one or more fiscal years within the scope of the tax consolidation scheme, the parent company shall pay the subsidiary an amount equal to either 1) the tax expense actually saved as a result of this recognised fiscal loss, or 2) the receivable due to the subsidiary for surpluses transferred to the parent company in accordance with point b) above;
d) if one of the parties transfers a surplus of interest to the consolidation scheme, the parent company shall, within the limits allowed by law, use this surplus to reduce global total earnings;
e) in the cases described under point d) above, the party that transferred the surplus interest to the consolidation scheme is to be paid an amount equal to 100% of the theoretical income tax calculated by applying to the surplus transferred the prevailing tax rate for the period in which the surplus was used.

Tax consolidation enables the parent company, 2i Aeroporti S.p.A., to aggregate the taxable earnings of the parent company with those of the domestic subsidiaries adhering to the scheme. The taxable income and fiscal losses of the companies involved in the tax consolidation are considered in their full amount, regardless of the interest held by the parent company (line-by-line consolidation). The parent company is responsible for calculating total income tax expense and for making the related payments to the Tax Agency. Nonetheless, the subsidiaries are still considered to be tax-paying entities.
The accounting principles applicable to this tax consolidation are described below:

- **Current income taxes**

Income taxes - both company income tax (IRES) and the regional production tax (IRAP) - are calculated based on estimated taxable income and applicable tax laws.

Income tax expense is recognised as current income taxes, and the related payable to (or receivable from) the parent company is recognised on the balance sheet. Consolidation adjustments that lead to a benefit on the consolidated tax return are recognised as tax gains from tax consolidation among current taxes and as a receivable to the parent company.

- **Deferred taxes**

Receivables for IRES advance payments and deferred taxes attributable to both the parent company and the subsidiaries and related to operations arising during the period of tax consolidation remain on the accounts of the company that generated them. Therefore, in accordance with the tax consolidation scheme, they are not recognised by the parent company. Observance of the conditions for recognising deferred taxes is assessed in relation to forecasts of future taxable income for the companies involved in the tax consolidation. Conversely, should the deferred tax asset or liability be related to transactions occurring outside of the tax-consolidation period, the assessment is made based on the circumstances of the individual company.

The Company has recognised deferred taxes in relation to temporary fiscal differences arising during the year. More specifically, temporary deductible differences determined by expenses which are partially or totally deferred to future years, generate deferred tax assets recorded in the account C.II.5-ter of the assets; the temporary differences determined by income assessable in a future year compared to that recorded for statutory purposes, or of expenses deducted in a year prior to their recognition on the income statement, generate deferred tax liabilities. Deferred tax assets and liabilities are measured based on the currently applicable tax rate and taking account of expected tax rates for future years. The income taxes recorded for the year are the sum of current and deferred income taxes, which appropriately express the fiscal charge for the period. Deferred tax assets are not recognised when there is not a reasonable certainty of their future recovery. In the same way, deferred tax liabilities are not recognised where there is little probability that such a payable will arise. Descriptions of the temporary differences that led to the recognition of deferred tax assets and liabilities, specification of the related tax rate, a description of changes from the previous year, amounts debited and credited to the income statement and to equity, and deferred tax assets related to losses incurred are provided in the statement of deferred tax assets and liabilities found in the section related to income taxes for the year (as per Article 2427, paragraph 1, point 14, of the Civil Code).

- **Remuneration of subsidiaries for financial benefits**

Remuneration for fiscal losses paid to companies involved in the tax consolidation takes place at the moment of the actual use of the losses themselves for tax consolidation purposes (and is not, therefore, subordinate to the achievement of future taxable income by the given subsidiary) at the IRES tax rate in effect for the fiscal year in which the loss is used to lower the consolidated taxable income. The financial benefits resulting from the consolidated adjustments by the parent company, but related to the subsidiary, are to go to the subsidiary.

Translation of balances in foreign currencies

Assets and liabilities other than non-monetary, non-current assets are recorded at the exchange rate at year-end. Any net gains are allocated to a specific, non-distributable reserve when determining net earnings.

Analysis of the main consolidated financial statement accounts

The additional information required by Article 38 of Legislative Decree 127/1991 is provided below in the order dictated by the mandatory statement layouts.

BALANCE SHEET – ASSETS

Intangible assets

Intangible assets represent long-term costs of production not related to physical assets, net of amortisation. They concern long-term property rights and rights-of-use (and similar assets), licences, leasehold improvements, or deferred costs for which the actual utility is related to future periods.

Intangible assets, totalling Euro 8,965 thousand, decreased on the whole by Euro 840 thousand during the year. The tables below summarise and detail the changes in the various components of intangible assets for the year.

Euro thousands

	01/01/2020			Changes in year					31/12/2020
	Historical cost	Acc. Amort.	Carrying value	Purch./ capital.	Reclass. + (-)	Disposals / Eliminations	Impair./ Writebacks	Amort.	Carrying value
B.I.4 Concessions, licences and trademarks	4,645	4,019	626	100	51			(406)	371
B.I.6 Assets in progress and advances	2,366	0	2,366	378	(1,635)		(599)		510
B.I.7 Other intangible assets	37,054	30,241	6,813	745	1,168			(642)	8,084
Total intangible assets	**44,065**	**34,260**	**9,805**	**1,223**	**(416)**	**0**	**(599)**	**(1,048)**	**8,965**

The change in B.I.4 Concessions, licences and trademarks, net of amortisation for the year of Euro 406 thousand, is essentially attributable to the installation, by the Parent Company, of new software or the implementation of existing software for Euro 100 thousand, as detailed in the section of the Directors' Report concerning investments.

Assets in progress and advances (B.I.6) decreased by Euro 1,856 thousand from the previous year due mainly to assets purchased in previous years being put into production and, to a lesser extent, to the incremental impact of new purchases during the year and a decrease for the reclassification of expenses capitalised in past years to prior-year expenses as the prerequisites for their capitalisation ceased to be met.

Other intangible assets (B.I.7) are almost entirely related to costs incurred by the Parent Company for leasehold improvements to the passenger terminal and work to develop airport grounds. On the whole, this aggregate increased by Euro 1,271 thousand and posted amortisation of Euro 642 thousand.

Property, plant & equipment

Property, plant and equipment include the long-term, physical assets used in production by the companies of the Group, including those that are to be freely transferred at the end of the concession agreement, net of technical and financial depreciation.

Property, plant and equipment, totalling Euro 43,902 thousand, decreased on the whole by Euro 1,591 thousand during the year.

The tables below summarise and detail the changes in the various components of property, plant and equipment for the year (amounts in thousands of Euro).

	01/01/2020				Changes in year						31/12/2020			
	Historical cost	Writebacks (Laws 72/1983 & 342/2000)	(Accumulated deprec.)	Carrying value	Acquisitions	Reclassi-fications	(Divest. Historical cost)	Divest. Uses Provision	(Change for revaluations)	(Deprec.)	Historical cost	Writebacks (Laws 72/1983 & 342/2000)	(Accumulated deprec.)	Carrying value
B.II.1 Land	3,516			3,516							3,516			3,516
B.II.bis 1 & B.II.bis 1bis Buildings and related property [1]	83,405	282	(56,173)	27,514	77	131				(2,219)	83,613	282	(58,392)	25,503
B.II.bis 2 Plant and machinery [1]	67,761	6,567	(66,245)	8,083	975	670				(1,450)	69,406	6,567	(67,695)	8,278
B.II.3 Indust. & commercial equip.	19,016	182	(16,650)	2,548	574	440	(4,175)	4,175		(751)	15,855	182	(13,226)	2,811
B.II.4 Other assets	35,130	1,958	(35,663)	1,425	212	51	(82)	82		(462)	35,311	1,958	(36,043)	1,226
B.II.5 Assets in progress and advances	2,567			2,567	1,092	(1,035)			(56)		2,568			2,568
Total property, plant & equipment	**211,395**	**8,989**	**(174,731)**	**45,493**	**2,930**	**257**	**(4,257)**	**4,257**	**(56)**	**(4,482)**	**210,269**	**8,989**	**(175,356)**	**43,902**

(1) Transferable assets.

Buildings and related property (B.II.bis 1 and 1 bis) decreased by a total of Euro 2,011 thousand. This reduction, attributable almost entirely to the Parent Company, was due to the combined effect of Euro 77 thousand in purchases and Euro 2,219 thousand in depreciation for the year. Of particular note is the capitalisation by the Parent Company of construction work related to the passenger terminal and other airport buildings. No obsolete assets of this category were decommissioned during the year.

Plant and machinery (B.II.bis 2) increased Euro 195 thousand. This reduction, attributable entirely to the Parent Company, is related to Euro 975 thousand in purchases, Euro 670 thousand for the capitalisation of plant that was previously categorised as in progress, and Euro 1,450 thousand in depreciation for the year.
The increases mainly concern the completion of systems at level +10.93, the creation of the new training centre, and extraordinary maintenance mainly on the Fire Prevention Service, Police and Finance Police buildings for a total of Euro 394 thousand. Also of note are the works to develop the lighting systems at the aircraft apron light towers and systems work at buildings used in operations for Euro 174 thousand.
No obsolete assets of this category were decommissioned during the year.

Industrial and commercial equipment (B.II.3) increased by a total of Euro 263 thousand as a result of new purchases for Euro 574 thousand and depreciation of Euro 751 thousand for the year. During the year, obsolete assets in the category, especially fully depreciated screening devices and other control equipment, were decommissioned, which had a total historical cost of Euro 4,175 thousand.

Other assets (B.II.4) decreased overall by a total of Euro 199 thousand as a result of depreciation of Euro 462 thousand and new purchases totalling Euro 212 thousand.
Also of note were purchases of hardware for Euro 66 thousand and of vehicles used in operations for Euro 94 thousand.
Obsolete assets of this category were decommissioned during the year that had a total historical cost of Euro 82 thousand.

Assets in progress and advances (B.II.5) remained essentially unchanged at Euro 2,568 thousand as at December 31, 2020.

Revaluations recognised in accordance with Law No.72 of March 19, 1983, and Law No. 342 of November 21, 2000, remained unchanged from the previous year. The details of these revaluations are shown in the table below.

Euro thousands

Item	Net value Revaluations	Revaluations Law 72/83	Revaluations Law 342/2000	Total
B.II.1 Land	3,516	0	0	3,516
B.II.1 Buildings and related property	82,751	282	0	83,033
B.II.2 Plant and machinery	69,979	50	6,517	76,546
B.II.3 Indust. and commercial equipment	16,582	182	0	16,764
B.II.4 Other assets	35,151	52	1,906	37,109
B.II.5 Assets in progress and advances	2,488	0	0	2,488
Total property, plant & equipment	**210,467**	**566**	**8,423**	**219,456**

Capitalised financial charges from past years are shown in the table below and are unchanged from the previous year (Article 2427, para. 1, No. 8, of the Civil Code):

Euro thousands

Item	Gross value
B.II.1 Buildings and related property	2,323
B.II.2 Plant & machinery	792
Total property, plant & equipment	**3,115**

Financial assets

Non-current financial assets totalled Euro 9,782 thousand.
Equity investments are related entirely to investments in other companies, specifically in Aeroporto Guglielmo Marconi di Bologna S.p.A. for Euro 9,782 thousand, equal to a 3.28% interest in the company's capital.
The company managing G. Marconi Airport of Bologna (hereafter AdB) was admitted to trading on the STAR segment of the Italian Stock Exchange in July 2015.
SAGAT held at December 31, 2020 1,183,643 ordinary AdB shares, at a carrying amount of Euro 8.26 per share.

The market value of the share at December 31, 2020, was Euro 8.48, and, since then, the share has increased in value to reach Euro 9.98 at April 1.

The greater value of the investment compared to corresponding share of equity held is due to the positive assessment of the company's ability to generate greater earnings in the future, as demonstrated by historical trends of the share on the stock market, which has remained well above its book value since it began public trading, with the exception of this period in 2020.
On March 15, 2021, the AdB Board of Directors approved the company's financial report for 2020, with the year closing with a net loss at the consolidated level of Euro 13.6 million, an overall drop in earnings of Euro 34.4 million from 2019.

It should be noted that the figures shown refer to the year ended 31/12/2019 and are being provided in accordance with Article 2427, para. 1, No. 5, of the Civil Code:

Euro thousands

Company	Registered office	Share capitale	Shareholders' equity at 31/12/2019	Holding at 31/12/2020
Aeroporto G.Marconi di Bologna S.p.A.	Bologna	90,314	173,927	3.28%

Non-current financial receivables, totalling Euro 65 thousand, are entirely related to security deposits paid in cash.

Finally, it should be noted that the Parent Company, SAGAT, holds 74,178 treasure shares. Following the efficacy, on January 1, 2016, of Legislative Decree 139/15 in implementation of Directive 2013/34 concerning separate and consolidated financial statements and related reports, SAGAT had taken steps last year to eliminate the carrying value from non-current assets.

These shares were purchased by the Company following a shareholder resolution on December 10, 2002, authorising the purchase of up to 58,400 treasury shares, fully paid. The Company completed the purchase on March 14, 2003. The value of the shares held had reached Euro 4,824 thousand in 2008 following the closure of the stock-option incentives plan for the Company's management.

Inventories

Inventories, totalling Euro 511 thousand, essentially concerns raw materials, ancillaries, consumables and goods for maintenance attributable to the Parent Company. The total increased by Euro 50 thousand in 2020.
At year-end, inventories did not include components with a carrying value that could be deemed to be less than their presumed realisable value.

Receivables

This aggregate totalled Euro 29,167 thousand, compared to Euro 34,967 thousand for 2019. The total mainly concerns customers within Italy or the European Union and is net of the receivable for surtaxes, which is shown among other receivables.

Trade receivables went from Euro 15,270 thousand at 31/12/2019 to Euro 4,928 thousand at 31/12/2020, a decrease of Euro 10,343 thousand, due both to the sharp decline in revenue and the significant doubtful debt provision recognised in relation to leading airlines, given the crisis impacting the industry in 2020.

The total includes receivables with a nominal value of Euro 19,424 thousand (Euro 20,801 thousand for the previous year) before write-downs of Euro 14,495 thousand based on the doubtful debt provision. During the year, the doubtful debt provision increased by a total of Euro 8,983 thousand against uses needed in order to cancel receivables that could no longer be collected for Euro 62 thousand, releases to the income statement for Euro 12 thousand for allocations from previous years that were no longer necessary, and additions of Euro 9,040 thousand based on real needs due almost entirely to the desire to limit the increased collection risk in relation to two of the Company's main customers.

As a result, the balance of the provision has been adjusted to take account of the default risk on receivables at year-end.

There are no receivables from subsidiaries, and this is unchanged from the previous year.

Amounts receivable from parent companies mainly include the receivable from the parent company 2i Aeroporti as part of the tax consolidation scheme.

Tax receivables

Tax receivables came to Euro 4,460 thousand, compared to Euro 4,024 thousand at 31/12/2019. Of the total receivable, Euro 3,352 thousand is due beyond one year. Tax receivables are detailed in the table below:

Detail	2020	2019
IRES receivable	30	30
IRAP receivable	20	19
IRES reimbursement receivable	23	23
VAT receivables	1,086	635
Other	3,300	3,317
TOTAL	**4,460**	**4,025**

VAT receivables increased by Euro 451 thousand from the previous year to reach Euro 1,086 thousand at December 31, 2020. The increase from the previous year is attributable to revenues decreasing at a faster pace than costs during the year.

Other tax receivables, in the amount of Euro 3,300 thousand, include the receivable from the Italian Ministry for Infrastructure and Transport following judgement No. 3996/2019 of June 14, 2019, by the Rome Court of Appeal, which ordered the ministry to pay SAGAT damages resulting from the failure to adjust airport fees to inflation in the period 2006-2008, for a further Euro 2,723 thousand plus interest and revaluation. This judgement is of immediate efficacy, and the potential for the ministry to appeal the ruling does not invalidate such efficacy or the right to the receivable. SAGAT has demanded that the ministry take steps to pay the full amount.

The receivable for the reimbursement of IRES, in the amount of Euro 23 thousand and unchanged from the previous year, concerns the request for reimbursement of the excess taxes paid over the period 2007-2011 as a result of not deducting the portion of IRAP related to personnel costs and similar costs. Filed by the Parent Company on February 18, 2013, for all Group companies given the tax consolidation scheme, the reimbursement request specifically includes Euro 724 thousand payable to SAGAT, Euro 302 thousand payable to SAGAT Handling, and Euro 15 thousand payable to SAGAT Engineering, a company that was liquidated in 2017.

Deferred tax assets came to Euro 8,831 thousand, as detailed in the following table:

	IRES	IRAP	TOTAL
A) Temporary differences			
Total deductible temporary differences	34,098,413	16,473,071	
Total assessable temporary differences	283,110	0	
Temporary net differences	(33,815,303)	(16,473,071)	
B) Tax effects			
Deferred tax liability (asset) at beginning of the year	(5,665,664)	(719,202)	(6,384,866)
Deferred tax liability (asset) reversal during the year	(2,473,751)	27,642	(2,446,109)
Deferred tax liability (asset) at end of the year	(8,139,415)	(691,560)	(8,830,975)

The table below details the deductible temporary differences in accordance with Article 2427, para. 1, letter a, of the Civil Code:

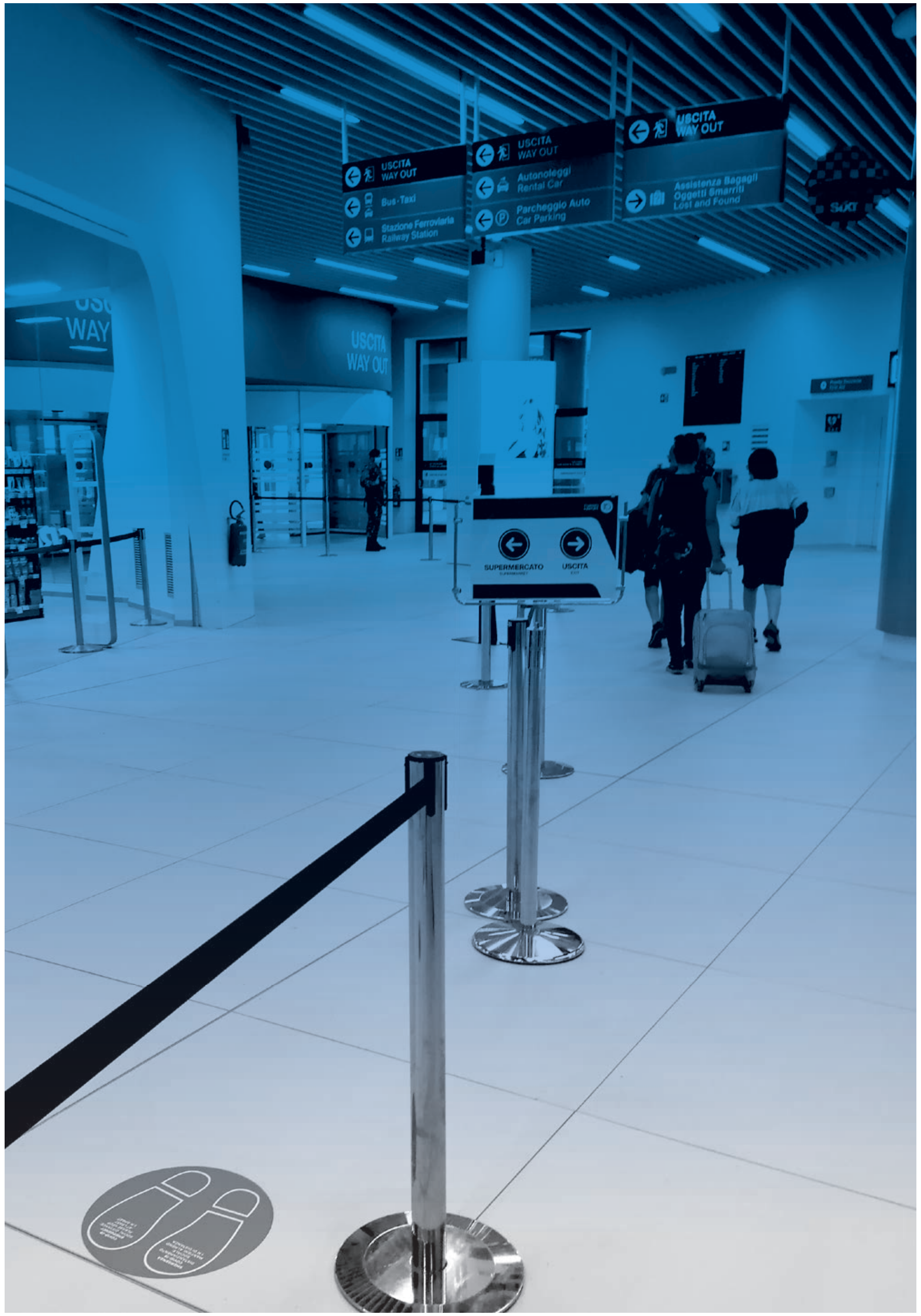
DEDUCTIBLE TEMPORARY DIFFERENCES

Description	Amount at end of previous year	Changes in the year	Amount at end of year	IRES rate	Tax effect IRES	IRAP rate	Tax effect IRAP
Doubtful debt provision	5,071,901	10,508,074	15,579,975	24%	3,739,194	0	0
Provisions for risks & future charges	928,835	(892,836)	35,999	27.5%	9,900	4.2%	1,512
Provisions for risks & future charges	7,535,732	768,599	8,304,331	24%	1,993,039	4.2%	348,782
Other receivables doubtful debt provision	727,239	0	727,239	24%	174,537	4.2%	30,544
Fiscal amnesty depreciation	6,618,330	93,659	6,711,989	24%	1,610,877	4.2%	281,904
Fiscal amnesty depreciation	1,275,141	(684,400)	590,741	27.5%	162,454	4.2%	24,811
Fire Prevention Service fee	1,298,224	649,112	1,947,336	24%	467,361	0	0
Provision for risks and charges IRAP 3.9%	45,216	57,556	102,772	24%	24,665	3.9%	4,008
Other minor	68,502	(11,138)	57,364	27.5%	15,775	0	0
Other minor	32,117	8,550	40,667	24%	9,760	0	0

The table below details the temporary assessable differences in accordance with Article 2427, para. 1, number 14, of the Civil Code:

TEMPORARY ASSESSABLE DIFFERENCES

Description	Amount at end of previous year	Changes in the year	Amount at end of year	IRES rate	Tax effect IRES	IRAP rate	Tax effect IRAP
Gains 24%	64,440	(28,220)	36,220	24%	8,693	0	0
Gains	11,516	(5,758)	5,758	24%	1,583	0	0
Increased tax depreciation	241,132	0	241,132	24%	57,872	0	0



Other receivables, totalling Euro 8,606 thousand, decreased by Euro 487 thousand on the previous year.

Euro thousands

Detail	31/12/2020	Of which beyond 12 months	31/12/2019	Of which beyond 12 months	Change
Receivable from the City of Turin	893	682	893	682	-
Other receivables from the Public Sector	33		33		-
Advances to suppliers	563	11	598	11	35
Receivable from airlines for municipal surtax	7,231		8,048		(817)
Other receivables	613	123	249	123	364
Other receivables doubtful debt provision	(727)	(727)	(727)	(727)	-
Total	**8,606**	**89**	**9,094**	**89**	**(418)**

This change is essentially due to:

- the decrease in receivables from airlines for municipal surtax for Euro 817 thousand. For full disclosure, it should be noted that this receivable coincides with the payable of the Parent Company SAGAT to the Tax Agency for the same reason;
- the increase in other receivables for Euro 364 thousand and related to ordinary company operations.

The receivable from the City of Turin, which is unchanged from the previous year and is shown among receivable due beyond one year, is related to the pending dispute as described in the Directors' Report.

The receivable from the City of Turin also includes Euro 211 thousand, also unchanged from previous years, for the remaining balance of an advance payment made by SAGAT in 1992 upon completion of the control tower in order to make up for the insufficient funds allocated by the City of Turin following the winding up of the construction firm ICEM and of the compulsory administrative liquidation of the insurance company FIRS, both of which failed to honour their significant commitments concerning repayment of the contractually required advance payments. In relation to the ICEM closure and compulsory liquidation of FIRS, the Company claimed the right to repayment. No progress towards resolving this issue was made during the year.

The doubtful debt provision, which is unchanged from the previous year, is justified by the need to account for the risk of non-payment of receivables that are more than 12 months old, the collectability of which is doubtful given the pending disputes and insolvency proceedings under way.

Cash and cash equivalents

This account includes:

- on demand or readily liquid deposits in bank and postal accounts as shown on deposit or current account statements with banks and the post office;
- cash on hand held by the companies of the Group as at December 31, 2020;
- cheques received from third parties as security.

The items, compared with the previous year, are broken down as follows:

Euro thousands

Detail	2020	2019	Change
Bank and postal deposits	17,805	9,444	8,361
Cash in hand and similar	0	44	(44)
Cheques	39	0	39
TOTAL	**17,845**	**9,489**	**8,356**

The increase in the year is due to the drawdown of loans of Euro 25,000 thousand and Euro 5,500 thousand, as outlined in the payables section.

Prepayments and accrued income

These total Euro 175 thousand (Euro 147 thousand at 31/12/2019), as outlined below:

Euro thousands

	2020	2019
Accrued income	**0**	
Total accrued income	**0**	**0**
Prepayments		
Insurance	72	62
Other	103	85
Employees	0	0
Total prepayments	**175**	**147**
TOTAL	**175**	**147**

BALANCE SHEET – LIABILITIES

Shareholders' Equity

The movements in the individual Group Shareholders' Equity accounts are presented below, which at 31/12/2020 amounted to Euro 28,319,777.

The parent company's share capital of Euro 12,911,481 is unchanged on the previous year, comprising 2,502,225 ordinary shares of a nominal value of Euro 5.16 at year-end and breaks down among the shareholders as follows:

2i Aeroporti S.p.A.	90.28%
Tecno Holding S.p.A.	6.76%
Treasury shares	2.96%
TOTAL	**100%**

The share premium reserve, exempt from taxes upon distribution and unchanged on the previous year, is recognised for Euro 6,104 thousand.

The revaluation reserve of Euro 7,363 thousand was recognised against the revaluation of assets by the company in accordance with Law No. 342/2000. There were no movements in the reserve in 2019.

The legal reserve, totalling Euro 2,582 thousand, was also unchanged on the previous year, having reached one-fifth of the share capital as per paragraph 1 of Article 2430 of the Civil Code.

The other reserves are comprised as follows:

1) extraordinary reserve of Euro 4,141 thousand, entirely comprising the net profits and unchanged on the previous year;
2) extraordinary investments reserve of Euro 4,906 thousand, entirely comprising provisions subject to ordinary taxation and unchanged on the previous year;
3) consolidation reserve of Euro 4,197 thousand, decreasing on 2020 due to the change in the shareholders' equity of the subsidiary SAGAT Handling in comparison to the carrying amount.

Retained earnings/(accumulated losses) totalled Euro 9,504 thousand, increasing on the previous year due to the allocation by SAGAT of prior year profits.

The negative reserve for treasury shares in portfolio amounting Euro -4,824 thousand is unchanged on the previous year and was recognised by the parent company in 2016 in accordance with the above-stated provisions of Legislative Decree No. 139/15, following the elimination, for a similar amount, from assets in the Balance sheet of the carrying amount of treasury shares held the company.
Minority interest shareholders' equity amounts to zero.

No deferred taxes have been recorded on reserves in suspension of taxes as currently no transactions are planned which could give rise to tax liabilities.

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The reconciliation between the Shareholders' equity and the Net result of the parent company and the Shareholders' equity and Consolidated net result is presented below, in Euro thousands:

Euro thousands

	Shareholders' equity	Net result
SAGAT parent company SE and result	**30,759**	**(16,056)**
Difference between the carrying amount of the consolidated companies and the related SE	(2,407)	(2,525)
Consolidation adjustments	(32)	16
GROUP SE and result	**28,320**	**(18,565)**

The table below presents the movements in the year of the individual shareholders' equity accounts:

	Share capital	Share premium reserve	Revaluation reserve.	Legal reserve	Other reserves			Retained earnings/ (accum. losses)	Net profit/ (loss) for the year	Negative reserve for treasury shares in portfolio	Total Shareholders' Equity
					Extraordinary reserve	Misc. other reserves	Consolidation reserves				
Opening balance	**12,911,481**	**6,104,521**	**7,362,627**	**2,582,296**	**4,140,862**	**4,906,340**	**4,414,556**	**(64,000)**	**9,349,607**	**(4,823,612)**	**46,884,678**
Allocation of previous year result							(217,981)	9,567,588	(9,349,607)		0
Net result									(18,564,901)		(18,564,901)
Closing balance	**12,911,481**	**6,104,521**	**7,362,627**	**2,582,296**	**4,140,862**	**4,906,340**	**4,196,575**	**9,503,588**	**(18,564,901)**	**(4,823,612)**	**28,319,777**

Provision for risks and charges

The breakdown of the account (in Euro thousands) is as follows:

	Provision for taxation, including deferred tax liabilities	Other provisions	Total provisions for risks and charges
Opening balance	**0**	**8,003**	**8,003**
Changes in the year:			
Provisions in the year	0	2,381	**2,381**
Utilisation in the year	0	(324)	**(324)**
Other changes	0	121	**121**
Total changes	0	2,178	**2,178**
Closing balance	**0**	**10,182**	**10,182**

The Provision for risks and future charges of Euro 10,182 thousand is recognised according to the prudency principle against possible charges related to pending or only potential civil and administrative disputes. A decrease of Euro 2,178 thousand is reported in the year as a result of the following movements:

- increase of Euro 2,381 thousand through provisions. In particular, the adjustments to contingent liabilities at 31/12/2019 amounts to Euro 228 thousand, while the accruals against risks arising in 2020 totalled Euro 2,142 thousand, almost entirely due to the coverage of the risk of losing various disputes involving SAGAT against third parties, as outlined in the relative sections of the Directors' Report.
- utilisations, for Euro 324 thousand, due to the incurring of expenses during the year, whose related costs had been provisioned in previous years;
- other changes, for Euro 121 thousand, from the increase in the provision through the recognition of costs, directly identifiable by their nature, to the Income Statement.

Post-employment benefit provision

Post-employment benefits were calculated at individual level and on the basis of the applicable regulations for each of the Group companies, as outlined in greater detail in the consolidation principles section of the Consolidated Financial Statements.

The Provisions account includes the portion of the provisions revaluation, calculated in accordance with the statutory provisions and the portion of post-employment benefits matured between January 1 and December 31, 2020, transferred to Pension funds and allocated to the INPS's treasury fund.

The Utilisation account mainly includes the portion of Post-employment benefits matured allocated to Pension funds and the Treasury fund, as described above, in addition to Post-employment benefit settlements for advances and the conclusion of employment in the year. The following table presents the changes in the year:

Euro thousands

	Post-employment benefit provision
Opening balance	**3,036**
Changes in the year:	
Provisions in the year	932
Utilisation in the year	(940)
Other changes	0
Total changes	**(17)**
Closing balance	**3,020**

Payables

Payables are recognised for Euro 62,128 thousand, compared to Euro 45,118 thousand at the end of the previous year, increasing therefore by Euro 17,010 thousand.
In both this and the previous year, payables for bonds, convertible bonds and amounts due to shareholders were zero.

Their breakdown and an analysis of the main changes during the year are presented below.

Bank payables totalled Euro 25,164 thousand as a result of the opening in 2020 of the loan with Intesa San Paolo for Euro 25,000 thousand and the loan agreed with Medio Credito Centrale for Euro 5,500 thousand, supported by the guarantee fund for small and medium-sized enterprises, set up as per Article 2, paragraph 100, letter a) of Law No. 662/96.
In accordance with OIC 15, the Euro 25,500 thousand loan is recognised according the amortised cost method, which stipulates the presentation of the payable net of the total charges related to its signing, which are recognised under financial charges in the income statement over its duration. The amortised cost criterion was however not applied to the Euro 5,500 thousand loan, as its effects were immaterial in view of the low transaction costs, and in any case recognised taking account of the time factor, i.e. on the basis of the contract's duration.

The Euro 25,000 thousand loan has a grace period until June 30, 2022, upon which the first Euro 1,000 thousand instalment shall mature, with settlement through increasing instalments and the final payment on June 30, 2025.

The Euro 5,500 thousand loan has a grace period until December 31, 2022, upon which the first Euro 594 thousand instalment shall mature, with settlement through increasing instalments and the final payment on December 31, 2026.
At December 31, 2020, there were therefore no payables for loans maturing within one year.

Trade payables include commercial payables to parties other than the Group companies. They amount to Euro 16,147 thousand, compared to Euro 19,436 thousand in the previous year, decreasing Euro 3,289 thousand, mainly as a result of the reduction in core business related purchases. These payables concern principally suppliers located in Italy or the European Union.

As was the case last year, there are no payables to subsidiaries, nor to associates.

The payables to the parent company reduced to zero, as at year-end the balance arising following the transfer to the parent company 2i Aeroporti of the 2019 financial year tax charge was offset with the receivable arising in 2020 due to the recording of a pre-tax loss.

Tax payables totalling Euro 3,028 thousand broke down as follows:

Euro thousands

	31/12/2020	31/12/2019
IRES payables	0	0
IRAP payables	0	346
Employee withholding tax payables	756	466
Fee surcharge tax payables	717	704
Prior year tax payables	1,551	2,034
Others	4	3
TOTAL	**3,028**	**3,553**

Tax payables include all amounts due to the Tax agency as a result of participation in the "Tax Amnesty", whose accounting effects are comprehensively outlined in the tax receivables section of the SAGAT S.p.A. explanatory notes, to which reference should be made. At 31/12/2020, the residual amount of the tax payable for the Tax Amnesty was Euro 1,551 thousand, decreasing on the previous year due to the settlement of the quarterly instalments arising in 2020, for a total of Euro 483 thousand.
The IRAP payable at December 31, 2019 has been carried forward in accordance with Article 24 of the Relaunch Legislative Decree No. 34/2020, following the verification by the tax consolidating company of compliance with the limit as per point 3.1 of the Temporary Framework at economic unit level.

Payables to social security institutions, all with maturity within one year and totalling Euro 1,071 thousand, break down as follows:

Euro thousands

	31/12/2020	31/12/2019
INPS/INAIL payables	1,034	990
Others	37	36
TOTAL	**1,071**	**1,026**

Other payables totalling Euro 16,778 thousand concern:

Euro thousands

	31/12/2020	31/12/2019
ENAC/Fee	654	1,115
Employee payables	597	1,286
Tax payables for boarding fee surtaxes	7,736	9,968
Other payables	7,731	6,730
TOTAL	**16,718**	**19,099**

As per the applicable regulation, the entire amount of the parent company payable to ENAC regarding the airport fee shall be settled in the subsequent year.

The parent company's tax payable concerning the municipal surtaxes of Euro 7,736 thousand reduced during the year by Euro 2,232 thousand and concerns the balancing entry for the receivable due from carriers of SAGAT for the same reason. It is underlined that SAGAT's obligation is limited to settling payments as and when it receives payment of the amounts due from carriers.

Other payables increased in the year by Euro 1,001 thousand, mainly due to the increase of Euro 649 thousand due to the recognition of the Fire Prevention Service fee.

Accrued expenses and deferred income

At December 31, 2020, these totalled Euro 6,764 thousand, compared to Euro 7,328 thousand at 31/12/2019 and are broken down as follows:

	Accrued expenses	Discount on loans issued	Deferred income	Total accrued expenses and deferred income
Opening balance	**588**	**0**	**7,327,303**	**7,327,891**
Changes in the year	233	0	(564,386)	(564,153)
Closing balance	**821**	**0**	**6,762,917**	**6,763,739**

It should be noted that Deferred income mainly refers to the portion of capital grants deferred by the Parent Company as not accruing to the year. The above-mentioned grants have been recorded in the Financial Statements on the basis of the specific accounting criteria outlined above. The decrease in the year mainly concerns the portion released to the Income statement of the same grants accruing to fiscal year 2020.

Payables, accrued expenses and deferred income by maturity and nature

Payables and accrued expenses and deferred income are shown below, broken down by maturity and type:

	Bank payables	Trade payables	Payables to parent companies	Payables to companies subject to the control of parent companies	Tax payables	Payables to social security institutions	Other payables	Total payables
Opening balance	**0**	**19,436,076**	**1,977,351**	**25,884**	**3,553,228**	**1,026,166**	**19,099,311**	**45,118,016**
Changes in the year	25,164,227	(3,288,983)	(1,977,351)	(25,884)	(525,067)	44,867	(2,381,431)	17,010,377
Closing balance	**25,164,227**	**16,147,093**	**0**	**0**	**3,028,161**	**1,071,033**	**16,717,880**	**62,128,393**
Balance due within 12 months	0	16,140,271	0	0	1,477,199	1,071,033	15,932,971	34,621,473
Balance due beyond 12 months	25,164,227	6,822	0	0	1,550,962	0	784,909	27,506,920
Of which beyond 5 years	0	0	0	0	0	0	0	0

Risks, commitments and guarantees

Their composition and nature are presented below, in thousands of Euro:

Nature	31/12/2020	31/12/2019
Third party assets received under concession	59,654	59,654
Unsecured guarantees received from third parties	13,865	13,850
TOTAL	**73,519**	**73,504**
Unsecured guarantees given to third parties	0	0
TOTAL	**0**	**0**

Third party assets received under concession consist of fixed assets received under concession by SAGAT, limited to investments made by the grantor from the 1980's until the present day, as the values of assets previously made, including aircraft movement areas, are not known.
They in addition include the value of the expansion works at the Airport undertaken for the Olympics by the City of Turin and funded by the latter.
The unsecured guarantees received from third parties concern sureties received from the airlines and from third parties in general.
There are no unsecured guarantees released to third parties.

INCOME STATEMENT

The key 2020 consolidated income statement accounts are presented below

Revenues from sales and services

The Group's revenues from sales and services, entirely generated in Italy and mainly from Italian or European Union clients, are broken down as follows (Article 2427, paragraph I, No. 10 of the Civil Code):

Euro thousands

	FY 2020	FY 2019
Air traffic revenues	10,237	25,829
Security	2,806	8,352
Assistance and air traffic accessory revenues	5,529	11,680
Car parking services	1,913	5,930
Subconcession of services	1,252	3,631
Subconcession of airport activities and spaces	2,288	4,890
Centralised infrastructure	789	1,454
Exclusive use assets	629	737
Other revenues	29	84
TOTAL	**25,472**	**62,587**

Other revenues and income

Other income comprises:

Euro thousands

	FY 2020	FY 2019
Recovery of common utilities and miscellaneous expenses	114	166
Other prior year income	419	4,944
Other income	572	5,798
Capital grants	671	671
TOTAL	**1,783**	**11,578**

Following the entry into force of Legislative Decree No. 139/15, in implementation of directive 2013/34 concerning statutory financial statements, consolidated financial statements and the relative reports, the account includes also the positive components of the Income Statement which were previously recognised to the no longer present Extraordinary income account. Other revenues and income, totalling Euro 1,783 thousand, significantly decreased on 2019, mainly due to the presence in 2019 of extraordinary income components.

Capital grants include, among other items, the portion of grants in the year from the Piedmont Region for the execution of the extension works at the Passengers and General Aviation terminals and the baggage logistics building, received under the Regulatory Agreement for the development of airport infrastructure ahead of the XX Turin 2006 Winter Olympic Games (Convention No. 9313 of July 12, 2004), recognised to the financial statements on an accruals basis for an amount of Euro 665 thousand.

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COSTS OF PRODUCTION

Costs of production overall totalled Euro 51,619 thousand and are broken down in the following paragraphs.

Raw materials, ancillaries, consumables and goods

These costs, totalling Euro 1,538 thousand in 2019, are comprised as follows:

Euro thousands

	FY 2020	FY 2019
Maintenance materials	240	460
Various materials	149	93
Materials held-for-resale	0	0
Fuel and lubricants	438	582
De-icing	203	343
Stationary and printing	31	60
TOTAL	**1,061**	**1,538**

Services

Service costs, amounting to Euro 13,758 thousand, comprise:

Euro thousands

	FY 2020	FY 2019
Other services	1,871	2,840
Support services, warehousing and PRM	550	798
Electricity and other utilities	2,056	3,024
Technical, management and commercial consultancy	504	812
Security	1,621	3,034
Cleaning and waste disposal collection	858	1,135
Miscellaneous maintenance/repair and contractual expenses	1,464	1,807
Maintenance/repair expenses on third party assets	210	260
Industrial insurance, general	374	430
Miscellaneous personnel costs (canteen, training, travel, etc.)	338	653
Others	3,913	7,807
TOTAL	**13,758**	**22,601**

Rent, leasing and similar costs

Rent, leasing and similar costs of Euro 1,491 thousand comprise:

Euro thousands

	FY 2020	FY 2019
Airport fee	749	2,324
City of Turin fee	348	349
Municipality of San Maurizio fees	25	24
Other concession fees (radio)	90	93
Hire and leases	280	193
TOTAL	**1,491**	**2,983**

The reduction in the account of Euro 1,492 thousand is substantially due to the decrease in the airport fee.

Personnel costs

Personnel costs, including the cost of temporary staff, amounted to Euro 16,207 thousand (decreasing Euro 3,991 thousand on the previous year). The main movements are outlined in the personnel section of the Group's Directors' Report. The average annual number of Group employees was 348.9 FTE, decreasing on the previous year (354.8).

The average Group workforce for financial years 2019 and 2020, broken down by category, is presented below.

Category	Average 2020	Average 2019	Absolute change	Percentage change
Executives	6	6.9	-0.9	-13%
White-collar	246.6	246.7	-0.1	-0.1%
Blue-collar	96.3	101.2	-4.9	-4.8%
TOTAL	**348.9**	**354.8**	**-5.9**	**-1.7%**

Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs of Euro 14,971 thousand break down as follows:

Euro thousands

	FY 2020	FY 2019
Depreciation	4,883	5,204
Amortisation	1,048	942
Write-down of assets	0	0
Doubtful debt provision	9,040	2,145
TOTAL	**14,971**	**8,291**

Amortisation and depreciation, totalling Euro 5,931 thousand, decreased on the previous year by Euro 215 thousand. There were no write-downs of assets during the year.

The doubtful debt provision increased in the year through the accrual of Euro 9,040 thousand to correctly represent the exposure to non-collection risk of the Group company trade receivables, and in particular from two major clients.

Change in inventories of raw materials, ancillaries, consumables and goods

During the year, raw materials, ancillaries, consumables and goods inventories increased by Euro 49 thousand, with a corresponding reduction in the relative purchase costs. In the prior year financial statements, the change in Group inventories was Euro 69 thousand.

Provisions for risks

An accrual was made in the year to the Group Other risks provision for Euro 1,886 thousand in order to ensure its sufficiency in respect to certain or probable risks and charges, whose amount or due date however could not be established at year-end. For a breakdown of the nature of the provisions reference should be made to the section on the movements in the risks and charges provision.

Other operating charges

Other operating charges, totalling Euro 2,295 thousand, concern:

Euro thousands

	FY 2020	FY 2019
Representation/hospitality expenses	14	31
Prior year charges / non-existent assets	949	661
Membership fees	136	145
Damage compensation to third parties	0	2
Fire Prevention Service fee	649	649
IMU Property tax	225	225
Others	322	538
TOTAL	**2,295**	**2,250**

The account reports an increase of Euro 45 thousand on the previous year.

Financial income and charges

The balance of the account, which overall was a net charge of Euro 206 thousand (while in the previous year presenting net income of Euro 499 thousand), is broken down as follows:

	FY 2020	FY 2019
Interest expense and other financial charges	(209)	(36)
Investment income	0	531
Other income	3	4
TOTAL	**(206)**	**499**

The investment income account reduced to zero as the investee company AdB did not pay a dividend in 2020.
Interest expense rose due to the recognition of interest on the loans drawn down by the parent company, with a total value of Euro 25,500 thousand.

Adjustments on financial assets

No adjustments were made to the value of financial assets during the year.

Income taxes

The account, totalling Euro 6,005 thousand, comprises income taxes and deferred tax income and charges, as follows:

	FY 2020	FY 2019
IRES	0	4,722
IRAP	0	821
Income from tax consolidation	(3,564)	(80)
Prior year taxes	5	2,675
Deferred tax income and charges	(2,446)	(3,898)
TOTAL	**(6,005)**	**4,241**

A reconciliation at December 31, 2020 between the theoretical tax charge and the effective tax charge stated in the Financial Statements of the consolidated companies is presented below.

	SAGAT	SAGAT Handling
Loss before taxes	(21,301,139)	(3,285,258)
Theoretical IRES tax %	27.5%	24%
Theoretical income taxes	(5,857,813)	(788,462)
Tax effect from IRES changes	2,724,443	357,796
Deferred tax effect	(2,111,682)	(329,778)
IRAP	0	0
Total income taxes for the year (current and deferred)	**(5,245,052)**	**(760,444)**

The theoretical taxes were calculated applying to the pre-tax statutory result the IRES tax rate, which in 2020 for SAGAT was 27.5%, while for SAGAT Handling was 24%.

It is noted that the consolidated pre-tax result is based on the results of the Group companies, net of consolidation adjustments. In addition, the IRAP rate, amounting to 4.2% for SAGAT and 3.9% for SAGAT Handling, is not calculated according to the same assessable base as used for the calculation of IRES.

Net result for the year

The Consolidated result for the year, which coincides with the Group Net Result as there is no longer any Minority interest, was a loss of Euro 18,564,901.

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Other information

Operating, equity and earnings impacts of the Covid pandemic

The entire air transport sector in 2020 was heavily impacted by the Covid-19 pandemic and the movement restrictions introduced by national governments.
Turin airport also suffered the consequences, reporting 1,407,372 passengers, down 64.4% on 2019. The drop in traffic is naturally reflected in consolidated revenues, which contracted 63.7% overall.

In order to protect the health of employees and passengers and to offset the impacts on results and liquidity, the SAGAT Group companies promptly introduced a series of measures to ensure the safe operation of the airport, while taking all possible measures to mitigate the financial impacts from the contraction in air movements and passengers carried.

Among the numerous actions taken - in addition to the prompt adoption of specific health protocols to combat the spread of infections - we particularly highlight the actions on fixed costs by means of reviewing contracts with suppliers and redefining their scope, the use of the Extraordinary Temporary Lay-Off Scheme and remote working, the drawdown of loans for a total of Euro 25.5 million and the deferment of investments which in view of their nature and functionality could be postponed.

The SAGAT Group at December 31, 2020 reports liquidity of Euro 17.8 million, with no loan repayments falling due within the subsequent 12 months.
Article 1, paragraph 715 of Law No. 178/2020 (2021 Budget Law) established under the MIT a Euro 500 million fund, with Euro 450 million allocated to airport management companies and Euro 50 million to the Handlers sector, in order to partially offset the losses stemming from the Covid-19 emergency in the February 23, 2020 - January 31, 2021 period.
At the preparation date of the financial statements, the Government had not yet issued enacting provisions for the legislation, which in any case shall be subject to compatibility checks with EU state aid rules.

The Group's balance sheet and financial solidity, the cost containment measures introduced and the medium and long-term outlook ensure that it will meet its financial commitments and the operational and secure functioning of the airport for at least the coming 12 months.
On the basis of the considerations outlined above, the directors deemed it appropriate to draw up the financial statements on a going concern basis.

Subsequent events

No events subsequent to year-end occurred requiring amendments to the operating, equity and financial position presented in the financial statements at December 31, 2020.

The main event occurring subsequent to year-end is the continued Covid-19 pandemic health emergency, whose effects are outlined in the "2021 Outlook" paragraph of the Directors' Report.

Passengers carried in the January-March 2021 period totalled 97,332, down 86.3% on the same period of the previous year. International traffic fell 97.3%. Domestic traffic - which continues to be impacted by the prohibition on inter-regional travel - saw a decline of 71.5%.
For SAGAT Handling, traffic in the initial three months of 2021 saw a decrease on the previous year in terms of movements (-80.3%), passengers (-84.7%) and tonnage (-78.9%). The market share of SAGAT Handling at the airport however rose from 68.3% in the previous year to 75.6%. Finally, cargo traffic also reported a decrease (-73.2%).

The operating and financial effects from these developments are currently still not clearly quantifiable, as closely connected to the restrictions imposed by the Governments of the various countries and the roll-out of the vaccine campaign, although expectations are for a significant drop in volumes and consequently in results and cash flows at least for the coming quarter.

Transactions with subsidiaries and other related parties

For detailed analysis, references should be made to the specific section of the parent company Directors' Report, while it should be noted that these transactions were concluded at normal market conditions.

Directors and statutory auditors remuneration

The total amount of remuneration of directors and statutory auditors of the companies included in the consolidation scope was as follows:

Euro thousands

	FY 2020
Directors	210
Statutory Auditors	102
TOTAL	**312**

The above remuneration was recognised to Service costs and takes account of all parties who in the course of the financial year were engaged in directorship and statutory auditor roles, including for a portion of the year.

Independent audit firm fees

The total amount of fees due to the independent audit firm for the legally-required audit of the annual accounts, in addition to other services provided in the year, were as follows:

Euro thousands

Activities	2020		
	SAGAT	SAGAT Handling	Group total SAGAT
Legally-required audit of the annual accounts	15	9	24
Other audit services	6	5	11
Other services	10	0	10
TOTAL	**30**	**14**	**45**

Original copy, signed by:

The Chairperson
Elisabetta Oliveri

Auditors' report on the consolidated financial statements

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Auditors' Report
as per Article 14 of Legislative Decree No. 39 of January 27, 2010

To the Shareholders of
SAGAT S.p.A.

Auditors' Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the SAGAT Group (the Group), comprising the balance sheet at December 31, 2020, the income statement and cash flow statement for the year and the Explanatory Notes.

In our opinion, the consolidated financial statements provide a true and fair view of the balance sheet and financial position of the Group at December 31, 2020, and of the results and cash flows for the year in compliance with Italian rules governing the basis of preparation.

Basis for the opinion

We have carried out the audit in compliance with international audit standards (ISA Italy). Our responsibilities in accordance with these standards are described in greater detail in the "Responsibility of the independent audit firm for the audit of the consolidated financial statements" section of this report. We are independent from SAGAT S.p.A., in compliance with the ethical and independence rules and principles applicable under Italian law for the auditing of financial statements. We acquired sufficient and appropriate evidence for the expression of our opinion.

Point of information

We draw attention to the "Nature and financial statement effect from the COVID-19 pandemic" of the Explanatory Notes, in which the directors outline the effect on Group operations from the COVID-19 outbreak, the mitigation actions introduced to contain its effects and provide information on the Group's equity and financial situation. Our opinion is unqualified in this respect.

Responsibilities of the Directors and the Board of Statutory Auditors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements which provide a true and fair view in accordance with Italian regulations and law and for the internal control considered necessary by it for the preparation of a set of financial statements which do not contain significant errors due to fraud or unintentional conduct or events.

The Directors are responsible for assessing the capacity of the Group to pursue operating activities and, in preparing the consolidated financial statements, the appropriateness of applying the going concern principle, in addition to the provision of adequate disclosure. The Directors apply the going concern principle in preparing the consolidated financial statements unless they have assessed that the conditions for the winding up of the parent company SAGAT S.p.A. or for the interruption of operations exist or that they have no realistic alternatives to these options.

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The Board of Statutory Auditors has the responsibility to supervise, in accordance with law, the Company's financial disclosure preparation process.

Responsibility of the Independent Audit Firm for the audit of the financial statements

Our objectives are to acquire reasonable certainty that the financial statements overall do not contain significant errors, due to fraud or unintentional conduct or events, and to issue an Auditors' Report which includes our opinion. Reasonable certainty indicates a high level of certainty which, however, does not guarantee that an audit carried out in accordance with international audit standards (ISA Italy) always identifies a significant error, where existing. Errors may derive from fraud or unintentional conduct or events and are considered significant where it may reasonably be expected that they are, individually or collectively, capable of influencing the economic decisions of users taken on the basis of the financial statements.

As part of the audit carried out in compliance with international audit standards (ISA Italy), we exercised our professional opinion and maintained a professional degree of scepticism for the duration of the audit. Furthermore:

- we identified and assessed the risk of significant errors in the financial statements, due to fraud or to unintentional conducts or events; we drew up and implemented audit procedures reflective of these risks; we acquired sufficient and appropriate evidence on which to base our opinion. The risk of not identifying a significant error due to fraud is higher than the risk of not identifying a significant error due to unintentional conduct or events, as fraud may imply the existence of collusion, falsifications, intentional omissions, misleading representations or distortions concerning internal control;
- we acquired an understanding of the internal controls in order to define appropriate audit procedures to the circumstances and not to express an opinion on the efficacy of the internal control of the Company;
- we assessed the appropriateness of the accounting policies utilised, in addition to the reasonableness of the accounting estimates made by the Directors and the relative disclosure;
- we reached a conclusion on the appropriateness of the use by the Directors of the going concern principle and, on the basis of the evidence acquired, on any significant uncertainty concerning events or circumstances which may give rise to significant doubts on the capacity of the Company to continue to operate on an ongoing basis. In the presence of a significant uncertainty, we are required to highlight in the Auditors' Report the relative disclosure in the financial statements or, where this disclosure is inadequate, reflect this circumstance in drawing up our opinion. Our conclusions are based on evidence acquired until the date of this report. However, subsequent events or circumstances may require the Company to cease operating as a continuing entity;
- we assessed the presentation, the structure and the content of the financial statements as a whole, including the disclosure, and whether the financial statements reflect the underlying operations and events so as to provide a fair representation.

We communicated to the governance activity managers, identified at an appropriate level as required by the international accounting (ISA Italy) standards, among other aspects, the extent and timing scheduled for the audit and the significant results emerging, including any significant deficiencies in the internal control identified during the audit.

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Report on other statutory and regulatory provisions

Opinion as per Article 14, paragraph 2, letter e) of Legislative Decree No. 39 of January 27, 2010

The Directors of SAGAT S.p.A. are responsible for the preparation of the Directors' Report of the Company at December 31, 2020, including its consistency with the financial statements and its compliance with law.

We have executed the procedures indicated in audit standard (SA Italy) 720B to express an opinion on the consistency of the Directors' Report with the financial statements of the Company at December 31, 2020 and its compliance with law, in addition to issuing the statement on any significant errors.

In our opinion, the Directors' Report is consistent with the Company financial statements at December 31, 2020 and complies with statutory requirements.

With regards to the statement as per Article 14, paragraph 2, letter e) of Legislative Decree No. 39 of January 27, 2010, issued on the basis of its knowledge and understanding of the company and the relative overview acquired during the audit activities, we do not have any matters to report.

Rome, April 28, 2021

EY S.p.A.

Roberto Tabarrini
(Auditor)

Board of Statutory Auditors'Report

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S.A.G.A.T. S.p.A.

Report of the Board of Statutory Auditors to the Shareholders' Meeting in accordance with Article 2429, paragraph 2 of the Civil Code

Dear Shareholders,

during the year ended December 31, 2020, this Board of Statutory Auditors undertook the supervision activities required by Article 2403 of the Civil Code, which are outlined in this report.

This Board of Statutory Auditors preliminarily indicates that it was appointed by the Shareholders' Meeting of May 17, 2019, taking office at the meeting of June 7, 2019 and with its mandate concluding with the approval of the 2021 Annual Accounts.

The execution of the accounting and statutory audits was assigned to the Audit Firm EY SpA, whose assignment to conduct the statutory audit was granted, for the financial years 2019-2021, based on a justified proposal from the pro tempore Board of Statutory Auditors, by the Ordinary Shareholders' Meeting of May 17, 2019.

With regards to the means with which it executed its duties, the Board of Statutory Auditors notes that it:

- *duly held the meetings required by Article 2404 of the Civil Code;*
- *participated at all Shareholders' Meetings and the meetings of the Board of Directors, obtaining from this latter, also in accordance with Article 2381, paragraph 5 of the Civil Code, prompt and suitable disclosure on the general operating performance and on the outlook, in addition to the most significant transactions, in terms of their size and characteristics, carried out by the company and by its subsidiary;*
- *exchanged, in accordance with Article 2409-septies of the Civil Code, with the independent audit firm the information required to carry out the respective duties; no issues which require reporting herein emerged during these meetings, other than those related to the COVID-19 pandemic impacts;*
- *carried out its audit activity on the adequacy of the organisational structure, through meetings with the competent boards and offices of the company; the Board of Statutory Auditors does not report any critical aspects emerging during these meetings regarding the suitability of the organisational structure, also to satisfy the company's operational needs;*
- *ascertained the adequacy of the administrative and accounting structure to correctly record and represent the operating events. On the basis of the activities carried out, no particular critical issues emerged regarding the adequacy of the administrative and accounting structure;*

- *noted, in terms of internal control and the rules presented in Legislative Decree No. 231/2001, the periodic reports of the Internal Auditor and of the Supervisory Board, which do not indicate critical issues, also on the measures adopted for the protection of the health of workers as a result of the COVID-19 outbreak. The participation, as a member of the body, of a Statutory Auditor on the Supervisory Board supported the exchange of dialogue between the two bodies.*

The Board of Statutory Auditors acquired adequate information on the main operating, financial and equity transactions carried out by the company and by its subsidiaries, which permitted the declaration of compliance with statutory law and the company By-Laws.

The Board of Statutory Auditors does not indicate atypical or unusual operating transactions.

With regards to related party transactions, reference should be made to the summary in the Explanatory Notes and in the Directors' Report in accordance with Article 2427 and 2428 of the Civil Code.

On the basis of the findings with the direct participation of the members of the Board of Statutory Auditors, the motions adopted by the Board of Directors appear in compliance with law and the By-Laws, in addition to the principles of correct administration.

No petitions or complaints were presented to the Board of Statutory Auditors during the year, as per Article 2408 of the Civil Code.

Similarly, no delays or omissions are reported in accordance with Article 2406 of the Civil Code.

The financial statements reported a net loss of Euro 16,056,087, compared to a net profit of Euro 9,551,587 in 2019.

The shareholders' equity, considering the loss for the year, amounted to Euro 30,758,853, compared to Euro 46,814,940 in the 2019 financial statements.

With regards to the activities within the scope of the Board of Statutory Auditors regarding the drawing up of the separate financial statements, it is again recalled that the independent audit firm is assigned the legal audit of accounts, with the following reported:

- to the extent of the remit of the control body, compliance with the statutory rules regarding the formation and layout of the financial statements was verified; in particular, in their preparation the principles set out by Article 2423 bis of the Civil Code were followed; it is also declared that the balance sheet and income statement formats set out by

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the Civil Code were followed and that the directors did not apply the exceptions under Articles 2423, paragraph IV and 2423 bis, paragraph II of the Civil Code;

- the Explanatory Notes present the accounting policies followed for the preparation of the financial statements and the information required by the applicable rules.

The Board of Statutory Auditors verified that the company took account, in presenting the outlook in the Directors' Report, of the impacts from the COVID-19 emergency and that the company provided assurances regarding the action plan introduced "focused on the one hand on protecting the health of employees, passengers and the entire airport community, complying with the provisions of the competent authorities, and on the other to tackling the significant contraction in company operations", finally reporting on the measures taken to ensure sufficient levels of liquidity for the management of airport operations.

The Board of Statutory Auditors notes that, as declared by the Independent Audit Firm, the Directors' Report complies with the applicable laws, while was also consistent with the motions adopted by the Board of Directors, with the events outlined in the separate financial statements and with the information available to the Board of Statutory Auditors. It is therefore considered that the information provided complies with the applicable rules and permits for a clear and exhaustive outline of the company's situation, the operating performance and the outlook.

Finally, it is noted that the auditor today released its report as per Article 14 of Legislative Decree No. 39/2010, without qualification and with the following point of disclosure: "We draw attention to the "Nature and financial statement effect from the COVID-19 pandemic" of the Explanatory Notes, in which the directors outline the effect on Group operations from the COVID-19 outbreak, the mitigation actions introduced to contain its effects and provide information on the Group's equity and financial situation. Our opinion is unqualified in this respect.>>

The Board of Statutory Auditors, on the basis of that outlined in this report, expresses a favourable opinion on the approval of the 2020 Annual Accounts and does not indicate any obstacles to the proposal for the allocation of the loss, as drawn up by the directors.

* * *

With regards to the consolidated financial statements, the Board of Statutory Auditors notes that it has supervised the general layout of the same and on the general compliance with law with regards to its

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formation and structure and that, as certified by the Independent Audit Firm, the Directors' Report contains the information required by law and is consistent with the financial statements.

Also for the consolidated financial statements, the auditor today released its report as per Article 14 of Legislative Decree No. 39/2010, without qualification and with the following point of disclosure: "We draw attention to the "Nature and financial statement effect from the COVID-19 pandemic" of the Explanatory Notes, in which the directors outline the effect on Group operations from the COVID-19 outbreak, the mitigation actions introduced to contain its effects and provide information on the Group's equity and financial situation. Our opinion is unqualified in this respect.>>

Rome, April 28, 2021

The Chairman of the Board of Statutory Auditors

Mr. Roberto NICOLO'

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3

Financial statements of SAGAT S.p.A.

at December 31, 2020

Balance sheet: Assets

amounts in Euro

Balance sheet: Assets	Financial statements at 31/12/2020	Financial statements at 31/12/2019
A) RECEIVABLES FOR UNPAID SHARE CAPITAL		
B) FIXED ASSETS		
I. Intangible assets		
4) Concessions, licenses, trademarks & sim. rights	371,103	626,270
6) Assets in progress and advances	510,394	2,366,038
7) Other assets	8,063,245	6,798,365
Total	**8,944,742**	**9,790,673**
II. Property, plant and equipment		
1) Land and buildings	3,515,794	3,515,794
2) Plant and machinery	0	0
3) Industrial and commercial equipment	2,796,756	2,525,412
4) Other assets	1,094,379	1,266,438
5) Assets in progress and advances	2,568,091	2,567,378
II.bis Transferable assets		
1) Land and buildings	25,201,789	27,192,482
1-bis) Runways and related land	301,520	321,622
2) Plant and machinery	8,278,025	8,083,333
Total	**43,756,355**	**45,472,459**
III. Financial assets		
1) 1) Investments in:		
a) subsidiaries	2,843,598	2,843,598
d-bis) Other companies	9,718,870	9,781,870
2) Receivables:		
d-bis) Other:		
within 1 year	0	0
beyond 1 year	65,375	65,375
Total receivables:		
within 1 year	0	0
beyond 1 year	65,375	65,375
Total	**12,690,843**	**12,690,843**
TOTAL FIXED ASSETS (B)	**65,391,800**	**67,953,975**

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amounts in Euro

Balance sheet: Assets	Financial statements at 31/12/2020	Financial statements at 31/12/2019
C) CURRENT ASSETS		
I. Inventories		
1) Raw materials, ancillaries and consumables	446,523	403,140
Total	**446,523**	**403,140**
II. Receivables		
1) Trade receivables:		
within 1 year	4,361,913	13,669,579
beyond 1 year	0	0
2) Subsidiaries:		
within 1 year	1,565,848	236,199
beyond 1 year	0	0
4) Parent companies:		
within 1 year	3,462	3,162
beyond 1 year	1,757,940	0
5) Companies subject to control of parent companies:		
within 1 year	0	41,034
beyond 1 year	0	0
5-bis) Tax receivables:		
within 1 year	915,364	415,261
beyond 1 year	3,193,553	3,193,553
5-ter) Deferred tax assets:		
within 1 year	0	0
beyond 1 year	8,304,662	6,188,329
5-quater) Others:		
within 1 year	8,422,599	8,902,177
beyond 1 year	88,330	88,330
Total Receivables:		
within 1 year	**15,269,185**	**23,267,412**
beyond 1 year	**13,344,485**	**9,470,212**
Total	**28,613,670**	**32,737,624**
IV. Cash and cash equivalents		
1) Bank deposits	16,688,141	8,061,444
2) Cheques on hand	467	-
3) Cash & cash equivalents on hand	37,112	42,188
Total	**16,725,720**	**8,103,632**
TOTAL CURRENT ASSETS (C)	**45,785,913**	**41,244,396**
D) ACCRUED INCOME & PREPAYMENTS		
Accrued income	0	0
Prepayments	158,427	128,813
TOTAL ACCRUED INCOME & PREPAYMENTS (D)	**158,427**	**128,813**
TOTAL ASSETS	**111,336,140**	**109,327,184**

Balance sheet: Liabilities

amounts in Euro

Balance sheet: Liabilities	Financial statements at 31/12/2020	Financial statements at 31/12/2019
A) Shareholders' equity		
I. Share capital	12,911,481	12,911,481
II. Share premium reserve	6,104,521	6,104,521
III. Revaluation reserve		
Revaluation reserve as per Law 342/2000	7,362,627	7,362,627
IV. Legal reserve	2,582,296	2,582,296
V. Statutory reserves		
VI. Other reserves, as follows:		
Extraordinary investment fund	4,906,340	4,906,340
Extraordinary reserve	4,140,862	4,140,862
AH spin-off surplus reserve	4,078,837	4,078,837
VII. Cash flow hedge reserves:		
Derivative financial instruments reserve	0	0
VIII. Retained earnings/(accumulated losses)	9,551.588	0
IX. Net Profit (or Loss)	(16,056,087)	9,551,588
X. Negative reserve for treasury shares in portfolio	(4,823,612)	(4,823,612)
TOTAL SHAREHOLDERS' EQUITY (A)	**30,758,853**	**46,814,940**
B) Provisions for risks and charges		
4) Other provisions:		
Provision for future charges	9,403,481	7,885,415
Maintenance expenses on third party assets under concession provision	0	0
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	**9,403,481**	**7,885,415**
C) Post-employment benefits	2,218,061	2,187,539
TOTAL (C)	**2,218,061**	**2,187,539**

amounts in Euro

Balance sheet: Liabilities	Financial statements at 31/12/2020	Financial statements at 31/12/2019
D) Payables		
4) Bank payables:		
within 1 year	0	0
beyond 1 year	25,164,227	0
7) Trade payables:		
within 1 year	15,425,208	18,484,407
beyond 1 year	6,822	6,822
9) Subsidiaries:		
within 1 year	1,451,554	1,679,465
beyond 1 year	0	0
11) Parent companies:		
within 1 year	0	1,977,351
beyond 1 year	0	0
11-bis) Payables to companies subject to the control of parent companies:		
within 1 year	0	25,884
beyond 1 year	0	0
12) Tax payables:		
within 1 year	1,293,725	1,396,963
beyond 1 year	1,550,962	2,033,942
13) Payables to social security institutions:		
within 1 year	821,836	735,968
beyond 1 year	0	0
14) Other payables:		
within 1 year	15,692,484	17,927,024
beyond 1 year	784,909	839,737
Total		
within 1 year	**34,684,807**	**42,227,062**
beyond 1 year	**27,506,920**	**2,880,501**
TOTAL PAYABLES (D)	**62,191,727**	**45,107,563**
E) ACCRUED EXPENSES AND DEFERRED INCOME		
Accrued expenses	821	588
Deferred income	6,763,197	7,331,139
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME (E)	**6,764,018**	**7,331,727**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**111,336,140**	**109,327,184**

Income statement

amounts in Euro

Income statement	Financial statements at 31/12/2020	Financial statements at 31/12/2019
A) value of production		
1) Revenues from sales and services	22,254,724	55,104,756
5) Other revenue and income showing separately operating grants:		
Other revenues and income	2,049,833	12,028,382
Operating grants	14,311	0
Total other revenues and income	**2,064,144**	**12,028,382**
TOTAL VALUE OF PRODUCTION (A)	**24,318,868**	**67,133,138**
B) Costs of production		
6) Raw materials, ancillary, consumables and goods	932,095	1,211,913
7) Services	14,082,449	22,112,951
8) Rent, leasing and similar costs	1,352,944	2,913,028
9) Personnel costs:		
a) salaries and wages	8,161,528	10,165,222
b) social security charges	2,459,197	2,910,239
c) post-employment benefits	642,367	620,888
d) pension and similar rights	0	0
e) other costs	339,517	356,545
Total personnel costs	**11,602,610**	**14,052,894**
10) Amortisation, depreciation and write-downs:		
a) amortisation	1,023,536	909,571
b) depreciation	4,836,768	5,118,065
c) write-down of fixed assets	0	0
d) write-downs of current receivables and cash and cash equivalents	8,213,386	2,131,546
Total amortisation, depreciation and write-downs	**14,073,690**	**8,159,182**
11) Change in inventories of raw materials, ancillaries, consumables and goods	(43.382)	(73.038)
12) Provisions for risks	1,225,279	3,257,831
13) Other provisions	0	0
14) Other operating costs	2,188,654	2,130,363
TOTAL COST OF PRODUCTION (B)	**45,414,338**	**53,765,124**
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	**(21,095,470)**	**13,368,014**

amounts in Euro

Income statement	Financial statements at 31/12/2020	Financial statements at 31/12/2019
C) Financial income and charges		
15) Investment income:		
dividends and other income	0	531,456
16) Other financial income:		
other income:		
other	3,423	4,058
Total	**3,423**	**535,514**
17) Interest and other financial charges:		
other	(208,985)	(36,475)
17-bis) Exchange gains and losses	(107)	(41)
TOTAL FINANCIAL INCOME AND CHARGES (C)	**(205,669)**	**498,998**
D) adjustments to financial assets		
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS (D)	**0**	**0**
RESULT BEFORE TAXES (A-B+/-C+/-D)	**(21,301,139)**	**13,867,012**
20) Income taxes for the year:		
a) Current taxes	3,133,370	(5,535,999)
b) Deferred tax income/charges:	2,111,682	1,220,575
21) NET PROFIT/(LOSS)	**(16,056,087)**	**9,551,588**

SAGAT S.p.A. cash flow statement

amounts in Euro

SAGAT S.p.A. cash flow statement	Financial statements at 31/12/2020	Financial statements at 31/12/2019
A) Cash flow from operating activities		
Net profit/(loss)	(16,056,087)	9,551,587
Income taxes	(5,245,052)	4,315,424
Interest expenses/(income)	205,562	32,417
(Dividends)	0	(531,456)
(Gains)/losses on sale of assets	(7,500)	(5,000)
1) Profit (loss) for the year before taxes, interest, dividends and gains/losses from disposals	**(21,103,077)**	**13,362,973**
Non-cash adjustments not impacting working capital:		
Provisions	1,225,279	3,257,831
Amortisation & depreciation	5,860,304	6,027,635
Impairments	643,019	618,264
Other non-cash increases/(decreases)	606,470	0
2) Total non-cash adjustments not impacting working capital	**8,335,072**	**9,903,730**
Cash flow before working capital changes	**(12,768,005)**	**23,266,703**
Change in net working capital:		
Decrease/(Increase) in inventories	(43,382)	(73,038)
Decrease/(Increase) in trade receivables	9,307,666	(794,407)
Increase/(Decrease) in trade payables	(3,059,199)	1,423,359
Decrease/(Increase) in prepayments and accrued income	(29,614)	195,254
Increase/(Decrease) in accrued expenses and deferred income	(567,709)	(674,884)
Other Decreases/(Other Increases) in working capital	(4,589,619)	(3,480,062)
Total changes in working capital	**1,018,143**	**(3,403,778)**
Cash flow after working capital changes	**(11,749,862)**	**19,862,925**
Other adjustments:		
Interest received/(paid)	(212,407)	(32,417)
(Income taxes paid)	(482,979)	(2,477,905)
Dividends received	0	531,456
(Utilisation of provisions)	(322,256)	(329,035)
Other receipts/(payments)	0	0
Total other adjustments	**(1,017,642)**	**(2,307,901)**
CASH FLOW FROM OPERATING ACTIVITIES (A)	**(12,767,504)**	**17,555,024**

amounts in Euro

SAGAT S.p.A. cash flow statement	Financial statements at 31/12/2020	Financial statements at 31/12/2019
B) Cash flow from investing activities		
Property, plant & equipment:		
(Cash flows from investments)	(2,917,349)	(4,854,369)
Cash flows from divestments	0	1,470
Intangible assets:		
(Cash flows from investments)	(1,193,059)	(5,941,479)
Cash flows from divestments	0	0
Financial assets:		
(Cash flows from investments)	0	0
Cash flows from divestments	0	384,797
CASH FLOW FROM INVESTING ACTIVITIES (B)	**(4,110,408)**	**(10,409,581)**
C) Cash flow from financing activities		
Third-party funds:		
Increase/(Decrease) in short-term bank payables	0	0
New loans	25,500,000	0
(Repayment of loans)	0	(1,500,000)
Own funds:		
Dividends and advances on dividends paid	0	(10,500,000)
CASH FLOW FROM FINANCING ACTIVITIES (C)	**25,500,000**	**(12,000,000)**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**8,622,089**	**(4,854,557)**
OPENING CASH AND CASH EQUIVALENTS	**8,103,632**	**12,958,189**
CLOSING CASH AND CASH EQUIVALENTS	**16,725,720**	**8,103,632**

The undersigned herewith declares that the financial statements shown above reflect the underlying accounting entries.

For the Board of Directors

The Chairperson

Explanatory notes to the financial statements of SAGAT S.p.A.

INTRODUCTION

Financial statements - introduction

The Financial Statements comprise the Balance Sheet, the Income Statement, the Cash Flow Statement and these Explanatory Notes (Article 2423, paragraph I, Civil Code). The tables annexed to the Explanatory Notes are an integral part thereof and, therefore, of the Financial Statements. The Company prepares the Consolidated financial statements as per Legislative Decree No. 127 of 09/04/91.
The separate and consolidated financial statements were audited, in accordance with Article 2409-bis of the Civil Code, by the independent audit firm EY S.p.A.

General principles

1. These Financial Statements have been prepared with clarity in order to provide a true and fair view of the company's Balance Sheet and of the Net result for the year (Article 2423, paragraph II, Civil Code). In their preparation, Articles 2423 and subsequent of the Civil Code were in particular applied and account was also taken of Italian GAAP issued by the Italian Accounting Body (Organismo Italiano di Contabilità) and, where necessary and compatible, were supplemented with international accounting standards.

2. The information required by the specific legal provisions governing the preparation of the Financial Statements has been deemed sufficient to provide a true and fair view. The complementary information considered beneficial for complete and detailed disclosure has however been provided. This includes, in particular, in the Directors' Report:
   - the cash flow statement with the changes in net working capital (NWC) and the Net Financial Position;
   - balance sheet analysis according to the financial criteria;
   - additional significant information in consideration of the characteristics and size of the Enterprise (Article 2423, paragraph III, Civil Code).

3. A true and fair view of the company's Balance Sheet and Net Result was ensured without the need to apply the exceptions to the above standards, as no exceptional cases of incompatibility were encountered which would require application of the provisions of Article 2423, paragraph IV, Civil Code.

4. The Financial Statements were prepared in Euro; in these Explanatory Notes, the figures are reported in Euro, except where otherwise indicated (Article 2423, paragraph V, Civil Code).

Basis of preparation

The following policies were applied in preparing the Financial Statements.

1. The accounts have been measured on a prudent and going concern basis, while also taking account of the substance of the transaction or the contract (Article 2423 bis, para. I, paragraph I, No. 1, Civil Code.).

2. The profits realised in the fiscal year were exclusively included (Article 2423 bis, paragraph I, No. 2, Civil Code).

All income and charges for the year, regardless of when they were received or incurred, are reported in the financial statements.

3. All income and charges accruing to the year, regardless of when they were received or settled, are reported in the financial statements (Article 2423 bis, paragraph I, No. 3, Civil Code). Costs have been matched with related revenues recognised during the year.

4. Account is taken of risks and losses in the year even if known subsequent to year-end (Article 2423 bis, paragraph I, No. 4, Civil Code). Dissimilar components of individual items are valued separately (Article 2423 bis, paragraph I, No. 5, Civil Code).

5. In accordance with Article 2423-ter of the Italian civil code, it should be noted that all figures are comparable.

6. The following criteria were applied in structuring the Balance Sheet and Income Statement:
   6.a in the Balance Sheet and Income Statement the items covered by Articles 2424 and 2425 of the Civil Code have been recognised separately, and in the order indicated, even where they amount to zero (Article 2423 ter, paragraph I, Civil Code);
   6.b. the items preceded by Arabic numerals have been subdivided further, where required by the accounting standards or considered necessary for the clarity of the Financial Statements;
   6.c in relation to the nature of the activities carried out by the Enterprise, item B.II. *bis* has been added to the assets section of the balance sheet concerning those assets that may be transferred at the end of the concession, in addition to item B.II *bis* 1 bis) regarding runways and related land, as previously indicated at item B.II.2);
   6.d. the items preceded by Arabic numerals have not been adjusted, as not required in view of the nature of the activity carried out (Article 2423 ter, paragraph IV, Civil Code);
   6.e. for each item of the Balance Sheet and Income Statement, the amount of the corresponding item for the previous year was indicated;
   6.f no offsetting of items was undertaken (Article 2423 ter, paragraph VI, Civil Code).

7. No assets and liability accounts are recorded under more than one line item of the balance sheet (Article 2424, paragraph II, Civil Code.).

8. In assessing the company's going concern, no significant uncertainties emerged as the health emergency has not compromised its capacity to operate as a continuing entity.

Criteria applied in the measurement of the accounts in the financial statements, value adjustments and translation of amounts in foreign currencies

The accounting policies adopted for the preparation of the financial statements at December 31, 2019, in accordance with Article 2426 of the Civil Code and the above-stated accounting standards, are described below.

Fixed assets

Assets to be used over the long-term are classified under fixed assets.

Intangible assets

Intangible assets are recorded at purchase or production cost, including direct accessory charges, and are amortised on a straight-line basis based on their remaining useful lives. The amortisation schedule, in accordance with this principle, is presented below:

Intangible assets	
Type of asset	**Rate**
Industrial patents and intellectual property rights	33%
Concessions, licenses, trademarks and similar rights	33%
Other intangible assets	Between 5.26% and 33%

The amortisation criteria and ratios applied have not been amended on the previous year (Article 2426, paragraph I, No. 2. Civil Code). Extraordinary maintenance expenses on third party assets included in Other Fixed Assets were amortised over a period from the tax period in which the investments were made to 2037.
At the balance sheet date, no intangible assets were found to have a permanent value of less than their purchase cost, including direct accessory charges and net of amortisation; therefore, no write-downs have been recognised (Article 2426, paragraph I, No. 3, Civil Code).

Property, plant & equipment

Property, plant and equipment are measured at purchase or construction cost, including direct accessory charges, with the exception of assets subject to revaluation in accordance with Law No. 72/83 and Law No. 342/2000.
The cost of an asset includes the financial charges incurred for their production up to the moment in which the asset is ready for use and for the portion reasonably attributed to said asset. The amount of the financial charges capitalised during the year is shown in Part IV of these Explanatory Notes (Article 2427, paragraph I, No. 8, Civil Code).
The cost of property, plant and equipment, whose utilisation is limited in time, are depreciated on a straight-line basis each year based on their residual future utility.

The depreciation schedule, in accordance with the principles described above, is shown below:

Property, plant & equipment	
Type of asset	**Rate**
Buildings and related property	4%
Runways and aircraft apron	5,56%
Flight-assistance systems	31,5%
Other plant	10%
Runway and ramp equipment	10%
Equipment for other uses	20%
Specific equipment	12,5%
Motor vehicles	25%
Transport vehicles	20%
Furniture and fittings	12%
EDP	20%
Other property, plant and equipment	20%
Sundry property, plant and equipment	100%

In previous years, for certain categories of assets, where required on the basis of the particular functional obsolescence of such assets, the above rates were doubled in the first three years subsequent to their entry into service.
Assets which went into use during the year are amortised or depreciated for a half year in order to take account of their reduced use for the year.
The Runway and ramp equipment category was depreciated in previous years at a rate of 31.5%, which is no longer deemed to be representative of the actual useful life of the assets, which have a high historical cost and are undoubtedly to be used over the long term. The effect of the rate change is described in the amortisation and depreciation section of the Explanatory Notes.

In light of company programmes, at the balance sheet date, no property, plant or equipment was found to have a permanent value of less than their (adjusted) purchase cost, including direct accessory charges and net of depreciation (Article 2426, paragraph I, No. 3, Civil Code).
It should be noted that, following the amendment to Article 104 of the Consolidated Income Tax Act introduced by Legislative Decree No. 669 of 31/12/1996, which allows financial depreciation solely as an alternative to technical depreciation (and no longer in addition to it), the Company has in previous years opted for this latter, deducting the previously accumulated financial depreciation from the historical cost of the related assets, with the exception of the runways and aircraft stands category.
Ordinary maintenance and repair costs are expensed as incurred, while those which increase the value of the assets are capitalised.

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Financial assets

Equity investments and other financial assets represent long-term investments and are recognised in the financial statements on the basis of the costs incurred or the subscription values.
Where the investee companies suffers losses considered to be permanent, the carrying amount of the investments are written down accordingly.
These write-downs are reversed when the reasons underlying then cease to exist.
Treasury shares are recorded at their purchase cost in the negative reserve for treasury shares in portfolio.

For non-current financial receivables, we have assessed adopting the amortised cost approach as defined under Article 2426 of the Civil Code, while also taking account of time value and presumed realisable value in accordance with the point 8 of Article 2426, paragraph 1, of the Civil Code.
The immateriality of the application of the amortised cost method was verified for all non-current receivables, or where the settlement costs, commissions paid between the parties and any other difference between the initial value and the value on maturity is immaterial or where the receivables are short-term (i.e. with maturity of less than 12 months).

Inventories

Inventories of raw materials, ancillaries, consumables and goods have been recognised at purchase cost, plus accessory charges. As in previous years, this cost has been calculated as a weighted average.
Assets that do not have a real possibility of being used in production are recognised at their realisable value when less than their purchase cost. In any event, the carrying amount of inventories is not greater than their presumed market value taking account of the utility of the goods within the scope of the production process.
The value of inventories is not significantly different from their fair value at year-end.

Receivables

For current financial receivables, we have assessed adopting the amortised cost approach as defined under Article 2426 of the Civil Code, while also taking account of time value and presumed realisable value in accordance with the point 8 of Article 2426, paragraph 1, of the civil code, net of adjustments and a provision for credit risk of a suitable amount to take account of the risk of default on all trade receivables as a whole. The immateriality of the application of the amortised cost method was verified for all receivables, or where the settlement costs, commissions paid between the parties and any other difference between the initial value and the value on maturity is immaterial or where the receivables are short-term (i.e. with maturity of less than 12 months).

Receivables for interest on arrears have been fully written down in the previous years in which they accrued. There are no receivables for which payment terms have been deferred by contract, for which it would be appropriate to recognise their present value at current rates in accordance with applicable accounting standards.

Cash and cash equivalents

Cash and cash equivalents are recorded at their nominal value.

Prepayments and accruals

Prepayments and accruals include the income/charges of the year applicable in future periods and charges/income sustained in the period relating to future periods. Only amounts relating to two or more periods are recorded in these accounts, the amount of which varies depending on the time period involved.

Provisions for risks and charges

Provisions for risks and charges only include provisions to cover known or likely losses or liabilities of a specific nature, the timing and extent of which cannot be determined at year-end.

Post-employment benefit provision

Law No. 296 of December 27, 2006 (2007 Finance Act) introduced new rules for the Post-employment benefits maturing from January 1, 2007.

As a result of the supplementary pension reform:
- the post-employment benefits matured until December 31, 2006 remain within the company;
- the post-employment benefits matured from January 1, 2007, accumulate by the method expressly or tacitly selected by the employee as follows:
  a) allocated to a supplementary pension fund;
  b) held in the company, which must transfer the relative quota to the Treasury Fund managed by INPS.

Since January 1, 2007, amounts matured during the year continue to be recognised as post-employment benefits (item B9 c) in the income statement). Under the balance sheet, post-employment benefits (account C) represent the residual provision at December 31 of the present year, while the accounts D.13 "Payables to social security institutions" and D.14 "Other payables" refer to the payable matured at December 31 relating to post-employment benefits still to be paid to the INPS treasury fund and to the pension funds.

Payables

For all payables, any need to apply the amortised cost approach was verified, as defined under Article 2426 of the Civil Code, while also taking account of time value and their nominal value in accordance with the point 8 of Article 2426, paragraph 1, of the civil code, which applies to when transaction costs, fees paid by the parties, and any differences between the starting value and the value when due are not insignificant and the payable is due beyond 12 months.

Payables are recognised at their nominal value, with the exception of the Euro 25 million bank loan as described in the related section herein.

Risks, commitments and guarantees

Risks that are likely to give rise to a liability are described in the Explanatory Notes and the related provisions recorded under Risk Provisions. Risks that will only possibly give rise to a liability are described in the Explanatory Notes without making a provision.

Commitments are recognised at their contractual value, whereas guarantees are recognised based on the risk assessed at year-end. Both of these are discussed in the Explanatory Notes.

Revenues and costs

Revenue, costs and other gains and charges are recognised on a prudent basis and in line with the matching of revenue and expenses and are shown net of discounts, rebates, and other incentives and subsidies. Service revenues are recognized in the period in which the services are performed.

Grants

Grants are recognised as other revenue and income in the period in which there is a reasonable certainty concerning eligibility for their receipt and recognised as deferred income when related to future periods. This deferred income is then reduced at the end of each financial year and recognised as income at the same rate as for the depreciation of the asset to which the grant refers.

Dividends

The dividends distributed by the subsidiaries are recognised in the year in which the related profits accrue, where the date of the dividend distribution proposal by the subsidiary's Board of Directors is prior to the date of approval of the financial statements by the parent company's Board of Directors. They are recorded as financial income independently of the nature of the distributable reserves.

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Income taxes

Income taxes - both company income tax (IRES) and the regional production tax (IRAP) recognised to item E.20 - are calculated based on estimated taxable income and applicable tax laws.

Beginning with the 2017 financial year, the Company, as a subsidiary of the Group, adhered to the National Tax Consolidation scheme in accordance with Articles 117 et seq. of Italy's Income Tax Law. The other subsidiaries also adhering to the scheme are SAGAT S.p.A., GESAC S.p.A., Software Design S.p.A., 2i S.A.C., and Aeroporto Friuli Venezia Giulia S.p.A., while 2i Aeroporti S.p.A. is the parent company.

The currently National Tax Consolidation scheme concerns the three-year period 2020-2022. This option was exercised in order to take advantage of the benefits allowed under the law, including the ability for the parent company to offset the earnings of the individual companies involved.

Notification of the renewal of this option, as envisaged under Article 5, paragraph 1, of the Decree of the Ministry for the Economy and Finance of June 9, 2004, was filed electronically with Italy's Tax Agency on October 31, 2020, by 2i Aeroporti S.p.A.

The relevant aspects of the group rules on tax consolidation are described below: a) if, and to the extent that, in one of the fiscal years within the tax consolidation scheme, one of the parties contributes a surplus of interest expense and similar charges (in accordance with Article 96, paragraph 2, of the Income Tax Law), this party shall have the right to receive compensation for such charges; b) in the event the taxable income of a subsidiary, net of fiscal losses as per Article 84 of the Income Tax Law, prior to the start of tax consolidation, this subsidiary shall pay the parent company an amount equal to the related taxes due, calculated as if the tax consolidation were not in effect; c) in the event of a loss recognised by a subsidiary in one or more fiscal years within the scope of the tax consolidation scheme, the parent company shall pay the subsidiary an amount equal to either 1) the tax expense actually saved as a result of this recognised fiscal loss, or 2) the receivable due to the subsidiary for surpluses transferred to the parent company in accordance with point b) above; d) if one of the parties transfers a surplus of interest to the consolidation scheme, the parent company shall, within the limits allowed by law, use this surplus to reduce global total earnings; e) in the cases described under point d) above, the party that transferred the surplus interest to the consolidation scheme is to be paid an amount equal to 100% of the

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theoretical income tax calculated by applying to the surplus transferred the prevailing tax rate for the period in which the surplus was used.
Tax consolidation enables the parent company, 2i Aeroporti S.p.A., to aggregate the taxable earnings of the parent company with those of the domestic subsidiaries adhering to the scheme. The taxable income and fiscal losses of the companies involved in the tax consolidation are considered in their full amount, regardless of the interest held by the parent company (line--by-line consolidation). The parent company is responsible for calculating total income tax expense and for making the related payments to the Tax Agency. Nonetheless, the subsidiaries are still considered to be tax-paying entities.

The accounting principles applicable to this tax consolidation are described below:

Current income tax
Income tax expense is recognised as current income taxes, and the related payable to (or receivable from) the parent company is recognised on the balance sheet. Consolidation adjustments that lead to a benefit on the consolidated tax return are recognised as tax gains from tax consolidation among current taxes and as a receivable to the parent company.

Deferred taxes
Receivables for IRES advance payments and deferred taxes attributable to both the parent company and the subsidiaries and related to operations arising during the period of tax consolidation remain on the accounts of the company that generated them. Therefore, in accordance with the tax consolidation scheme, they are not recognised by the parent company. Observance of the conditions for recognising deferred taxes is assessed in relation to forecasts of future taxable income for the companies involved in the tax consolidation. Conversely, should the deferred tax asset or liability be related to transactions occurring outside of the tax-consolidation period, the assessment is made based on the circumstances of the individual company. The Company has recognised deferred taxes in relation to temporary fiscal differences arising during the year. More specifically, temporary deductible differences determined by expenses which are partially or totally deferred to future years, generate deferred tax assets recorded in the account C.II.5-ter of the assets; the temporary differences determined by income assessable in a future year compared to that recorded for statutory purposes, or of expenses deducted in a year prior to their recognition on the income statement, generate deferred tax liabilities. Deferred tax assets and liabilities are measured based on the currently applicable tax rate and taking account of expected tax rates for future years. The income taxes recorded for the year are the sum of current and deferred income taxes, which appropriately express the fiscal charge for the period.
Deferred tax assets are not recognised when there is not a reasonable certainty of their future recovery. In the same way, deferred tax liabilities are not recognised where there is little probability that such a payable will arise.

Descriptions of the temporary differences that led to the recognition of deferred tax assets and liabilities, specification of the related tax rate, a description of changes from the previous year, amounts debited and credited to the income statement and to equity, and deferred tax assets related to losses incurred are provided in the statement of deferred tax assets and liabilities found in the section related to income taxes for the year (as per Article 2427, paragraph 1, point 14, of the Civil Code).

Remuneration of subsidiaries for financial benefits
Remuneration for fiscal losses paid to companies involved in the tax consolidation takes place at the moment of the actual use of the losses themselves for tax consolidation purposes (and is not, therefore, subordinate to the achievement of future taxable income by the given subsidiary) at the IRES tax rate in effect for the fiscal year in which the loss is used to lower the consolidated taxable income. The financial benefits resulting from the consolidated adjustments by the parent company, but related to the subsidiary, are to go to the subsidiary.

Translation of balances in foreign currencies

Assets and liabilities other than non-monetary, non-current assets are recorded at the exchange rate at year-end. The relative exchange gains and losses are recognised to the Income Statement. Any net gains are allocated to a specific, non-distributable reserve when determining net earnings.

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Notes on the balance sheet

The additional information required by Articles 2426 and 2427 of the Civil Code, in addition to any information required by Article 2423, paragraph III of the Civil Code is provided below in the order dictated by the mandatory statement layouts.

BALANCE SHEET – ASSETS

Intangible assets

Intangible assets represent long-term costs of production not related to physical assets, net of amortisation. They concern long-term property rights and rights-of-use (and similar assets), licences, leasehold improvements, or deferred costs for which the actual utility is related to future periods.
Intangible assets, totalling Euro 8,945 thousand, decreased on the whole by Euro 846 thousand during the year.

The tables below summarise and detail the changes in the various components of intangible assets for the year.

	Concessions, licenses, trademarks and similar rights	Assets in progress and advances	Other intangible assets	Total intangible assets
Opening balance				
Cost	1,008,012	2,366,038.49	7,326,194	10,700,245
Amortisation (Accumulated amortisation)	381,743		527,828	909,571
Carrying amount	**626,270**	**2,366,038**	**6,798,365**	**9,790,673**
Changes in the year				
Increases for acquisitions	100,014	378,276	741,769	1,093,045
Reclassifications (at carrying amount)	50,882	(1,635,330)	1.167584	(416,864)
Decreases for sales and disposals (at carrying amount)				
Amortisation for the year	406,063	0	617,473	1,023,537
Other changes		(598,590)		(598,590)
Total changes	(255,167)	(1855.644)	1,264,880	(845,931)
Closing balance				
Cost	1,158,909	510,394	9,208,547	9,968,279
Amortisation (Accumulated amortisation)	406,063	0	617,473	1,023,537
Carrying amount	**371,103**	**510,394**	**8,063,245**	**8,944,742**

The decrease in the item B.I.43 Concessions, licenses and trademarks is due to the higher value of amortisation in the period of Euro 406 thousand, compared to the acquisition costs of licenses and new software in the year of Euro 100 thousand, the capitalisation of assets recognised to assets in progress in the previous year, which began amortisation in 2020 and reclassifications for a value of Euro 51 thousand.

Assets in progress and advances (B.I.6) decreased by Euro 1,856 thousand compared to the previous year, net of reclassifications, due to the capitalisation of assets beginning amortisation in 2020 and the closure of work-in-progress from previous years related to the Master Plan.

Other intangible assets (B.I.7) increased by Euro 1,265 thousand, mainly due to the completion of works initiated in 2019. The most significant of these concerned the works on the Upper Departures Level (+10.93), involving the infrastructural interconnection of catering areas with operational office areas. In addition, the runway's touchdown area has been upgraded. Overall, Other intangible assets which includes, among others, improvements and investments in assets not owned by the company, reported amortisation of Euro 617 thousand.

The amortisation criteria and ratios applied have not been amended from the previous year (Article 2426, paragraph I, No. 2, Civil Code). Other intangible assets are amortised through applying the financial criterion, i.e. over a period of time between the tax period in which the investments are made and 2037, the final year of the concession in force.

Property, plant & equipment

Property, plant and equipment include the long-term, physical assets used in production by the company, including those that are to be transferred at the end of the concession agreement, net of technical and financial depreciation.

Property, plant and equipment, totalling Euro 43,756 thousand, decreased overall by Euro 1,716 thousand during the year.

The tables below summarise and detail the changes in the various components of property, plant and equipment for the year.

	Land and buildings	Plant and machinery	Commercial and industrial equipment	Other tangible fixed assets	Other assets in progress and advances	Total property, plant and equipment
Opening balance						
Cost	87,203,467	74,327,421	17,330,832	30,509,929	5,567,378	211,939,028
Depreciation (Accumulated depreciation)	56,173,569	66,244,088	14,802,421	29,243,491	0	166,466,569
Carrying amount	**31,029,898**	**8,083,333**	**2,525,412**	**1,266,438**	**2,567,378**	**45,472,459**
Changes in the year						
Increases for acquisitions	77,129	975,110	570,051	202,799	1,092,260	2,917,349
Reclassifications (at carrying amount)	218,749	737,125	440,343	52,614	(1,031,966)	416,864
Decreases for disposals (at carrying amount)	0	0	0	(1,470)	0	(1,470)
Depreciation for the year	2,218,904	1,450,017	740,376	427,471	0	4,836,767
Other changes	-87,770	-67,525	1,327	0	(59,580)	(213,549)
Total changes	(2,010,795)	194,692	271,345	(172,059)	713	(1,716,104)
Closing balance						
Cost	87,499,345	76,039,656	14,066,130	30,683,492	2,568,091	210,856,715
Depreciation (Accumulated depreciation)	58,480,242	67,761,630	11,269,374	29,589,113	0	167,100,360
Carrying amount	**29,019,103**	**8,278,025**	**2,796,756**	**1,094,379**	**2,568,091**	**43,756,355**

It should be noted that categories B.II.1, B.II. bis 1 and 1 bis) - Land and buildings - include transferable assets for an amount net of the related accumulated depreciation of Euro 29,019 thousand, of which Euro 302 thousand refers to the runway and the related land. Plant and Machinery entirely comprises transferable assets and at December 31, 2020, net of the relative Accumulated depreciation, amounts to Euro 8,278 thousand.
Land and Buildings (B.II.bis 1 and 1 bis) reduced overall by Euro 2,011 thousand, following acquisitions for Euro 77 thousand, reclassifications of the financial statement values of Euro 219 thousand and depreciation of Euro 2,219 thousand.

No obsolete assets of this category were decommissioned during the year.

Plant and Machinery (B.II.bis 2) increased overall by Euro 195 thousand, due to acquisitions of Euro 975 thousand and capitalisations for Euro 737 thousand, equal to the value of the plant entering into service in the year, previously classified to assets in progress. Depreciation was recognised in the year of Euro 1,450 thousand.
The increases mainly concern the completion of systems at level 10.93, the creation of the new training centre, and extraordinary maintenance mainly on the Fire Prevention Service, Police and Finance Police buildings for a total of Euro 394 thousand. Also of note are the works to develop the lighting systems at the aircraft apron light towers and systems work at buildings used in operations for Euro 174 thousand. No obsolete assets of this category were decommissioned during the year.

Industrial and commercial equipment (B.II.3) decreased overall by Euro 271 thousand, following acquisitions of Euro 570 thousand, capitalisations of Euro 440 thousand, equal to the value of plant entering into service in the year, previously classified to assets in progress, and depreciation in the year of Euro 740 thousand. In particular, the supply of four tray collectors for carry-on baggage security checks amounted to Euro 439 thousand. Obsolete assets of this category were decommissioned during the year and fully depreciated for Euro 4,175 thousand. Other assets (B.II.4) decreased overall by a total of Euro 172 thousand, as a result of depreciation of Euro 427 thousand, increases for Euro 203 thousand and reclassifications of Euro 53 thousand. Also of note were purchases of hardware for Euro 66 thousand and of vehicles used in operations for Euro 94 thousand.
Obsolete assets of this category were decommissioned during the year that had a total historical cost of Euro 82 thousand.

Assets in progress and advances (B.II.5) increased by Euro 0.7 thousand. We highlight in particular the acquisitions of assets which have not yet been depreciated, for a total amount of Euro 1,092 thousand and decreases relating to works-in-progress in previous years starting depreciation in the year for an amount of Euro 1,032 thousand. The category was affected by the recording of non-existing assets for the definitive elimination of items recognised in previous years which did not enter into the company's production process, totalling Euro 56 thousand. Revaluations recognised in accordance with Law No. 72 of March 19, 1983 for Euro 566 thousand and Law No. 342 of November 21, 2000 for Euro 8,423 thousand remained unchanged from the previous year. The details of these revaluations are shown in the table below.

	Legal revaluations	Economic revaluations	Total revaluations
Land and buildings	282,000	0	282,000
Plant and machinery	6,567,000	0	6,567,000
Industrial and commercial equipment	182,000	0	182,000
Other assets	1,958,000	0	1,958,000
Total	**8,989,000**	**0**	**8,989,000**

Financial assets

This aggregate reflects the amount of non-current uses of funds of a financial nature.

The investment in SAGAT Handling was recognised at December 31, 2020 at a value of Euro 2,844 thousand, unchanged on the previous year, calculated according to the cost incurred for its acquisition and in excess of its Shareholders' Equity, which at the same date was Euro 437 thousand, due to the loss in the year of Euro 2,525 thousand and prior year losses. The impairment test carried out by independent third parties indicates that the value of the equity investment is representative of the value in use of the subsidiary, calculated as the present value of future cash flows prudently forecast from operations over a time period to 2037. No write-down was consequently applied to the equity investment.

The Investments in Associates item did not report any changes.

The company managing G. Marconi Airport of Bologna (hereafter AdB) was admitted to trading on the STAR segment of the Italian Stock Exchange in July 2015.
SAGAT held at December 31, 2020 1,183,643 ordinary AdB shares, at a carrying amount of Euro 8.26 per share.
The market value of the share at December 31, 2020, was Euro 8.48, and, since then, the share has increased in value to reach Euro 9.98 at April 1.
The greater value of the investment compared to corresponding share of equity held is due to the positive assessment of the company's ability to generate greater earnings in the future, as demonstrated by historical trends of the share on the stock market, which has remained well above its book value since it began public trading, with the exception of this period in 2020. On March 15, 2021, the AdB Board of Directors approved the company's financial report for 2020, with the year closing with a net loss at the consolidated level of Euro 13.6 million, a decrease in performance of Euro 34.4 million from 2019.

The figures relating to equity investments, other securities and derivative financial instruments are summarised in the following table drawn up as per Article 2427, paragraph 1, No. 2.

	Investments in subsidiaries	Investments in other companies	Total equity investments
Opening balance	**2,843,598**	**9,781,870**	**12,625,468**
Carrying amount	2,843,598	9,781,870	12,625,468
Changes in the year			
Increases for acquisitions			
Decrease for disposals			
Other changes			
Total changes			
Closing balance	**2,843,598**	**9,781,870**	**12,625,468**
Carrying amount	**2,843,598**	**9,781,870**	**12,625,468**

It should also be noted that the Company holds 74,178 treasury shares: in accordance with Legislative Decree No. 139/15 implementing Directive 2013/34 on separate financial statements, consolidated financial statements and the related reports, from January 1, 2016 the Company has eliminated their carrying value from fixed assets.

These shares were purchased by the Company following a shareholder resolution on December 10, 2002, authorising the purchase of up to 58,400 treasury shares, fully paid. The Company completed the purchase on March 14, 2003. The value of the shares held had reached Euro 4,824 thousand in 2008 following the closure of the stock-option incentives plan for the Company's management.

List of equity investments in subsidiaries

The details of equity investments in subsidiaries are reported below, as per Article 2427, paragraph 1, No. 5 of the Civil Code.

Company Name	SAGAT Handling S.p.A.	Total
Country	Italy	
Tax. No. (for Italian businesses)	5025470013	
Share capital in Euro	3,900,000	
Last year profit/(loss) in Euro	(217,981)	
Shareholders' equity in Euro	2,961,335	
Holding in Euro	2,961,335	
Holding in percentage	100%	
Carrying amount or corresponding receivable	2,843,598	**2,843,598**

List of equity investments in other companies

The details of equity investments in other companies are reported below, as per Article 2427, paragraph 1, No. 5 of the Civil Code, based on the last approved financial statements.

	Company Name	Bologna Airport	Total
Investments in other companies	Country	Italy	
	Tax. No. (for Italian businesses)	03145140376	
	Share capital in Euro	90,314,162	
	Last year profit/(loss) in Euro	20,067,779	
	Shareholders' equity in Euro	173,926,812	
	Holding in Euro	2,962,305	
	Holding in percentage	3.28%	
	Carrying amount or corresponding receivable	**9,781,870**	**9,781,870**

List of equity investments in associates

In accordance with Article 2427, paragraph 1, No. 5 of the Civil Code, the Company does not hold equity investments in associates.

Non-current receivables

Non-current financial receivables totalled Euro 65 thousand, with a movement on the previous year of Euro 0.01 thousand. The breakdown by type and maturity of non-current financial receivables is summarised in the following table, as per Article 2427, paragraph 1, No. 2 and No. 6 of the Civil Code:

Euro thousands

	Non-current receivables from others	Total non-current receivables
Opening balance	**65,375**	**65,375**
Changes in the year	-139	-139
Closing balance	**65,236**	**65,236**
Balance due within 12 months	0	0
Balance due beyond 12 months	65,236	65,236
Of which residual amount beyond 5 years	0	0

Non-current receivables - Breakdown by region

Non-current receivables by region are reported below, in accordance with Article 2427, paragraph 1, No. 6 of the Civil Code:

Euro thousands

	1	Total
Non-current receivables by region		
Region	**Italia**	
Non-current receivables from subsidiaries	0	0
Non-current receivables from associates	0	0
Non-current receivables from parent companies	0	0
Non-current receivables from subsidiaries of parent companies	0	0
Non-current receivables from others	65,236	65,236
TOTAL NON-CURRENT RECEIVABLES	**65,236**	**65,236**

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Analysis on the value of financial

Financial fixed assets are presented below as per Article 2427 bis, paragraph 1, No. 2, letter a of the Civil Code:

Euro thousands

	Other receivables
Carrying amount	65,236
Fair value	65,236

Other non-current receivables are presented below as per Article 2427 bis, paragraph 1, No. 2, letter a of the Civil Code:

Euro thousands

Breakdown of other receivables				
Description	**1 Cash deposits**	**2 Supplier guarantee deposits**	**3 Supplier restricted deposits Intesa S.Paolo**	**Total**
Book value	14,107	30,221	20,908	65,236
Fair value	14,107	30,221	20,908	65,236

CURRENT ASSETS

Inventories

Inventories of Euro 447 thousand concern raw materials, consumables, ancillaries and goods for maintenance. They increased by Euro 43 thousand on the previous year.
At year-end, inventories did not include components with a carrying value that could be deemed to be less than their presumed realisable value.

The breakdown and movements of the individual accounts is presented below:

	Raw, ancillary and consumables	Total inventories
Opening balance	403,140	403,140
Changes in the year	43,382	43,382
Closing balance	446,522	446,522

Receivables

These amounted to Euro 28,614 thousand, compared to Euro 32,738 thousand in the previous year. The total mainly concerns clients within Italy or the European Union and does not include the value of trade receivable for surtaxes, which is shown among Other receivables.

Trade receivables decreased from Euro 13,670 thousand at 31/12/2019 to Euro 4,362 thousand at 31/12/2020, reducing Euro 9,308 thousand, related to the significant decrease in sales volumes and in particular the write-downs required also in view of the air transport sector crisis. The total includes receivables with a nominal value of Euro 17,266 thousand, before write-downs of Euro 12,904 thousand based on the doubtful debt provision.
During the year, the doubtful debt provision increased by Euro 8,165 thousand against uses needed in order to cancel receivables that could no longer be collected for Euro 39 thousand, releases to the income statement for Euro 9 thousand for allocations from previous years that were no longer necessary, and additions of Euro 8,213 thousand, due almost entirely to the desire to limit the increased collection risk in relation to one of the Company's main customers.

As a result, the total amount of the Doubtful debt provision was adjusted to take account of the default risk on receivables at year-end. In any case, SAGAT promptly undertook all initiatives required for the recognition of its credit positions and to protect its rights. For further details, reference should be made to the Disputes section of the Directors' Report.

Receivables from subsidiaries, entirely comprising receivables due within 12 months and amounting to Euro 1,566 thousand, increased by Euro 1,230 thousand compared to the previous year, relating to the management of receivables and payables with the subsidiary SAGAT Handling.

These receivables are broken down in the following table (in Euro thousands):

Euro thousands

Receivables from subsidiaries	31/12/2020	31/12/2019
SAGAT Handling S.p.A.	1,566	236
TOTAL	**1,566**	**236**

Integrative note

SAGAT S.p.A.

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Tax receivables

Tax receivables were recognised for Euro 4,108 thousand, increasing Euro 2,306 thousand on Euro 3,608 thousand at 31/12/2019.

These receivables are due within 12 months for Euro 915 thousand and beyond 12 months for Euro 3,194 thousand. They are broken down in the following table (in Euro thousands):

Euro thousands

Breakdown	31/12/2020	31/12/2019
IRES reimbursement receivable	23	23
IRAP receivable	3	0
VAT receivables	911	403
Other receivables	6	17
Receivable from the Ministry for Infrastructure and Transport	3,135	3,135
TOTAL	**4,108**	**3,608**

The IRES reimbursement receivable was unchanged on the previous year. The IRAP receivable at December 31, 2020 was Euro 3 thousand.

The VAT receivables increased on 31/12/2019 by Euro 508 thousand, following the significant contraction in sales in the year.

Other receivables of Euro 6 thousand decreased by Euro 11 thousand on the previous year, due to the utilisation of the Art Bonus credit.

The receivable from the Italian Ministry for Infrastructure and Transport, unchanged on the previous year, was recognised following judgement No. 3996/2019 of June 14, 2019, by the Rome Court of Appeal, which ordered the ministry to pay SAGAT damages resulting from the failure to adjust airport fees to inflation in the period 2006-2008, for a further Euro 2,723 thousand plus interest and revaluation. This judgement is of immediate efficacy, and the potential for the ministry to appeal the ruling does not invalidate such efficacy or the right to the receivable. SAGAT has in fact demanded that the Ministry take steps to pay the full amount.

Deferred tax assets

Deferred tax assets increased from a value of Euro 6,188 thousand in 2019 to Euro 8,305 thousand at December 31, 2020. Were the Company to have considered an unlimited time horizon for the repayment of the taxes, the balance would have been Euro 76 thousand higher.

The increase in this Item of Euro 2,116 thousand is due to an increase of Euro 2,307 thousand relating to the tax effects of ordinary operations and a reduction of Euro 191 thousand from the effects of the utilisation of the deferred tax asset concerning the 2020-2037 period that arose in fiscal year 2019 as a result of participation in the Tax Amnesty. The company therefore in 2020 benefited from the tax deduction from the IRES and IRAP assessable base of the depreciation that would have been obtained by using, for certain assets, a time period to 2037 rather than, as undertaken by SAGAT for the statutory accounts, over 5 years.

In this regard, it should be noted that Article 1, Civil Code, 716 - 718, Law No. 160/2019 (Budget Law 2020) introduced an IRES surcharge of 3.5% on income deriving from activities based on concessions in the transport sector, including airport management, for the tax periods 2019, 2020 and 2021.

Therefore, this component of deferred tax assets, which at December 31, 2020 amounts to Euro 2,080 thousand, for the years 2020 and 2021 was calculated applying the IRES rate of 27.5%, while for the years from 2022 to 2037 was calculated using the IRES rate of 24%, in addition to the IRAP rate of 4.2% for the entire period.

Tax payables however included the total amounts due to the tax authorities, net of the payments made in 2018 for the provisional collection of the assessment notices for 2012 and 2013 totalling Euro 635 thousand and net of the instalments settled by the company in 2019 and 2020, the former having been paid on 31/05/2019, as required by law. At 31/12/2020, the residual amount of the tax payable for the Tax Amnesty was Euro 1,551 thousand, decreasing Euro 483 thousand compared to Euro 2,034 thousand in the previous year.

Details of deferred tax assets are provided in the specific table in the relative section of the Income Statement.

Other receivables

Other receivables, totalling Euro 8,511 thousand, decreased by Euro 480 thousand on the previous year, substantially due to the combined effect of the decrease in Receivables from carriers for municipal surtaxes for Euro 817 thousand and the increase in other receivables. The following table breaks down

Other receivables (in Euro thousands):

Euro thousands

Breakdown	31/12/2020	Of which beyond 12 months	31/12/2019	Of which beyond 12 months	Change
Receivable from the City of Turin	893	682	893		-
Other receivables from Public Sector	33		33		-
Advances from suppliers and credit notes to be received	564	11	500	11	64
Receivable from airlines for municipal surtax	7,231	0	8,048		(817)
Other receivables	517	123	244	123	273
Other receivables doubtful debt provision	(727)	(727)	(737)	-	-
TOTAL	**8,511**	**89**	**8,991**	**134**	**(480)**

The receivable from the City of Turin of Euro 682 thousand, which is unchanged from the previous year and shown among receivables due beyond one year, is related to the pending dispute as described in the Directors' Report.

The receivable from the City of Turin also includes Euro 211 thousand, also unchanged from previous years, for the remaining balance of an advance payment made by SAGAT in 1992 upon completion of the control tower in order to make up for the insufficient funds allocated by the City of Turin following the winding up of the construction firm ICEM and of the compulsory administrative liquidation of the insurance company FIRS, both of which failed to honour their significant commitments concerning repayment of the contractually required advance payments. In relation to the ICEM closure and compulsory liquidation of FIRS, the Company claimed the right to repayment. No progress towards resolving this issue was made during the year.

The receivable from carriers for municipal surtaxes decreased in the year by Euro 817 thousand and coincides with the payable of the Company SAGAT to the Tax Agency for the same reason.

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Receivables - Breakdown by maturity

Receivables by maturity are reported below, in accordance with Article 2427, paragraph 1, No. 4 and No. 6 of the Civil Code:

	Current receivables from customers	Current receivables from subsidiaries	Current receivables from parent companies	Current receivables from companies subject to control of the parent	Current tax receivables	Current deferred tax assets	Current other receivables	Total current receivables
Opening balance	13,669,579	236,199	3,162	40,304	3,608,814	6,188,330	8,990,507	32,737,625
Changes in the year	-9,307,666	1,329,649	1,758,240	(41,304)	500,103	2,116,332	(479,578)	(4,123,954)
Closing balance	**4,361,913**	**1,565,848**	**1,761,402**	**0**	**4,108,917**	**8,304,662**	**8,510,929**	**28,613,671**
Balance due within 12 months	4,361,913	1,565,848	3,462	0	915,364	0	8,422,599	15,269,186
Balance due beyond 12 months	0	0	1,757,940	0	3,193,553	8,304,662	88,330	13,344,485
Of which residual duration beyond five years	0	0	0	0	0	0	0	0

Current receivables - Breakdown by region

Current receivables by region are reported below, in accordance with Article 2427, paragraph 1, No. 6 of the Civil Code:

	1	2	Total
Breakdown of current receivables by region			
Region	**Italy**	**Overseas**	
Current trade receivables	1,717,890	2,649,196	4,361,913
Current receivables from subsidiaries	1,565,848	0	1,565,848
Current receivables from associates	0	0	0
Current receivables from parent companies	1,761,402	0	1,761,402
Current receivables from companies subject to control of parent companies	0	0	0
Current tax receivables	4,108,917	0	4,108,917
Current deferred tax assets	8,304,662	0	8,304,662
Current other receivables	3,981,072	4,529,857	8,510,929
Total current receivables	**21,439,791**	**7,179,053**	**28,613,671**

Cash and cash equivalents

This account includes:

- demand or readily liquid deposits in bank and postal accounts as shown on deposit or current account statements with banks and the post office;
- cash on hand held by the company as at December 31, 2020;
- cheques received by the end of the year and deposited with credit institutions for collection in the initial days of the following year.

An analysis of changes in cash and cash equivalents is provided below, as per Article 2427, paragraph 1, number 4 of the Civil Code:

	Bank and post office deposits	Cheques	Cash on hand and similar	Total cash and equivalents
Opening balance	8,061,443	0	42,188	8,103,631
Changes in the year	8,626,698	467	(5,076)	8,622,089
Closing balance	16,688,141	467	37,112	16,725,720

As referred to in the balance sheet overview section of the Directors' Report, the movement in liquidity is due to the significant absorption as a result of the reduction in revenues and the signing of two loans totalling Euro 25,500 thousand in order to provide the company with sufficient liquidity to support investments and operations.

Accrued income and prepayments

At 31/12/2020, these amounted to Euro 158 thousand (Euro 129 thousand at 31/12/2019). The following table analyses the changes in prepayments and accrued income, as per Article 2427, paragraph 1, number 4 of the Civil Code:

	Accrued income	Other prepayments	Total accrued income and prepayments
Opening balance	0	128,813	128,813
Changes in the year	0	29,614	29,614
Closing balance	0	158,427	158,427

Breakdown of prepayments

Other prepayments are broken down in the following table:

	Amount
Insurance	56,969
Other	101,458
TOTAL	**158,427**

Insurance concerns the insurance premiums paid in 2020 accruing to the subsequent year.

Financial charges capitalised

The financial charges recognised in previous years to the asset accounts in the Balance Sheet are presented below as per Article 2427, point 8 of the Civil Code, which are unchanged compared to the previous year:

	Financial charges recognised to assets
Intangible assets	**0**
Property, plant & equipment	
Land and buildings	2,322,607
Plant and machinery	792,245
Inventories	**0**
TOTAL	**3,114,852**

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity

The company's Shareholders' equity at 31/12/2020 amounted to Euro 46,814,940.

In accordance with Article 2427, paragraph 7 bis of the Civil Code, the movements in the individual Shareholders' Equity accounts are analysed below.

The share capital of Euro 12,911,481 is unchanged on the previous year, comprising 2,502,225 ordinary shares of a nominal value of Euro 5.16 at year-end and breaks down among the shareholders as follows:

2i Aeroporti S.p.A.	90.28%
Tecno Holding S.p.A.	6.76%
Treasury shares	2.96%
TOTAL	**100%**

The share premium reserve is recognised for Euro 6,105 thousand; This reserve is exempt from taxes upon distribution and is unchanged on the previous year.

The revaluation reserve of Euro 7,363 thousand was recognised against the revaluation of assets by the company in accordance with Law No. 342/2000. There were no movements in the reserve in 2020.

The legal reserve, totalling Euro 2,582 thousand, was unchanged on the previous year, having reached one-fifth of the share capital as per paragraph 1 of Article 2430 of the Civil Code.

The other reserves are comprised as follows:

- extraordinary reserve of Euro 4,141 thousand, entirely comprising the net profits and unchanged on the previous year.
- Extraordinary investments reserve of Euro 4,906 thousand, entirely comprising provisions subject to ordinary taxation and unchanged on the previous year.
- Reserve for Aeroporti Holding spin-off surplus amounting to Euro 4,079 thousand, also unchanged on the previous year.

The negative reserve for treasury shares in portfolio amounted to Euro -4,824 thousand. These shares were purchased by the Company following a shareholder resolution on December 10, 2002, authorising the purchase of up to 58,400 treasury shares, fully paid. The Company completed the purchase on March 14, 2003. The value of the shares held had reached Euro 4,824 thousand in 2008 following the closure of the stock-option incentives plan for the Company's management.

The tables below present the movements in the year of the individual shareholders' equity accounts and the breakdown of Other reserves.

	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Other reserves			Retained earnings/ (accum. losses)	Net profit/ (loss) for the year	Negative reserve for treasury shares in portfolio	Total Shareholders' Equity
					Extraordinary reserve	Misc. other reserves	AH spin-off reserve				
Opening balance	**12,911,481**	**6,104,521**	**7,362,627**	**2,582,296**	**4,140,862**	**4,906,340**	**4,078,837**	**0**	**9,551,588**	**(4,823,612)**	**43,655,349**
Dividends allocated allocation of previous year result								9,551,588	(9,551,588)		
Net result									(16,056,087)		
Closing balance	**12,911,481**	**6,104,521**	**7,362,627**	**2,582,296**	**4,140,862**	**4,906,340**	**4,078,837**	**9,551,588**	**(16,056,087)**	**(4,823,612)**	**46,814,940**

Misc. other reserves	
Description	**Total**
Extraordinary investment	4,906,340
Total	**4,906,340**

Statement of availability and usage of the Shareholders' Equity accounts

The following table provides the disclosures required by Article 2427, point 7-bis of the Civil Code relating to their possibility of utilisation and distribution, and any utilisation in the previous three years:

					Summary of utilisations made in the three previous years	
	Amount	**Origin/ Nature**	**Possibility of use**	**Quota available**	**To cover losses**	**For other reasons**
Share capital	12,911,481	Capitale				
Share premium reserve	6,104,521	Capitale	A,B,C	6,104,521		
Revaluation reserve	7,362,627	Capitale	A,B,C	7,362,627		
Legal reserve	2,582,296	Utili	B			
Other reserves						
Extraordinary reserve	4,140,862	Utili	A,B,C	4,140,862		13,038,684
Misc. other reserves	8,985,177	Utili	A,B,C	8,985,177		
Total other reserves	13,126,039			13,126,039		13,038,684
Retained earnings/ (accumulated losses)	9,551,588	Utili	A,B,C	9,551,588		
Negative reserve for treasury shares in portfolio	(4,823,612)			(4,823,612)		
Total	**46,814,940**			**31,321,163**		**13,038,684**
Non-distributable quota				**0**		
Residual quota distributable				**31,321,163**		

Key: A: for share capital increase, B: for coverage of losses and C: for distribution to shareholders.

The utilisations reported in the other reasons column refer to the distribution of the extraordinary dividend approved by the Shareholders' Meeting on December 1, 2017 for Euro 10,008,900 and the distribution of the extraordinary dividend on the approval of the 2019 Annual Accounts, amounting to Euro 3,039,784.

In completion of the information provided on Shareholders' Equity below, the following is reported.

Revaluation reserve

The revaluation reserves are broken down as follows:

	Opening balance	Utilisation to cover losses	Other movements	Closing balance
Law No. 342/2000	7,362,627	0	0	7,362,627
TOTAL	**7,362,627**	**0**	**0**	**7,362,627**

Provisions for risks and charges

The account is broken down as follows:

	Provision for taxation, including deferred tax liabilities	Other provisions	Total provisions for risks and charges
Opening balance	**0**	**7,885,415**	**7,885,415**
Changes in the year			
Provisions in the year	0	1,225,279	1,225,279
Utilisation in the year	0	313,684	313,684
Other changes	0	606,471	606,471
Total changes	0	1,518,065	1,518,065
Closing balance	**0**	**9,403,481**	**9,403,481**

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The Provision for risks and future charges of Euro 9,403 thousand is recognised according to the prudency principle against possible charges related to pending or only potential civil and administrative disputes which the Company may face. It increased by Euro 1,518 thousand in the year as a result of the following movements:

- increase of Euro 1,832 thousand, of which Euro 1,225 thousand through provisions to the income statement and Euro 606 thousand through the recognition of costs.
  With regard to this increase, the adjustments to contingent liabilities at 31/12/2019 amounts to Euro 85 thousand, while the accruals against new risks arising in 2020 totalled Euro 1,747 thousand,
- utilisations, for Euro 314 thousand, due to the incurring in the present year of costs that had been provisioned in previous years.

Post-employment benefit provision

The following table presents the changes in the item in the year (in Euro thousands):

	Post-employment benefit provision
Opening balance	**2,187,539**
Changes in the year	
Provisions in the year	642,367
Utilisation in the year	(631,491)
Other changes	19,646
Total changes	30,522
Closing balance	**2,218,061**

In particular, the Provision increased as a result of new accruals of Euro 642 thousand and decreased for Euro 631 thousand, principally due to the payments made to Pension funds and to the INPS Treasury Fund, in addition to the utilisations deriving from post-employment benefits and the issue of advances requested by workers.

The Provisions account includes the portion of the provisions revaluation, calculated in accordance with the statutory provisions and the portion of post-employment benefits matured in the year, transferred to Pension funds and allocated to the INPS's treasury fund. Other changes include the portions of Post-employment benefits concerning personnel transferred from or to other SAGAT Group companies.

PAYABLES

Payables are recognised for Euro 62,192 thousand, compared to Euro 45,108 thousand at the end of the previous year and concern mainly Italian or European Union counterparties.
Their breakdown and an analysis of the main changes during the year are presented below.

Bank payables totalled Euro 25,164 thousand as a result of the opening in 2020 of the loan with Intesa San Paolo for Euro 25,000 thousand and the loan agreed with Medio Credito Centrale for Euro 5,500 thousand, supported by the guarantee fund for small and medium-sized enterprises, set up as per Article 2, paragraph 100, letter a) of Law No. 662/96.
In accordance with OIC 15, the Euro 25,500 thousand loan is recognised according the amortised cost method, which stipulates the presentation of the payable net of the total charges related to its signing, which are recognised under financial charges in the income statement over its duration. The amortised cost criterion was however not applied to the Euro 5,500 thousand loan, as its effects were immaterial in view of the low transaction costs, and in any case recognised taking account of the time factor, i.e. on the basis of the contract's duration.

The Euro 25,000 thousand loan has a grace period until June 30, 2022, upon which the first Euro 1,000 thousand instalment shall mature, with settlement through increasing instalments and the final payment on June 30, 2025.

The Euro 5,500 thousand loan has a grace period until December 31, 2022, upon which the first Euro 594 thousand instalment shall mature, with settlement through increasing instalments and the final payment on December 31, 2026.
At December 31, 2020, there were therefore no payables for loans maturing within one year.

Trade payables include commercial payables to parties other than the subsidiaries, associates and subsidiaries of parent companies. They amount to Euro 15,432 thousand, compared to Euro 18,491 thousand in the previous year, decreasing Euro 3,059 thousand, mainly due to the reduction in costs, as commented upon in the Directors' Report.

Payables to subsidiaries are recognised for Euro 1,452 thousand, decreasing in the year by Euro 228 thousand.
All payables are due within 12 months, except for a guarantee deposit of Euro 7 thousand and deriving from normal commercial relations between the parties.
Payables to subsidiaries are broken down in the following table

Euro thousand

	31/12/2020	31/12/2019
SAGAT Handling S.p.A.	1,452	1,679
TOTAL	**1,452**	**1,679**

There are no payables to associates or parent companies.

Tax payables, reducing Euro 586 thousand on the previous year, totalled Euro 2,845 thousand and break down as follow:

Euro thousands

	31/12/2020	31/12/2019
IRAP payables	0	346
Employee withholding tax payables	574	344
Fee surcharge tax payables	717	704
Others	3	3
Prior year tax payables	1,551	2,034
TOTAL	**2,845**	**3,431**

Tax payables include all amounts due to the Tax agency as a result of participation in the "Tax Amnesty", whose accounting effects are comprehensively outlined in the tax receivables section of these explanatory notes, to which reference should be made. At 31/12/2020, the residual amount of the tax payable for the Tax Amnesty was Euro 1,551 thousand, decreasing on the previous year due to the settlement of the quarterly instalments arising in 2020, for a total of Euro 483 thousand.
The IRAP payable at December 31, 2019 has been carried forward in accordance with Article 24 of the Relaunch Legislative Decree No. 34/2020, following the verification by the tax consolidating company of compliance with the limit as per point 3.1 of the Temporary Framework at economic unit level.

Payables to social security institutions, totalling Euro 822 thousand, are broken down as follows:

Euro thousands

	31/12/2020	31/12/2019
Grants	786	701
Others	36	35
TOTAL	**822**	**736**

Other payables, totalling Euro 16,477 thousand, concern the following categories and are presented in thousands of Euro:

Euro thousands

	31/12/2020	31/12/2019
ENAC for airport fee	654	1,115
Employee payables	452	996
Tax payables for bo-arding fee surtaxes	7,736	9,968
Other payables	7,635	6,688
TOTAL	**16,477**	**18,767**

As per the applicable regulation, the entire amount payable to ENAC regarding the airport fee is settled in the subsequent year, reducing the payable in question to zero.
The tax payable concerning the municipal surtaxes of Euro 7,736 thousand decreased during the year by Euro 2,232 thousand and concerns the balancing entry for the receivable due

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from carriers of SAGAT for the same reason. It is underlined that SAGAT's obligation is limited to settling payments as and when it receives payment of the amounts due from carriers.
Other payables increased in the year by Euro 618 thousand, mainly due to the recognition of the Fire Prevention Service Fee. At December 31, 2020, theses payables amounted overall to Euro 4,741 thousand.

Payables - Analysis of movements and maturities
The breakdown of payables by maturity is reported below in accordance with Article 2427, paragraph 1, No. 6 of the Civil Code:

	Bank payables	Trade payables	Payables to subsidiaries	Payables to parent companies	Payables to companies subject to the control of parent companies	Tax payables	Payables to social security institutions	Other payables	Total payables
Opening balance	**0**	**18,491,230**	**1,679,465**	**1,977,351**	**25,884**	**3,430,905**	**735,968**	**18,766,760**	**45,107,563**
Changes in the year	25,164,227	(3,059,199)	(227,911)	(1,977,351)	(25,884)	(586,217)	85,867	(2,289,367)	**17,084,165**
Closing balance	**25,164,227**	**15,432,030**	**1,451,554**	**0**	**0**	**2,844,688**	**821,835**	**16,477,393**	**62,191,727**
Balance due within 12 months	0	15,425,208	1,451,554	0	0	1,293,726	821,835	15,692,484	**34,684,807**
Balance due beyond 12 months	25,164,227	6,822	0	0	0	1,550,962	0	784,909	**27,506,920**
Of which beyond 5 years	0	0	0	0	0	0	0	0	**0**

Integrative note

SAGAT S.p.A.

Payables - Breakdown by region

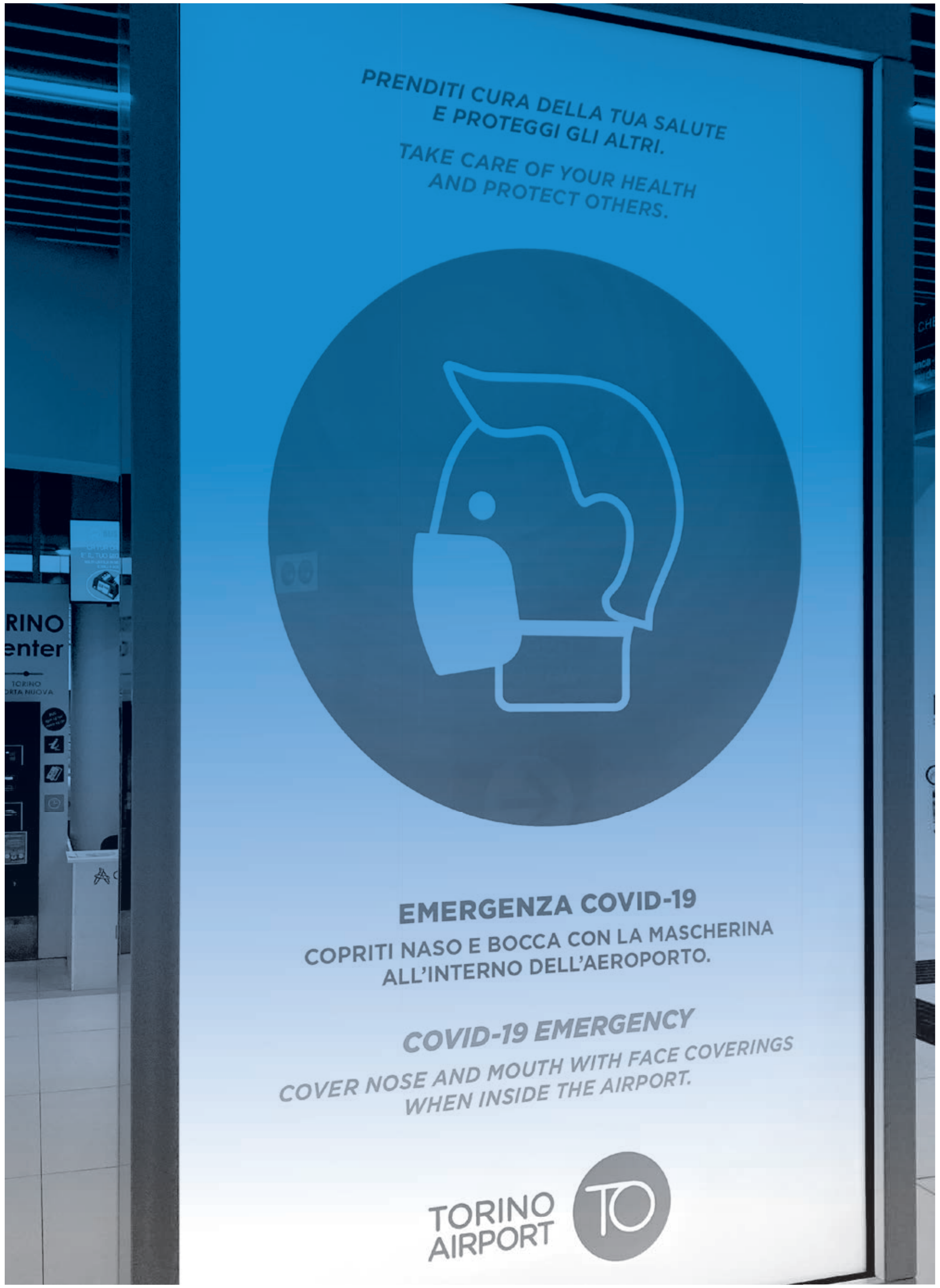
The breakdown of payables by region is reported below in accordance with Article 2427, paragraph 1, No. 6 of the Civil Code:

	1	2	Total
Payables by Region			
Region	**Italy**	**Overseas**	
Bank payables	25,164,227		25,164,227
Advances			
Trade payables	12,695,931	2,736,099	15,432,030
Payable to subsidiaries	1,451,554		1,451,554
Payables to parent companies	0	0	0
Tax payables	2,844,688		2,844,688
Payables to social security institutions	821,835		821,835
Other payables	16,477,393		16,477,393
TOTAL PAYABLES	**59,455,628**	**2,736,099**	**62,191,727**

Payables with secured guarantees on company assets

The following table outlines the secured guarantees on company assets, as per Article 2427, paragraph 1, No. 6 of the Civil Code:

	Bank payables	Trade payables	Payables to subsidiaries	Tax payables	Payables to social security institutions	Other payables	TOTAL PAYABLES
Payables with secured guarantees	0	0	0	0	0	0	**0**
Payables without secured guarantees	25,164,227	15,432,030	1,451,554	2,844,688	821,836	16,477,393	**62,191,728**
TOTAL	**25,164,227**	**15,432,030**	**1,451,554**	**2,844,688**	**821,836**	**16,477,393**	**62,191,728**



Accrued expenses and deferred income

These overall amount to Euro 6,764 thousand, decreasing Euro 568 thousand on 31/12/2019, as follows:

	Accrued	Deferred income	Total accrued expenses and deferred income
Opening balance	588	7,331,138	7,331,726
Changes in the year	233	(567,941)	(567,708)
Closing balance	821	6,763,197	6,764,018

Deferred income of Euro 6,763 thousand concerns for Euro 6,660 thousand the portion of capital grants accruing to future years. The above-mentioned grants have been recorded in the Financial Statements on the basis of the specific accounting criteria outlined above. The decrease in the year mainly concerns the portion released to the Income Statement accruing to fiscal year 2020.

Their composition and nature are presented below:

Nature	2020	2019
Third party assets received under concession	59.654	59.654
Unsecured guarantees received from third parties	13.719	13.566

Commitments and nature of memorandum accounts

The company has not released secured guarantees for its own obligations or those of others.

In accordance with OIC 22, the memorandum accounts are no longer presented at the end of the Balance Sheet, but are detailed in the Explanatory Notes as considered useful to assess the balance sheet and financial position of the company (Article 2425, paragraph II, Civil Code).

Third party assets received under concession consist of fixed assets received under concession, limited to investments made by the grantor from the 1980's until the present day, as the values of assets previously made, including aircraft movement areas, are not known.
These assets in addition include the value of the expansion works at the Airport undertaken for the Olympics by the City of Turin and funded by the latter.
The unsecured guarantees received from third parties concern sureties received from the airlines and from third parties in general. There are no unsecured guarantees released to third parties.

Notes to the income statement

The key 2020 operating highlights are presented below.

VALUE OF PRODUCTION

Revenues from sales and services

The Company's revenues from sales and services, entirely generated in Italy and mainly from Italian or European Union clients, totalled Euro 22,255 thousand and are broken down as follows (Article 2427, paragraph I, No. 10 of the Civil Code):

	1	2	3	4	5
Revenues from sales and services by segment					
Business line	Air traffic	Security	Assistance and air traffic accessory revenues	Car parking services	Subconcession of services
Present year	**10,236,584**	**2,806,006**	**1,724,420**	**1,913,241**	**1,251,599**
Previous year	**25,829,270**	**8,352,262**	**2,793,877**	**5,929,776**	**3,630,747**

	6	7	8	9	Total
Revenues from sales and services by segment					
Business line	Subconcession of airport activities and spaces	Centralised infrastructure	Exclusive use assets	Other revenues	
Present year	**2,396,962**	**789,441**	**1,039,747**	**96,725**	**22,254,724**
Previous year	**4,889,783**	**1,454,538**	**1,972,197**	**252,306**	**55,104,756**

Revenues from sales and services by region
In relation to Article 2427, paragraph I, No. 10 of the Civil Code, the following breakdown of revenues by region is presented:

	1	2	Total
Region	Italy	Overseas	
Present year	**8,746,106**	**13,508,617**	**22,254,724**

Other revenues and income

Other income breaks down as follow:

Euro thousands

	2020	2019
Recovery of common utilities and miscellaneous expenses	123	171
Other income	1,271	11,187
Capital grants	671	671
TOTAL	**2,064**	**12,028**

The item, totalling Euro 2,064 thousand, decreased Euro 9,964 thousand on the previous year, both due to a general reduction of revenues in 2020 and due to the presence in 2019 of miscellaneous prior year income of Euro 4,909 thousand and the overprovision of liabilities totalling Euro 4,622 thousand.
The 2019 prior year income was principally related to judgement No. 3996/2019 of 14/06/2019, by which the Court of Appeal of Rome require the Ministry of Transport to pay damages as a result of the failure to adjust airport fees to inflation in the 2006/2008 period, in addition to interest and revaluations for a total of Euro 3,135 thousand. For further details, reference should be made to the Disputes section of the Directors' Report.
The overprovision of liabilities in 2019 was determined primarily by the reversal of payables to suppliers not due and for Euro 4,119 thousand from the release of the payable for the Fire Service fee for the years 2010/2015, no longer due as a result of judgments that have become final. Also for this matter, reference should be made to the Disputes section of the Directors' Report.

Capital grants include, among other items, the portion of grants in the year from the Piedmont Region for the execution of the extension works at the Passengers and General Aviation terminals and the baggage logistics building, under the Regulatory Agreement for the development of airport infrastructure ahead of the XX Turin 2006 Winter Olympic Games (Convention No. 9313 of July 12, 2004), on an accruals basis for an amount of Euro 665 thousand.

COSTS OF PRODUCTION

The costs of production totalled Euro 45,414 thousand, reducing Euro 8,351 thousand on the previous year and are broken down in the following tables by category.

Raw materials, ancillaries, consumables and goods

The relative costs are broken down:

Euro thousands

	2020	2019
Maintenance materials	194	320
Various materials	118	42
Materials held-for-resale	118	219
Fuel and lubricants	392	463
De-icing	85	123
Stationary and printing	25	44
TOTAL	**932**	**1,212**

For services

The relative costs are broken down:

Euro thousands

	2020	2019
Other services	1,167	1,396
Support services, warehousing and PRM	1,106	1,292
Electricity and other utilities	2,045	3,032
Technical, management and commercial consultancy	459	732
Security	1,620	3,034
Cleaning and waste disposal collection	857	1,135
Miscellaneous maintenance/repair and contractual expenses	1,427	1,707
Maintenance/repair expenses on third party assets	193	260
Industrial insurance, general	315	378
Miscellaneous personnel costs (canteen, training, travel, etc.)	267	532
Services from subsidiaries	405	560
Others	4,221	8,055
TOTAL	**14,082**	**22,113**

Rent, leasing and similar costs

The relative costs are broken down:

Euro thousands

	2020	2019
Airport fee	749	2,324
City of Turin fee	348	349
Other concession fees	90	118
Hire and leases	142	123
TOTAL	**1,353**	**2,913**

Personnel costs

Personnel costs in 2020, including the cost of temporary workers, amounted to Euro 11,603 thousand, a reduction of Euro 2,450 thousand from the previous year, mainly due to the adoption of the Extraordinary Temporary Lay-Off Scheme for all workers, as outlined in the Directors' Report.

The item is broken down in the following table:

Euro thousands

	2020	2019
Salaries and wages	8,161	10,165
Social security charges	2,459	2,910
Severance provisions	642	621
Other costs	340	357
TOTAL	**11,603**	**14,053**

Amortisation, depreciation and write-downs

They are broken down as follows:

Euro thousands

	2020	2019
Depreciation	4,837	5,118
Amortisation	1,024	910
Doubtful debt provision	8,213	2,132
TOTAL	**14,074**	**8,159**

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Amortisation and depreciation, totalling Euro 4,836 thousand, decreased on the previous year by Euro 281 thousand, due to the normal life cycle and replacement of fixed assets and the effect of the change in the rate applied to the Runway and ramp equipment category. This category was in fact depreciated in previous years at a rate of 31.5% which is no longer deemed to be representative of the actual useful life of the assets in recent years, which have a high historical cost and are undoubtedly to be used over the long term. From 2020, the assets recognised were depreciated at a rate of 10%, resulting in depreciation of Euro 216 thousand, Euro 338 thousand lower than that which would have resulted from applying the previous rate.

There were no write-downs of assets during the year. The write-down of current receivables was Euro 8,213 thousand, due - as outlined in the trade receivables section of the Notes - to the decision to represent the effects of non-collection of receivable risks against one of the company's main clients.

Change in inventory of raw materials, ancillaries, consumables and goods

During the year, raw materials, ancillaries, consumables and goods inventories increased by approx. Euro 43 thousand, with a corresponding reduction in the relative purchase costs.

Risks provisions

An accrual was made in the year to the Other risks provision for Euro 1,225 thousand in order to ensure its sufficiency in respect to certain or probable risks and charges, whose amount or due date however could not be established at year-end.
For a breakdown of the nature of the provisions reference should be made to the section on the movements in the risks and charges provision.

Other operating charges

The relative costs are broken down in thousands of Euro, as follows:

	2020	2019
Representation/ hospitality expenses	14	31
Prior year charges / non-existent assets	876	645
Membership fees	113	121
Fire Prevention Service fee	649	649
IMU Property tax	225	225
Others	311	459
TOTAL	**2,188**	**2,130**

Financial income and charges

The item overall reports a net charge of Euro 206 thousand, as follows:

Investment income
In accordance with Article 2427, paragraph 1, No. 11 of the Civil Code, it should be noted that the Company does not report any investment income, which amounted to Euro 531 thousand in 2019. The investee SAB in 2020 did not issue a dividend on the 2019 profit.

Financial income
The company's financial income amounted to Euro 3 thousand and almost entirely comprised interest income on liquidity at Credit Institutions.

Breakdown of interest and other financial charges by type of payables
Interest and other financial charges of Euro 209 thousand almost entirely comprised interest expense on loans at Credit Institutions.
The table presents the breakdown of interest expense and other financial charges by type of debt, as per Article 2427, paragraph 1, No. 12 of the Civil Code:

	Bond loans	Bank payables	Other	Total
Interest and other financial charges	0	208,568	416	208,984

Adjustments to financial assets

No adjustments were made to the value of financial assets during the year.

Income taxes

The item, totalling -Euro 5,245 thousand, comprises the income taxes in the year, the income from participation, as a consolidated company, in the National Tax Consolidation of 2i Aeroporti Group and the deferred tax effect. The following table presents income taxes:

Euro thousands

	2020	2019
IRES	0	4,722
IRAP	0	817
Income from tax consolidation	(3,133)	(3)
Deferred tax income and charges	(2,112)	(1,221)
TOTAL	**(5,245)**	**4,315**

Current income taxes reflect the negative assessable amount and include income from participation in the tax consolidation contract with the parent company 2i Aeroporti, from whom the corresponding receivable was recognised.

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The reconciliation between the theoretical tax charge and the tax charge stated in the financial statements at December 31, 2020 is reported below, compared with the corresponding period of 2019.

	2020	2019
Profit/(loss) before taxes	(21,301,139)	13,867,012
Theoretical IRES tax %	27.5%	27.5%
Theoretical income taxes	(5,857,813)	3,813,428
Tax effect from IRES changes	2,724,443	905,871
Deferred tax effect	(2,111,682)	(1,220,575)
IRAP	0	816,700
Total income taxes for the year (current and deferred)	**(5,245,052)**	**4,315,424**

The theoretical tax charges were calculated applying to the statutory pre-tax result the IRES tax rate for fiscal year 2020 of 27.5%, as Article 1, Civil Code 716 – 718, Law No. 160/2019 (2020 Budget Law) introduced an additional 3.5% of IRES tax on income from activities regarding transport sector concessions, including for the management of airports, for the 2019, 2020 and 2021 tax periods. This has also directly influenced the calculation of deferred tax assets and liabilities since, for each category of negative/positive income component generating deductible/assessable temporary differences, the IRES rates for provisions and adjustments to pre-existing amounts for deferred tax assets and liabilities have been adopted on the basis of an estimate of the expected timing for the realisation of the conditions for their deduction/assessment.

Where, therefore, these assumptions were deemed likely to be realised by the end of 2021, IRES deferred tax assets and liabilities have been set provisioned at a rate of 27.5% and the related previous balances have been adjusted similarly.

On the other hand, in the event that the conditions for deduction/assessment are deemed likely to be met after 2021, or if it is not possible to determine the timing, IRES deferred tax assets and liabilities have been provisioned at a rate of 24% and the related previous balances have been adjusted similarly.

The impact deriving from the IRAP rate has been determined separately, as this tax is not calculated on the same assessable base used to calculate IRES.

The table below details the temporary assessable differences in accordance with Article 2427, paragraph 1, No. 14, letter a of the Civil Code.

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	31,885,921	16,370,299
Total assessable temporary differences	246,890	0
Temporary net differences	(31,639,031)	(16,370,299)
B) Tax effects		
Deferred tax liability (asset) at beginning of the year	(5,472,747)	(715,583)
Deferred tax liability (asset) reversal during the year	(2,144,363)	28,031
Deferred tax liability (asset) at end of the year	(7,617,110)	(687,552)

The table below details the deductible temporary differences in accordance with Article 2427, para. 1, letter a, of the Civil Code:

Deductible temporary differences							
Description	Amount at end of previous year	Changes in the year	Amount at end of year	IRES rate	Tax effect IRES	IRAP rate	Tax effect IRAP
Provisions for risks & future charges	7,535,732	768,599	8,304,331	24%	1,993,039	4.2%	348,782
Doubtful debt & other risks provision	4,328,548	9,182,374	13,510,922	24%	3,242,621	0	0
Other receivables doubtful debt provision	727,239	0	727,239	24%	174,537	4.2%	30,544
Provisions for risks & future charges	349,683	(313,684)	35,999	27.5%	9,900	4.2%	1,512
Fiscal amnesty depreciation	6,618,330	93,659	6,711,989	24%	1,610,877	4.2%	281,904
Fiscal amnesty depreciation	1,275,141	(684,400)	590,741	27.5%	162,454	4.2%	24,811
Fire Prevention Service fee	1,298,224	649,112	1,947,336	24%	467,361	0	0
Other minor	531,578	(531,578)	0	27.5%	0	4.2%	0
Other minor	68,502	(11,138)	57,364	27.5%	15,775	0	0

The table below details the temporary assessable differences in accordance with Article 2427, para. 1, number 14, letter a, of the Civil Code:

Temporary assessable differences							
Description	Amount at end of previous year	Changes in the year	Amount at end of year	IRES rate	Tax effect IRES	IRAP rate	Tax effect IRAP
Gains	11,516	(5,758)	5,758	24%	1,583	0	0
Increased tax depreciation	241,132	0	241,132	24%	57,872	0	0

Other information

Operating, equity and earnings impacts of the Covid pandemic

The entire air transport sector in 2020 was heavily impacted by the Covid-19 pandemic and the movement restrictions introduced by governments.
Turin airport also suffered the consequences, reporting 1,407,372 passengers, down 64.4% on 2019. The drop in traffic is naturally reflected in SAGAT SpA revenues, which contracted 64.3% overall.

In order to protect the health of employees and passengers and to offset the impacts on results and liquidity, the company promptly introduced a series of measures to ensure the safe operation of the airport, while taking all possible measures to mitigate the financial impacts from the contraction in air movements and passengers carried.

Among the numerous actions taken - in addition to the prompt adoption of specific health protocols to combat the spread of infections - we particularly highlight the actions on fixed costs by means of reviewing contracts with suppliers and redefining their scope, the use of the Extraordinary Temporary Lay-Off Scheme and remote working, the drawdown of loans for a total of Euro 25.5 million and the deferment of investments which in view of their nature and functionality could be postponed.

SAGAT at December 31, 2020 reports liquidity of Euro 16.7 million, with no loan repayments falling due within the subsequent 12 months.

Article 1, paragraph 715 of Law No. 178/2020 (2021 Budget Law) established under the MIT a Euro 500 million fund, with Euro 450 million allocated to airport management companies and Euro 50 million to the Handlers sector, in order to partially offset the losses stemming from the Covid-19 emergency in the February 23, 2020 - January 31, 2021 period.

At the preparation date of the financial statements, the Government had not yet issued enacting provisions for the legislation, which in any case shall be subject to compatibility checks with EU state aid rules.

The Group's balance sheet and financial solidity, the cost containment measures introduced and the medium and long-term outlook ensure that it will meet its financial commitments and the operational and secure functioning of the airport for at least the coming 12 months.

On the basis of the considerations outlined above, the directors deemed it appropriate to draw up the financial statements on a going concern basis.

Subsequent events

No events subsequent to year-end occurred requiring amendments to the operating, equity and financial position presented in the financial statements at December 31, 2020.

The main event occurring subsequent to year-end is the continued Covid-19 pandemic health emergency, whose effects are outlined in the "2021 Outlook" paragraph of the Directors' Report.

Passengers carried in the January-March 2021 period totalled 97,332, down 86.3% on the same period of the previous year. International traffic fell 97.3%. Domestic traffic - which continues to be impacted by the prohibition on inter-regional travel - saw a decline of 71.5%.

The operating and financial effects from these developments are currently still not clearly quantifiable, as closely connected to the restrictions imposed by the Governments of the various countries and the roll-out of the vaccine campaign, although expectations are for a significant drop in volumes and consequently in results and cash flows at least for the coming quarter.

Related party transactions

Related party transactions are concluded at normal market conditions.

Workforce

The following table presents the average number of employees broken down by category, as per Article 2427, paragraph 1, No. 15 of the Civil Code:

	Executives	Managers	White-collar	Blue-collar	Other employees	Total employees
Average number	6	24	130.2	64.0	0	224.2

Directors and statutory auditors remuneration

The total amount of remuneration of the directors and statutory auditors is reported in the following table, while noting that this remuneration was recognised to Service costs and includes the emoluments for the duties of all parties who in the course of the financial year were engaged in directorship and statutory auditor roles, including for a portion of the year:

	Amount
Director fees	209,.866
Statutory auditor fees	87,561
Total Director and Statutory Auditor fees	**297,427**

Independent audit firm fees

The total amount of fees due to the independent audit firm for the legally-required audit of the annual accounts, in addition to other services provided in the year, were as follows:

	Amount
Annual accounts audit	15,120
Other audit services	5,700
Other services	9,520
Total fees of the auditor or the independent audit firm	**30,240**

Classes of shares issued by the company

The information required by Article 2427, point 17 of the Civil Code concerning details of the shares comprising the company's share capital and the amount and the nominal value of the shares subscribed in the year is presented in the following tables:

	1	Total
Shares issued by the Company by class		
Description	**Ordinary**	
Initial amount, number	2,502,225	2,502,225
Initial amount, nominal value	12,911,481	12,911,481
Closing amount, number	2,502,225	2,502,225
Closing amount, nominal value	12,911,481	12,911,481

Information on the companies or entities exercising co-ordination activities - Article 2497 bis of the Civil Code

The company is subject to the management and co-ordination of the company 2i Aeroporti S.p.A., in accordance with Articles 2497 – 2497-sexies of the Civil Code. In particular, in application of Article 2497-bis of the Civil Code, the key financial highlights from the latest financial statements of the company 2i Aeroporti S.p.A. are annexed. This company prepares the Consolidated Financial Statements.

	Present period	Previous period
Latest approved financial statements figures	**31/12/2019**	**31/12/2018**
B)) Fixed assets	811,853,656	774,906,65
C) Current assets	64,140,093	4,354,485
D) Prepayments and accrued income	24,219	24,182
TOTAL ASSETS	**876,017,968**	**779,285,321**
A) Shareholders' Equity		
Share capital	2,620,000	2,620,000
Reserves	534,813,343	521,131,127
Net profit	140,724,372	59,861,324
Total shareholders' equity	**678,157,715**	**583,612,451**
B) Provisions for risks and charges	2,356,842	1,738,321
C) Post-employment benefit provision	0	0
D) Payables	193,063,060	191,819,510
E) Accrued expenses and deferred income	2,440,351	2,115,039
TOTAL NET LIABILITIES	**876,017,968**	**779,285,321**

	Present period	Previous period
Latest approved financial statements figures	**31/12/2019**	**31/12/2018**
A) Value of production	0	0
B) Costs of production	344,376	314,446
C) Financial income and charges	147,344,680	59,495,688
D) Adjustment to financial assets	0	(83,611)
Income taxes	308,278	(763,693)
Net profit	**140,724,372**	**59,861,324**

Result per share

The result per each share with a nominal value of Euro 5.16 was calculated by dividing the operating result, the gross result and the net result by the total number of shares, including treasury shares in portfolio. The share capital, totalling Euro 12,911,481, comprises 2,502,225 shares.

	2020	2019
Operating earnings/ (loss) per share	-8.43	5.34
Gross earnings/ (loss) per share	-8.51	5.54
Net earnings/ (loss) per share	-6.42	3.82

Proposal for the allocation of the result for the year

Dear Shareholders,

the Financial Statements at December 31, 2020 outlined above, which were subject to the legally-required audit of the independent audit firm EY S.p.A., report a net loss of Euro 16,056,087.37, which we propose to allocate entirely to accumulated losses.

Original copy, signed by:

The Chairperson

Elisabetta Oliveri

Auditor's report on the financial statements of SAGAT S.p.A.

EY
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Auditors' Report
as per Article 14 of Legislative Decree No. 39 of January 27, 2010

To the Shareholders of
SAGAT S.p.A.

Auditors' Report on the financial statements

Opinion

We have audited the financial statements of SAGAT S.p.A. (the Company), comprising the balance sheet at December 31, 2020, the income statement and cash flow statement for the year and the Explanatory Notes.

In our opinion, the financial statements provide a true and fair view of the balance sheet and financial position of the Company at December 31, 2020, and of the results and cash flows for the year in compliance with Italian rules governing the basis of preparation.

Basis for the opinion

We have carried out the audit in compliance with international audit standards (ISA Italy). Our responsibilities in accordance with these standards are described in greater detail in the "Responsibility of the independent audit firm for the audit of the financial statements" section of this report. We are independent from the Company, in compliance with the ethical and independence rules and principles applicable under Italian law for the auditing of financial statements. We acquired sufficient and appropriate evidence for the expression of our opinion.

Point of information

We draw attention to the "Nature and financial statement effect from the COVID-19 pandemic" of the Explanatory Notes, in which the directors outline the effect on Company's operations from the COVID-19 outbreak, the mitigation actions introduced to contain its effects and provide information on the Company's equity and financial situation. Our opinion is unqualified in this respect.

Responsibilities of the Directors and the Board of Statutory Auditors for the financial statements

The directors are responsible for the preparation of the financial statements which provide a true and fair view in accordance with Italian regulations and law and for the internal control considered necessary by it for the preparation of a set of financial statements which do not contain significant errors due to fraud or unintentional conduct or events.

The Directors are responsible for assessing the capacity of the Company to pursue operating activities and, in preparing the financial statements, the appropriateness of applying the going concern principle, in addition to the provision of adequate disclosure. The Directors apply the going concern principle in preparing the financial statements unless they have assessed that the conditions for the winding up of the Company or for the interruption of operations exist or that they have no realistic alternatives to these options.

The Board of Statutory Auditors has the responsibility to supervise, in accordance with law, the Company's financial disclosure preparation process.

Responsibility of the Independent Audit Firm for the audit of the financial statements

Our objectives are to acquire reasonable certainty that the financial statements overall do not contain significant errors, due to fraud or unintentional conduct or events, and to issue an Auditors' Report which includes our opinion. Reasonable certainty indicates a high level of certainty which, however, does not guarantee that an audit carried out in accordance with international audit standards (ISA Italy) always identifies a significant error, where existing. Errors may derive from fraud or unintentional conduct or events and are considered significant where it may reasonably be expected that they are, individually or collectively, capable of influencing the economic decisions of users taken on the basis of the financial statements.

As part of the audit carried out in compliance with international audit standards (ISA Italy), we exercised our professional opinion and maintained a professional degree of scepticism for the duration of the audit. Furthermore:

- we identified and assessed the risk of significant errors in the financial statements, due to fraud or to unintentional conducts or events; we drew up and implemented audit procedures reflective of these risks; we acquired sufficient and appropriate evidence on which to base our opinion. The risk of not identifying a significant error due to fraud is higher than the risk of not identifying a significant error due to unintentional conduct or events, as fraud may imply the existence of collusion, falsifications, intentional omissions, misleading representations or distortions concerning internal control;
- we acquired an understanding of the internal controls in order to define appropriate audit procedures to the circumstances and not to express an opinion on the efficacy of the internal control of the Company;
- we assessed the appropriateness of the accounting policies utilised, in addition to the reasonableness of the accounting estimates made by the Directors and the relative disclosure;
- we reached a conclusion on the appropriateness of the use by the Directors of the going concern principle and, on the basis of the evidence acquired, on any significant uncertainty concerning events or circumstances which may give rise to significant doubts on the capacity of the Company to continue to operate on an ongoing basis. In the presence of a significant uncertainty, we are required to highlight in the Auditors' Report the relative disclosure in the financial statements or, where this disclosure is inadequate, reflect this circumstance in drawing up our opinion. Our conclusions are based on evidence acquired until the date of this report. However, subsequent events or circumstances may require the Company to cease operating as a continuing entity;
- we assessed the presentation, the structure and the content of the financial statements as a whole, including the disclosure, and whether the financial statements reflect the underlying operations and events so as to provide a fair representation.

We communicated to the governance activity managers, identified at an appropriate level as required by the international accounting (ISA Italy) standards, among other aspects, the extent and timing scheduled for the audit and the significant results emerging, including any significant deficiencies in the internal control identified during the audit.

SAGAT - FINANCIAL STATEMENTS AND DIRECTORS' REPORT 2020

Report on other statutory and regulatory provisions

Opinion as per Article 14, paragraph 2, letter e) of Legislative Decree No. 39 of January 27, 2010

The Directors of SAGAT S.p.A. are responsible for the preparation of the Directors' Report of the Company at December 31, 2020, including its consistency with the financial statements and its compliance with law.

We have executed the procedures indicated in audit standard (SA Italy) 720B to express an opinion on the consistency of the Directors' Report with the financial statements of the Company at December 31, 2020 and its compliance with law, in addition to issuing the statement on any significant errors.

In our opinion, the Directors' Report is consistent with the Company financial statements at December 31, 2020 and complies with statutory requirements.

With regards to the statement as per Article 14, paragraph 2, letter e) of Legislative Decree No. 39 of January 27, 2010, issued on the basis of its knowledge and understanding of the company and the relative overview acquired during the audit activities, we do not have any matters to report.

Rome, April 28, 2021

EY S.p.A.

Roberto Tabarrini
(Auditor)

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SAGAT Handling S.p.A.

at December 31, 2020

Balance Sheet and Income Statement

amounts in Euro

Balance sheet: Assets	Financial statements at 31/12/2020	Financial statements at 31/12/2019
A) RECEIVABLES FOR UNPAID SHARE CAPITAL	**0**	**0**
B) FIXED ASSETS		
I. Intangible assets		
3) Industrial patents and intellectual property rights	0	0
7) Other assets	20,700	15,354
Total	**20,700**	**15,354**
II. Property, plant and equipment		
3) Industrial and commercial equipment	14,715	22,956
4) Other assets	163,811	205,031
5) Assets in progress and advances	0	0
Total	**178,526**	**227,987**
TOTAL FIXED ASSETS (B)	**199,226**	**243,341**

amounts in Euro

Balance sheet: Assets	Financial statements at 31/12/2020	Financial statements at 31/12/2019
C) CURRENT ASSETS		
I. Inventories		
1) Raw materials, ancillaries and consumables	64,014	58,249
Total	**64,014**	**58,249**
II. Receivables		
1) Trade receivables:		
within 1 year	566,419	1,601,315
4) Parent companies:		
within 1 year	1,451,568	1,830,504
beyond 1 year	580,152	0
5-bis) Tax receivables:		
within 1 year	192,799	257,021
beyond 1 year	158,528	158,528
5-ter) Deferred tax assets:		
within 1 year	535,006	212,001
beyond 1 year	0	0
5-quater) Others:		
within 1 year	95,312	102,938
beyond 1 year	0	0
Total receivables:		
within 1 year	2,841,104	4,003,779
beyond 1 year	738,680	158,528
Total	**3,579,784**	**4,162,307**
III. Current financial assets		
6) Other securities	0	0
Total	**0**	**0**
IV. Cash and cash equivalents		
1) Bank deposits	1,116,907	1,382,998
3) Cash & cash equivalents on hand	2,148	2,026
Total	**1,119,055**	**1,385,024**
TOTAL CURRENT ASSETS (C)	**4,762,853**	**5,605,580**
D) ACCRUED INCOME & PREPAYMENTS		
Accrued income	0	0
Prepayments	17,097	21,695
TOTAL ACCRUED INCOME & PREPAYMENTS (D)	**17,097**	**21,695**
TOTAL ASSETS	**4,979,176**	**5,870,616**

SAGAT Handling S.p.A.

amounts in Euro

Balance sheet: Liabilities	Financial statements at 31/12/2020	Financial statements at 31/12/2019
A) Shareholders' equity		
I. Share capital	3,900,000	3,900,000
IV. Legal reserve	192,761	192,761
VI. Other reserves, as follows:		
Extraordinary reserve	149,403	149,403
Coverage of losses reserve	0	0
VIII. Losses carried forward	(1,280,829)	(1,062,848)
IX. Net Loss	(2,524,814)	(217,981)
TOTAL SHAREHOLDERS' EQUITY (A)	**436,521**	**2,961,335**
B) Provisions for risks and charges		
2) Deferred tax liabilities	8,692	15,465
4) Other provisions:		
Provision for future charges	778,320	117,892
TOTAL PROVISION FOR RISKS AND CHARGES (B)	**787,012**	**133,357**
C) Post-employment benefits	801,561	848,816
D) Payables		
7) Trade payables:		
within 1 year	715,062	944,846
11) Parent companies:		
within 1 year	1,565,619	213,905
12) Tax payables:		
within 1 year	183,474	122,323
13) Payables to social security institutions:		
within 1 year	249,198	290,198
14) Other payables:		
within 1 year	240,729	355,836
Total:		
within 1 year	2,954,082	1,927,108
beyond 1 year	0	0
TOTAL PAYABLES (D)	**2,954,082**	**1,927,108**
E) Accrued expenses and deferred income		
Accrued expenses	0	0
Deferred income	0	0
TOTAL LIABILITIES	**4,979,176**	**5,870,616**

amounts in Euro

Income statement	Financial statements at 31/12/2020	Financial statements at 31/12/2019
A) Value of production		
1) Revenues from sales and services	3,758,233	8,741,182
5) Other revenue and income showing separately operating grants	1,660,801	2,117,754
TOTAL VALUE OF PRODUCTION (A)	**5,419,034**	**10,858,936**
B) Costs of production		
6) Raw materials, ancillary, consumables and goods	217,933	579,333
7) Services	1,526,259	2,804,368
8) Rent, leasing and similar costs	677,028	1,324,191
9) Personnel costs:		
a) Salaries and wages	3,165,132	4,461,534
b) Social security charges	998,330	1,299,628
c) Ppost-employment benefits	280,642	270,592
d) Ppension and similar rights		
e) Other costs	160,400	113,495
Total personnel costs	**4,604,504**	**6,145,249**
10) Amortisation, depreciation and write-downs:		
a) Amortisation	24,717	32,045
b) Depreciation	61,882	102,075
d) Write-downs of current receivables and cash and cash equivalents	826,393	13,494
Total amortisation, depreciation and write-downs	**912,992**	**147,614**
11) Change in inventories of raw materials, ancillaries, consumables and goods	(5,765)	4,203
12) Provisions for risks	660,428	23,217
14) Other operating costs	110,843	123,250
TOTAL COSTS OF PRODUCTION (B)	**8,704,222**	**11,151,425**
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	**(3,285,188)**	**(292,489)**

SAGAT Handling S.p.A.

amounts in Euro

Income statement	Financial statements at 31/12/2020	Financial statements at 31/12/2019
C) Financial income and charges		
16) Other financial income:		
d) other income:		
from parent companies	0	0
other	1	161
Total	**1**	**161**
17) Interest and other financial charges	0	(1)
17bis) Exchange gains and losses	(71)	56
TOTAL FINANCIAL INCOME AND CHARGES (C)	**(70)**	**216**
D) Adjustments to financial assets	**0**	**0**
PRE-TAX LOSS (A-B+/-C+/-D+/-E)	**(3,285,258)**	**(292,273)**
20) Income taxes for the year:		
a) Current taxes	430,666	72,279
b) Deferred tax (charges) & income	329,778	2.013
21) NET LOSS	**(2,524,814)**	**(217,981)**

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Annex

Italian government provisions to tackle the Covid-19 emergency impacting airport operations

The main Italian regulations that have directly and indirectly shaped airport operations are listed below.

Legislative Decree No. 6/2020 of February 23, 2020 – Introduces urgent measures on the containment and management of the COVID-19 emergency.

Prime Ministerial Decree of March 9, 2020 – Extends the strengthened containment measures set out in Prime Ministerial Decree of March 8, 2020, originally stipulated only for certain areas, to all of Italy. These measures include, among others, movement restrictions on anything other than for proven work requirements, situations of necessity or for health reasons.

Prime Ministerial Decree of March 11, 2020 – Provides for the closure of all commercial and retail activities, except for food stores, convenience stores, pharmacies and parapharmacies.
It also provides that the Ministry for Infrastructure and Transport, together with the Ministry for Health, may order, so as to contain the Coronavirus emergency, the reduction and cancellation of air transport services on the basis of effective needs in order to ensure the provision of the minimum essential services required.

Transport Ministerial Decree of March 12, 2020 – Establishes that airport operations are limited to the airports of Ancona, Bari, Bologna, Cagliari, Catania, Genoa, Lamezia Terme, Lampedusa, Milan Malpensa, Naples, Palermo, Pantelleria, Pescara, Pisa, Rome Fiumicino, Turin, Venice, Rome Ciampino (state flights only). The above airports must guarantee operations in order to provide the minimum essential air transport services required.

Prime Ministerial Decree of March 22, 2020 – Prohibits until April 3, 2020 for all persons the movement or relocation, through public or private transport, to a differing municipality, except for proven work requirements, for absolute urgencies or for health reasons.

Prime Ministerial Decree of April 1, 2020 – Extends until April 13, 2020 the efficacy of the provisions of the Ministerial Decrees of March 8, 9, 11 and 22, 2020, in addition to those under the order of the Ministry of Health of March 20, 2020 and the order of March 28, 2020 adopted by the Ministry of Health, together with the Ministry for Infrastructure and Transport.

Prime Ministerial Decree of April 10, 2020 - Confirms until May 3, 2020 the prohibition on all individuals on moving to a different municipality, except for proven work requirements, for absolute urgencies or for health reasons, in addition to the suspension of retail business activities, except for the sale of foodstuffs and basic necessities, and establishes constraints and special procedures regarding the entry into Italy also by scheduled air transport.

Prime Ministerial Decree of April 26, 2020 - Prohibits all individuals from moving to a different region until May 17, 2020, except for proven work requirements, for absolute urgencies or for health reasons; it confirmed the suspension of retail business activities, except for the sale of foodstuffs and basic necessities; it confirmed constraints and special procedures regarding the entry into Italy also by scheduled air transport. It also provides for the undertaking of air transport activities on the basis of the "Shared regulatory protocol for the containment of Covid-19 in the transportation and logistics sector" dated March 20, 2020 (as per annex 8 thereto), in addition to the "Guidelines for the provision of information to users and organisational methods to contain the spread of Covid-19" as per annex 9.

Prime Ministerial Decree of May 17, 2020 - Confirms until June 14, 2020 restrictions and particular procedures regarding the entry into Italy, also on scheduled flights, prohibiting from June 3 the movement from and to certain overseas states.

Prime Ministerial Decree of June 11, 2020 - Confirms until July 14, 2020 restrictions and particular procedures regarding the entry into Italy, also on scheduled flights and the prohibition on the movement from and to certain overseas states.

Prime Ministerial Decree of July 14, 2020 - Extends until July 31, 2020 the measures as per Prime Ministerial Decree of June 11, 2020.

Prime Ministerial Decree of August 7, 2020 - Subject to the prohibitions and limitations on the entry into Italy, sets specific declaration obligations when entering the national territory from abroad and in effect until September 7, 2020.

Prime Ministerial Decree of November 3, 2020 - Stipulates until December 3, 2020 the breakdown of Italy's territory into: 1) areas severely impacted and with a high risk level (with entry and exit prohibitions); 2) areas of maximum severity and a high risk level (with entry and exit prohibitions and the suspension of retail activities, except for the sale of general food and basic products). It confirmed restrictions and special procedures regarding entry into Italy also through scheduled flights; the prohibition of movements from and to overseas States; declaration obligations on entry into Italy from abroad.

Prime Ministerial Decree of December 3, 2020 – Reconfirms until January 15, 2021 the breakdown of Italy into 1) areas severely impacted and with a high risk level (with entry and exit prohibitions) and 2) areas of maximum severity and a high risk level (with entry and exit prohibitions and the suspension of retail activities, except for the sale of general food and basic products).

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