

Azzurra Aeroporti S.p.A.

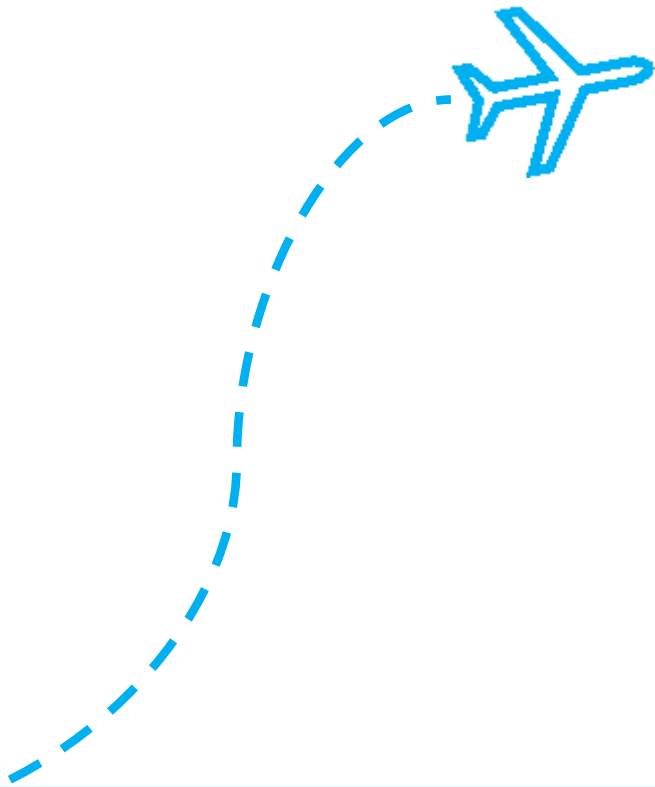
**Financial statements as of and for the year ended
31 December 2021**

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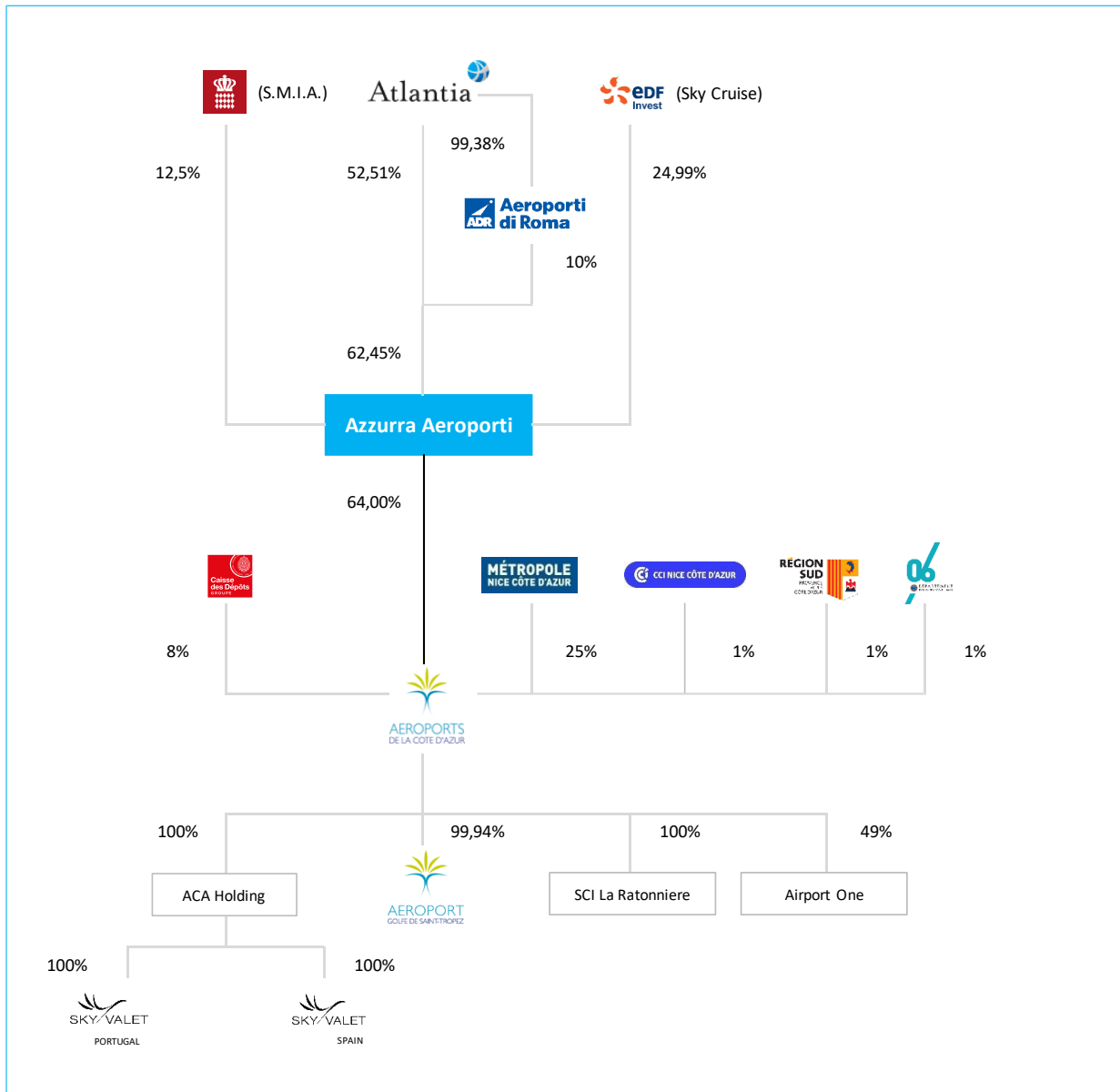
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1. Introduction



Organisational chart and shareholder structure



The equity interests of Azzurra Aeroporti's shareholders shown in the organisational chart are based on the voting shares held.

Azzurra Aeroporti S.p.A. ("Azzurra Aeroporti" or the "Company") is a holding company organised under the laws of Italy, subject to the management and coordination of Atlantia S.p.A. which has control through a direct equity investment of 52.51% and an indirect equity investment of 10% while Sky Cruise S.a.s., a company of the EDF Group, and S.M.I.A. S.A., a company owned by the Principality of Monaco, have an equity interest of 24.99% and 12.5%, respectively.

On 9 November 2016, following the award of the contract put out to tender by the French Government and the Conseil Départemental des Alpes Maritimes, Azzurra Aeroporti S.p.A. acquired 64% of Aéroports de la Côte d'Azur ("ACA"), a company operating under concession arrangements the airports of Nice Côte d'Azur and Cannes Mandelieu until 31 December 2044. ACA, in turn, owns Aéroport du Golfe de Saint Tropez ("AGST"), which operates La Môle airport.

Governance bodies

Board of Directors

(in office for 2021)

Chairman	Tiziano Ceccarani
Chief Executive Officer	Marco Troncone
Executive Director	Ivan Giacoppo ¹
Directors	Pierre Alexander Benoist D'Anthenay Cyril Boute Giovanni Cavallaro Lorenzo Della Valle Stefania Dotto ² Fanny Grillo Marco Piccinini Alessio Montrella ² Claudia Ricchetti ² Katia Riva ²

Board of Statutory Auditors

(in office for 2019-2021)

Chair	Alessia Bastiani
Statutory Auditors	Lorenzo De Angelis Francesco Rocco
Alternate Auditors	Mario Francesco Anaclerio Francesco Mariano Bonifacio

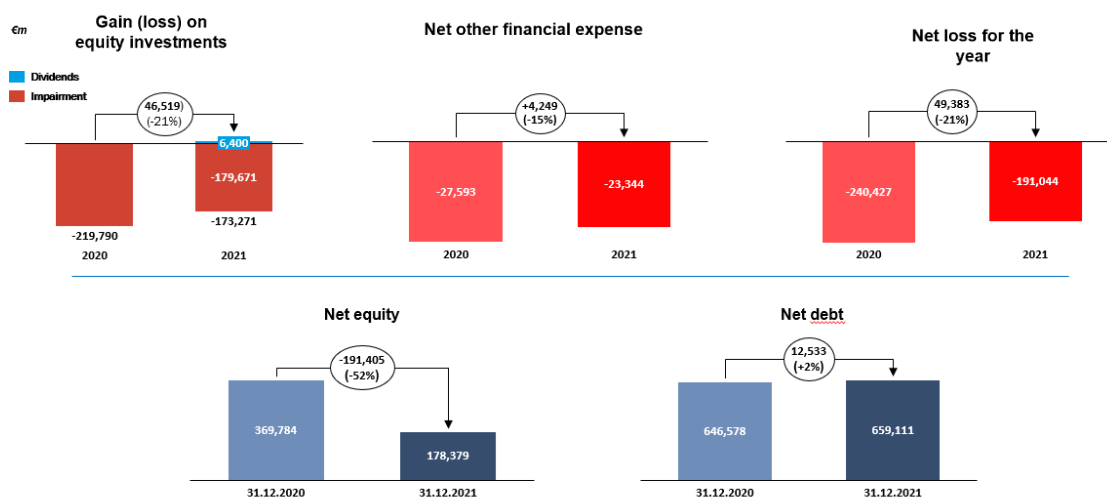
Independent audit firm

(appointed for 2021-2023)

KPMG S.p.A.

1. Previously a Director, appointed Executive Director, responsible for treasury activities, as of 20 April 2021
2. Appointed by Shareholders' Meeting of 20 April 2021

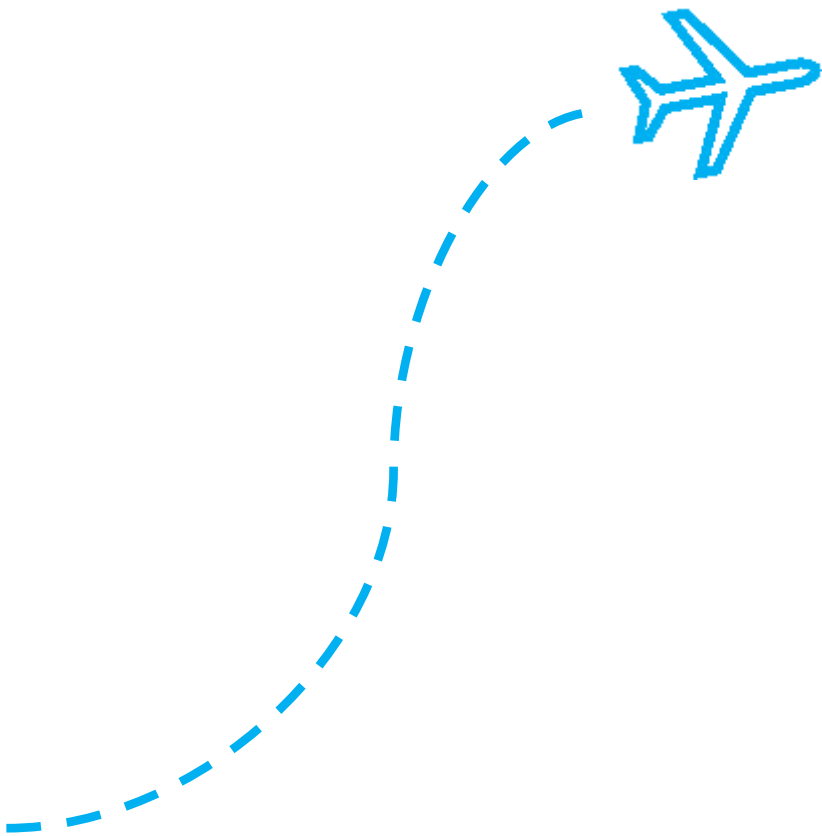
Key operating and financial highlights



The 2021 results were affected by the impairment of the investment in Aéroports de la Côte d'Azur (€180 million), following the updated operating and financial projections of the subsidiary (for the impacts of the Covid-19 pandemic on airport traffic volumes: 2021 traffic at -54.8% compared to 2019 and recovery of 2019 traffic levels expected not before 2024), partially offset by the dividends received (€6.4 million).

The results were also negatively impacted by interest expense and charges from derivative financial instruments.

2. Report on operations



Overview

Azzurra Aeroporti avails itself of the right not to prepare consolidated financial statements as per EU and Italian legislation, given that its financial statements and those of its subsidiaries' are fully consolidated in those of the Atlantia Group, the parent that prepares consolidated financial statements in accordance with IFRSs, as its shares are listed on the Electronic Stock Market managed by Borsa Italiana S.p.A., published as required by law.

The financial statements as of and for the year ended 31 December 2021 have been prepared in accordance with the Italian laws and the accounting standards issued by Italian accounting standard setter ("OIC"), in force at 31 December 2021 and applicable to a micro-company, given that the requirements of the Italian Civil Code are met, as described in greater detail in the notes to the financial statements.

Operating performance, financial condition and cash flows of Azzurra Aeroporti S.p.A.

Azzurra Aeroporti's operating performance for 2021 is illustrated in the reclassified income statement, which is shown hereinbelow with the comparable 2020 figures.

Reclassified income statement

€/000	2021	2020	Change
Dividends from subsidiaries	6,400	-	6,400
Impairment losses/reversal of impairment losses on investments	(179,671)	(219,790)	40,119
Investment management result	(173,271)	(219,790)	46,519
Net expenses/income from derivative financial instruments	(2,738)	(12,091)	9,353
Interest and other financial expenses	(20,606)	(15,502)	(5,104)
Financial management result	(23,344)	(27,593)	4,249
Net general expenses	(657)	(1,073)	416
Profit (loss) before tax	(197,272)	(248,456)	51,184
Income tax	6,228	8,029	(1,801)
Profit (loss) for the year	(191,044)	(240,427)	49,383

The loss on investments amounted to €173,271 thousand due to the effect of the impairment of the investment in ACA totalling €179,671 thousand (€219,790 thousand in 2020), as a result of the impairment test carried out on the basis of the company's new business plan, which incorporates a significant revision of traffic estimates following the effects of Covid-19, partially offset by dividends distributed by ACA totalling €6,400 thousand (absent in 2020).

Financial management results, negative for €23,344 thousand, improved by €4,249 thousand due to the combined effect of lower charges on derivative financial instruments (€9,353 thousand) and an increase in interest and other financial expenses (€5,104 thousand).

Lastly, the loss for 2021, amounting to €191,044 thousand, improved by €49,383 thousand, primarily due to the decrease in the impairments loss on ACA and the dividends received during the year.

Azzurra Aeroporti's financial position is illustrated in the reclassified statement of financial position show hereinbelow with comparable figures at 31 December 2020.

Reclassified statement of financial position

€/000	31 December 2021	31 December 2020	Change
Investments	829,633	1,009,304	(179,671)
Receivables and other non-financial assets	9,576	7,902	1,674
Payables and other non-financial liabilities	(1,358)	(845)	(513)
Net invested capital	837,851	1,016,361	(178,510)
Equity	178,740	369,783	(191,043)
Bonds	653,210	650,993	2,217
Provisions for derivative liabilities	11,755	9,017	2,738
Cash and cash equivalents	(5,854)	(13,432)	7,578
Net debt	659,111	646,578	12,533
Coverage of net invested capital	837,851	1,016,361	(178,510)

Net invested capital decreased by €178,510 thousand, mainly owing to the impairment loss on the investment in ACA, for €179,671 thousand.

Invested capital at 31 December 2021 is covered by equity and net borrowings, representing 21% and 79% of the total, respectively

In the year under review, equity fell by €191,044 thousand as a result of the loss for the year.

Net debt, amounting to €659,111 thousand, rose by €12,533 thousand mainly due to interest expense on bonds and financial charges incurred on derivatives. These were partially offset by the collection of dividends from ACA and the amount receivable arising from participation in Atlantia S.p.A.'s tax consolidation scheme.

Operating performance, financial condition and cash flows of the Aéroports de la Côte d'Azur Group

This section shows and discusses the consolidated income statement, the consolidated statement of cash flows, and the consolidated statement of financial position of Aéroports de la Côte d'Azur Group as of and for the year ended 31 December 2021 vis-à-vis the comparable amounts at 31 December 2020, as approved by ACA's Executive Committee on 11 February 2022.

In preparing the ACA Group's consolidated financial statements for 2021 on a voluntary basis, the subsidiary's Executive Committee applied the French law as well as the standards issued by the French accounting standard setter (Comité Réglementation Comptable), in force at 31 December 2021.

ACA Group's operating performance for 2021 is illustrated in the reclassified consolidated income statement, which is shown hereinbelow with the comparable 2020 figures.

€/000	2021	2020	Change
Aviation revenue	170,695	132,443	38,252
Operating costs	(121,775)	(111,919)	(9,856)
EBITDA	48,920	20,524	28,396
<i>EBITDA margin</i>	<i>29%</i>	<i>15%</i>	<i>n/s</i>
Net depreciation and amortisation	(58,351)	(60,173)	1,822
Operating profit / loss	(9,431)	(39,649)	30,218
<i>Operating margin</i>	<i>-6%</i>	<i>-30%</i>	<i>n/s</i>
Financial profit/loss	(4,658)	(3,021)	(1,637)
Extraordinary profit/loss	5,272	(2,673)	7,945
Income tax	2,192	11,791	(9,599)
Consolidated net income	(6,626)	(33,551)	26,925
Profit/loss from non-controlling interests	-	-	-
Net profit/loss (Group share)	(6,626)	(33,551)	26,925

*reclassified under French laws and GAAP

Aviation revenue for 2021, amounting to €170,695 thousand, rose by €38,252 thousand, primarily due to the 42.8% year-on-year increase in traffic, which had an effect on both aviation and non-aviation revenues.

Operating costs for 2021, amounting to €121,775 thousand, rose by €9,856 thousand, primarily due to the upturn in traffic (higher costs for sub-contractors, passenger service costs, fuel

purchases, etc.).

EBITDA for the year, amounting to €48,920 thousand, increased by €28,396 thousand while the EBITDA margin rose from 15% to 29%.

Operating loss for the year is equal to €9,431 thousand, with an improvement of €30,218 thousand after lower depreciation and amortisation and provisions of €1,822 thousand.

Lastly, the consolidated loss for the year amounted to €6,626 thousand, reflecting an improvement of €26,925 thousand, after recording extraordinary profit of €7,945 thousand due to the gain on the disposal of the investment in Airport Hotel, net of higher financial charges of €1,637 thousand and lower income tax of €9,599 thousand.

The consolidated financial position of ACA Group as of 31 December 2021 of are illustrated in the reclassified consolidated statement of financial position with comparable figures as of 31 December 2020.

Consolidated statement of financial position*

€/000	31 December 2021	31 December 2020	Change
Intangible assets	18,469	17,667	802
Property, plant and equipment (less accumulated depreciation)	348,298	368,842	(20,544)
Long-term investments	3,205	3,081	124
Fixed assets	369,972	389,590	(19,618)
Inventories	1,640	1,478	162
Trade and other receivables	19,291	12,866	6,425
Other receivables and adjustment accounts	82,555	53,530	29,025
Cash and cash equivalents	138,408	78,067	60,341
Current assets	241,894	145,941	95,953
Total assets	611,866	535,531	76,335
Equity	146,774	161,895	(15,121)
Provisions	8,640	10,933	(2,293)
Loans and various debt	346,209	273,918	72,291
Trade and other payables	15,169	11,710	3,459
Other payables, deferred income and accrued expenses and accrued	95,073	77,075	17,998
Payables	456,452	362,703	93,749
Total liabilities and equity	611,866	535,531	76,335

* reclassified from ACA's consolidated accounts prepared under the basis of French laws and GAAP

Fixed assets, as at 31 December 2021, amounting to €369,972 thousand, decreased by €19,618 thousand, mainly due to amortization / depreciation for the year net of investments.

Current assets at 31 December 2021 of €241,894 thousand rose by €95,953 thousand, mainly due to the increase in cash and cash equivalents (€60,341 thousand).

Equity, which amounted to €146,774 thousand at 31 December 2021, decreased by €15,121 thousand, mainly due to the distribution of dividends during the year (€10,001 thousand) and the net loss for the year (€6,626 thousand).

Total payables, amounting to €456,452 thousand at 31 December 2021, increased by €93,749 thousand, mainly due to new borrowings (€90,000 thousand).

Details of the changes in the cash position of the ACA Group, with the comparable prior year figures, are shown in the consolidated statement of cash flows hereinbelow.

Statement of cash flows *

€/000	2021	2020	Change
Consolidated net income	(6,626)	(33,551)	26,925
Amortisation/depreciation	58,562	59,870	(1,308)
Variation in deferred taxes	7,833	(11,723)	19,556
Capital gains or losses from sale of assets	(2,763)	1,633	(4,396)
Self-financing gross margin for consolidated companies	57,006	16,229	40,777
Effect of change in working capital requirement linked to activity	(24,465)	2,645	(27,110)
Net cash flow generated by activity	32,541	18,874	13,667
Acquisition of property, plant and equipment	(43,393)	(40,271)	(3,122)
Debts on acquisition of property, plant and equipment	4,321	(12,607)	16,928
Other changes	2,005	(1,641)	3,646
Net cash flows linked to investment transactions	(37,067)	(54,519)	17,452
Dividends paid to parent company shareholders	(10,001)	(11,877)	1,876
Bank loans	91,417	106,445	(15,028)
Bank borrowing refunds	(20,159)	(13,051)	(7,108)
Investment grants received	3,610	4,565	(955)
Net cash flows linked to financing transactions	64,867	86,082	(21,215)
Change in cash flow	60,341	50,436	9,905
Cash on opening	78,067	27,631	50,436
Cash on closing	138,408	78,067	60,341

* prepared under French laws and GAAP

Cash inflows from operating activities amount to €32,541 thousand, mainly due to the consolidated loss (€6,626 thousand), as adjusted by the non-monetary effects of amortisation, depreciation and provisions (€58,562 thousand) and the change in deferred taxes (€7,833 thousand). And in working capital (€24,465 thousand).

Cash outflows for investing activities amount to €37,067 thousand, mainly due to investments in property, plant and equipment (€43,393 thousand).

Cash inflows from financing activities amount to €64,867 thousand, mainly due to new

borrowings (€91,417 thousand), after deducting the repayment of older debt (€20,159) and the 2020 dividends paid in September 2021 (€10,001 thousand).

Accordingly, cash and cash equivalents at the end of the year amounted to €138,408 thousand, an increase of €60,341 thousand compared to the opening balance.

Risk monitoring

On 23 September 2020, the Board of Directors of the Company adopted the Enterprise Risk Management Policy of the Atlantia Group, transmitting it to ACA for information and implementation. The Policy - which is consistent with the Atlantia Group's internal rules and value system, compliant with current laws and regulations, and inspired by "best practices" in Risk Management - intends to formalise and disseminate the reference principles and guidelines for the Enterprise Risk Management process, in order to ensure the development of an adequate risk management culture, to support the achievement of the strategic, operational and sustainable development objectives of the Group and each Company. Moreover, on 11 November 2021 the Company's Board of Directors approved the Atlantia group's financial risk management Policy, which, in line with the Enterprise Risk Management Policy, was transmitted to ACA for information and implementation.

In particular, recognition is given to the central role of the Board of Directors of each individual Group Company in the Enterprise Risk Management process, with the support where present of the relevant Committees and top management, to ensure that the main risks to which each organisation is exposed in its business activity are correctly identified, measured and constantly monitored, in order to verify their alignment with the risk appetite defined on the basis of the Risk Appetite Framework. In particular, in 2021 the Board of Directors approved the Risk Appetite Statement and reviewed the main business risks identified (Risk Assessment).

The main risk areas identified for Azzurra Aeroporti are as follows:

1. Financial risks, which include liquidity risk, debt covenant compliance risk, rating risk and interest rate risk;
2. Strategic risks related to its nature of holding company (which depend on the performance of the value of assets in the portfolio);
3. Compliance risk.

Financial risks

Liquidity risk

Liquidity risk arises from a lack of, inadequate or untimely ability to meet financial requirements, such as early repayment of debt or refinancing of debt, with available liquidity coming under pressure. Thanks to the refinancing of its debt in July 2020, through a dual-tranche bond issue for €660 million (tranches of €360 million maturing in May 2024 and tranche of €300 million maturing in 2027), the Company has confirmed its ability to access sufficient sources of funding to meet the planned borrowing requirements.

Debt covenant compliance risk

Debt covenant compliance risk is associated with a lack of, inadequate or untimely assessment of the ability to comply with covenants and other contractual obligations when entering into commitments or when managing them, resulting in non-payment, loan acceleration and/or operational restrictions.

The main objectives pursued are the following:

1. to prevent non-payment, loan acceleration and/or operational restriction risks;
2. to prevent possible negative impacts arising from the financial documentation.

The bonds issued in 2020 provide for compliance with a minimum Interest Coverage Ratio and a maximum Leverage Ratio (calculated at the aggregate level with ACA); these ratios, for the purposes of the default test, will be verified starting from December 2022 and December 2023, respectively. The Company periodically monitors the developments of these covenants.

Rating risk

Rating risk is related to the risk of downgrading the credit rating assigned to the Company's bonds.

In November 2020, the rating of the notes was downgraded by Moody's to sub-investment grade (from 'Baa3' to 'Ba1'), mainly due to the impact of the pandemic on airport traffic. The

Company periodically monitors the evolution of credit metrics and other variables that have an impact on the ratings agencies' analyses.

Interest rate risk management

Interest rate risk arises from the failed, inadequate or untimely implementation of a hedge against changes in interest rates, with impacts on the level of financial expenses, on the company's profitability and on the value of financial assets and liabilities. The strategy followed for this type of risk is intended to mitigate interest rate risk through access, preferably, to fixed-rate funding, the management of the portfolio of hedging derivative instruments and the optimisation of the cost of debt. These risks are managed in compliance with the principles of prudence and in accordance with market best practices.

At 31 December 2021, the Company has a portfolio of Interest Rate Swaps (IRS) in place (negative market value of €75,058 thousand at 31 December 2021), some of which are forward starting. As described in greater detail in the notes, at the reporting date, the negative market value of cash flow hedges, in the amount of €34,154 thousand, is not recognised in the financial statements, as there is no requirement to do so under the law, as interpreted also in light of the accounting standards issued by OIC, the Italian accounting standard setter. The negative fair value of derivatives that do not qualify as hedges is recognised instead in provisions for risk and charges, pursuant to OIC 31.

Strategic risks

Azzurra Aeroporti is a holding company whose core business is the management of the investment in ACA, the airport concession operator.

The operating and financial results are therefore affected by the performance of the business of the subsidiary ACA, which reflects both the operating and financial plans shared with the French grantor and subject to the trend of the applicable rates, as well as the trend of airport traffic, which in 2021 will also be affected by the impacts of the Covid-19 pandemic.

Compliance risks

In the context of its activities, Azzurra Aeroporti is subject to risks connected with violations of rules and regulations that expose it to penalties, financial losses and negative impacts on its reputation. To mitigate these risks, Azzurra Aeroporti has adopted specific policies and ethical rules of conduct. Moreover, it periodically updates the organisation, management and control model (pursuant to Legislative Decree 231/01).

Risk management and mitigation is in line with the Atlantia Group's Enterprise Risk Management framework, which includes specific controls within each subsidiary.

Significant regulatory events

During 2016, in the context of the privatization process, the French Civil Aviation Authority (DGAC) and ACA agreed on the basic regulation principles underpinning a proposed 5-years framework to be signed (economic regulation agreement -ERA). The agreement defined the main regulation principles (including a dual-till model) and the tariffs to be applied for the period 2017-2021, in a perspective of a long-term tariff stability, which were duly evaluated by Atlantia in its competitive bidding process. Relying on those principles, a consortium led by Atlantia acquired on 9 November 2016 a 64% stake in ACA from the State, for a total consideration of €1,3bn.

Pending the procedure for the new ERA, ACA did not file any tariff request, which remained unchanged. Even though it was envisaged in the agreement, the ERA was never finalized.

On 14 July 2018 the French Ministry of Transport published a first decree establishing (i) scope of regulated and non-regulated activities (i.e. dual till) and (ii) an inflation-linked price cap tariff setting mechanism.

ACA then filed its tariff request for the 2018 – 2019 period according to such provisions, proposing an average reduction of 0.65%. However, on 21 January 2019, the Independent Supervisory Authority (ASI) rejected ACA proposal and unilaterally set tariffs disposing a 33.4% cut starting from 15 May 2019.

While acknowledging the rights of ACA to get higher tariffs, ASI justified the cut by affirming, among others, that new tariff levels should have been compared with theoretical ones under the single till scheme in place before 2018, and that a return to proper levels would have been reached over a longer period of time.

ACA appealed against ASI decision to the French Council of State, arguing the new tariff levels did not grant a fair return on capital invested into regulated activities; however, on 31 December 2019, the Council of State rejected ACA claim, confirmed the tariff cut and ruled for partial invalidity of 2018 decree with regard to tariff setting mechanism.

On 3 February 2020, after Council of State ruling, the Ministry of Transport issued a new decree confirming the dual-till scheme for concession length and expressly excluding any contribution

from non-regulated activities when determining regulated fees.

In March 2020 the Covid-19 pandemic started causing a sharp slowdown of traffic. ACA filed a new tariff request for the 2020-2021 period asking for an average +13% increase to start recovering fair remuneration over regulated assets.

New French regulator ART rejected on 30 July 2020 ACA's request and stated that a "moderation" principle applied, limiting the annual growth of tariff, and in the end only approved a +3% increase considered as "moderate". The same approach has been applied to other airports in France.

On 29 July 2021, in line with the decision of the previous year, ART approved the request from ACA of a +3.2% average tariff increase. Under the obligation to maintain a "moderate" tariff growth, the time span to get back to fair tariffs will be even longer than previously expected. ACA will evaluate appropriate measures to return to a fair regulated remuneration.

Following the Covid outbreak, the Company is currently in discussions with the Grantor on the economic and financial rebalancing of the concession.

Significant events in 2021

Azzurra Aeroporti

Dividend from Aéroports de la Côte d'Azur (ACA)

On 22 March 2021, the Shareholders' Meeting of the subsidiary Aéroports de la Côte d'Azur (ACA) approved the financial statements as of and for the year ended 31 December 2020, with a total dividend distribution of €10.0 million (Azzurra's share € 6.4 million) collected from Azzurra in September 2021.

Debt Service Reserve Account "DSRA"

In accordance with the terms and conditions of the outstanding bond, on 14 April 2021 Azzurra established the Debt Service Reserve Account ("DSRA") for €7.3 million, with the balance equal the lower of the Excess Cash Flow for 2021 and the bond interests payable in the period following the interest payment date.

Shareholders' Debt Service Reserve Guarantee

In the context of Azzurra's bond issue, placed in July 2020, the Shareholders are required to provide a 6-month Debt Service Reserve Guarantee or "DSRG" in the interest of the Company, for the benefit of the bondholders and the counterparties to the derivative financial instruments. In September 2021, the following were renewed: (i) the corporate guarantee provided by EDF in the amount of €3.1 million and (ii) the guarantee provided by Atlantia through a bank guarantee issued by BNP in the amount of €9.4 million. Both guarantees are due to expire on 30 November 2022, with an obligation to renew ("extend-or-pay") within 60 days of expiry.

Tax consolidation arrangement with Atlantia

On the basis of the tax consolidation arrangement, Atlantia paid Azzurra €4.6 million on 30 June 2021, as a benefit on the share of tax losses and interest.

Aéroports de la Côte d'Azur

Impact of the Covid-19 pandemic

The year just ended was still characterised by the negative impact on air traffic of the Covid pandemic and the related containment measures adopted by government and sector authorities, airlines and airport operators, even though in 2021 it went up 42.8% compared to 2020 and down 54.9% compared to 2019 (-78.0% in Q1, -76.4% in Q2, -40.6% in Q3, -28.5% in Q4 showing a gradual recovery).

ACA initiated discussions with the Direction générale de l'aviation civile (DGAC) during 2020, which are still underway, to reach an agreement to recover the losses incurred due to the reduction in traffic.

Rate adjustments

On 31 July 2021, a 3.2% rate increase was approved as of 1 November 2021.

Refinancing process

In 2021, ACA completed a €150 million dual-track refinancing:

1. in July 2021 ACA successfully issued an inaugural 90 €m dual-tranche senior unsecured bond, rated Baa2 (negative outlook) by Moody's:
 1. 12-year tranche: €40 million, maturity July 2033, coupon 2.0%;
 2. 15-year tranche: €50 million, maturity July 2036, coupon 2.5%.

The bond terms and conditions do not contain any financial covenant, restriction to dividends or to re-organisations, or any change-of-control clauses. Moreover the notes are callable at Make-Whole premium;

2. in October 2021 ACA finalised bilateral loans for an additional €60 million with French banks (Caisse D'Epargne, CIC, Crédit Agricole and Société Generale).

The refinancing process is intended to the early repayment of the € 67 million state guaranteed bank loans ("PGE") expiring in the first half of 2022 and to cover ACA's liquidity requirements until 2023.

Disposal of investment in Airport Hotel

On 25 November 2021, ACA sold its stake in Airport Hôtel, realising a gain of €4.4 million.

Other information

For the purposes of full disclosure, as required by law, it should be noted that in 2021 Azzurra did not:

- carry out any research and development activities;
- hold treasury shares or shares or quotas of parents;
- acquire or dispose of treasury shares or quotas or interests in parents;
- have any employees.

Subsequent events

Following DGAC's request, on 17 January 2022 ACA provided the documentation supporting the extension request in order to restore financial rebalancing of the concession after Covid-19 crisis.

To date, discussions with DGAC are still ongoing.

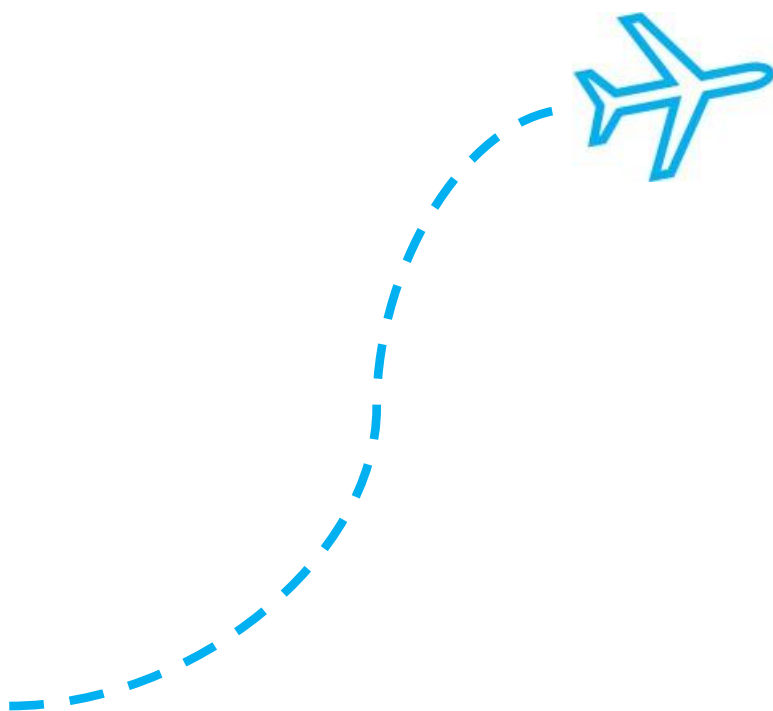
Outlook

Azzurra Aeroporti will continue to manage its investment in ACA and its own financial structure which, following the refinancing on 30 July 2020, has no principal repayments before May 2024. However, close monitoring of the covenants will be required.

Although ACA's activities are expected to improve gradually, they will still be characterised by the persistence of negative impacts on air traffic (due to the COVID-19 pandemic and the related containment measures adopted by governmental and sector authorities, airlines and airport operators), in relation to which the main sector forecasts released by independent institutions indicate that pre-pandemic levels will not be reached before 2024.

Azzurra will monitor traffic developments by reviewing the measures adopted by ACA to mitigate any adverse impact on operating performance, financial condition and cash flows, with reference to liquidity, debt service, compliance with financial covenants and the possibility to distribute dividends and the definition of the agreement with DGAC for the recovery of losses resulting from the reduction of traffic following the Covid pandemic.

3. Annual report



Financial statements

Statement of financial position

€	31 December 2021	31 December 2020	Change
Assets	845,063,089	1,030,638,704	(185,575,615)
B) Non-current assets	829,633,278	1,009,304,278	(179,671,000)
III. Financial assets	829,633,278	1,009,304,278	(179,671,000)
1. Investments in	829,633,278	1,009,304,278	(179,671,000)
a) subsidiaries	829,633,278	1,009,304,278	(179,671,000)
C) Current assets	15,404,090	21,334,426	(5,930,336)
II. Receivables	9,550,482	7,902,301	1,648,181
4) due from parents	6,728,108	4,572,067	2,156,041
5-bis) due from tax authorities	37	13,122	(13,085)
5-ter) deferred tax assets	2,822,337	3,315,453	(493,116)
5-quater) due from others	-	1,659	(1,659)
IV. Cash and cash equivalents	5,853,608	13,432,125	(7,578,517)
1) Bank and post office deposits	5,853,608	13,432,125	(7,578,517)
D) Accrued income and prepaid expenses	25,721	-	25,721
Equity and liabilities	845,063,089	1,030,638,704	(185,575,615)
A) Equity	178,739,691	369,783,505	(191,043,814)
I. Share capital	3,221,234	3,221,234	-
II. Share premium reserve	365,918,024	562,555,234	(196,637,210)
of which voting shares	216,783,505	413,420,715	(196,637,210)
of which preference shares	149,134,519	149,134,519	-
IV. Legal reserve	644,247	644,247	-
VIII. Retained earnings	-	43,789,747	(43,789,747)
IX. Profit (loss) for the year	(191,043,814)	(240,426,957)	49,383,143
B) Provisions	11,755,004	9,017,419	2,737,585
3) derivative liabilities	11,755,004	9,017,419	2,737,585
D) Payables	653,745,598	651,649,005	2,096,593
1) bonds	653,209,825	650,992,898	2,216,927
<i>of which due beyond 12 months</i>	653,209,825	650,992,898	2,216,927
7) trade payables	294,662	360,313	(65,651)
11) due to parents	198,634	266,294	(67,660)
12) taxes payable	6,950	1,001	5,949
14) other payables	35,526	28,499	7,027
E) Accrued expenses and deferred income	822,797	188,775	634,022

Income statement

€	2021	2020	Change
B) Operating costs	(656,538)	(1,073,106)	416,568
7) services	(641,462)	(1,062,286)	420,824
8) leases	(11,408)	(7,828)	(3,580)
14) sundry operating costs	(3,668)	(2,992)	(676)
Difference between value of production and operating costs	(656,538)	(1,073,106)	416,568
C) Financial income and expenses	(14,207,157)	(18,575,344)	4,368,187
15) dividends from subsidiaries	6,400,163	-	6,400,163
16) other financial income			
c) from securities in current assets	9,975	-	9,975
d) other than the above	248	-	248
17) interest and other financial expenses	(20,617,543)	(18,575,344)	(2,042,199)
D) Impairment of financial assets and liabilities	(182,408,585)	(228,807,424)	46,398,839
18) revaluation			
d) derivatives	6,222,941	-	6,222,941
19) impairment			
a) investments	(179,671,000)	(219,790,005)	40,119,005
d) derivatives	(8,960,526)	(9,017,419)	56,893
E) Profit (loss) before tax (A-B+/-C+/-D)	(197,272,280)	(248,455,874)	51,183,594
20) income tax for the year,	6,228,466	8,028,917	(1,800,451)
current and deferred tax income and expense	(493,116)	3,456,850	(3,949,966)
income from tax consolidation	6,721,582	4,572,067	2,149,515
21) Profit (loss) for the year	(191,043,814)	(240,426,957)	49,383,143

Statement of cash flows

€	2021	2020	Change
Cash flows from operating activities			
Profit (loss) for the year	(191,043,814)	(240,426,957)	49,383,143
Income tax	(6,228,466)	(8,028,917)	1,800,451
Interest expense (interest income)	20,607,320	16,953,832	3,653,488
(Dividends)	(6,400,163)	-	(6,400,163)
Profit (loss) for the year before income tax, interest, dividends and gains (losses) on disposals	(183,065,123)	(231,502,042)	48,436,919
Adjustments for non-monetary elements that did not have an offsetting entry in working capital:			
Impairments	179,671,000	219,790,005	(40,119,005)
Adjustments to financial and derivative assets and liabilities that do not entail monetary movements	2,737,585	9,017,419	(6,279,834)
Cash inflow (outflow) before changes in working capital	(656,538)	(2,694,618)	2,038,080
Changes in working capital			
(Increase) decrease of receivables	14,781	(13,122)	27,903
Increase (decrease) of payables	(120,335)	(304,229)	183,894
Increase (decrease) of accrued expenses and deferred income	-	12,038	(12,038)
(increase) decrease of accrued income and prepaid expenses	(15,746)	54,130	(69,876)
Cash inflow (outflow) after changes in working capital	(777,838)	(2,945,801)	2,167,963
Other adjustments:			
Interest income collected (expense paid)	(17,766,411)	(25,157,453)	7,391,042
Income tax collected (paid)	4,565,569	4,896,371	(330,802)
Dividends collected	6,400,163	11,877,760	(5,477,597)
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES (A)	(7,578,517)	(11,329,123)	3,750,606
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES (B)	-	-	-
Bonds issued	-	660,000,000	(660,000,000)
Repayment of bank debt	-	(653,000,000)	653,000,000
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES (C)	-	7,000,000	(7,000,000)
Increase (decrease) in cash and cash equivalents (A+B+C)	(7,578,517)	(4,329,123)	(3,249,394)
Cash and cash equivalents - opening balance	13,432,125	17,761,248	(4,329,123)
of which bank deposits	13,432,125	17,761,248	(4,329,123)
Cash and cash equivalents - closing balance	5,853,608	13,432,125	(7,578,517)
of which bank deposits	5,853,608	13,432,125	(7,578,517)

Introduction

Azzurra Aeroporti S.p.A. is a holding company of the Atlantia Group that has as its main objective the acquisition of stakes and interests in other companies and entities, the financing, also through the issue of bid bonds, endorsements and guarantees, including security interests, of the companies or entities in which it invests, and financial instrument, real estate, financial, industrial investment in Italy and abroad.

The registered office is in Rome, which during the year was moved from via Bergamini 50 to Piazza San Silvestro 8, and it has no secondary places of business. The duration of the company is set until December 31, 2050.

Although the Company placed bonds listed on the GEM market of Euronext Dublin in 2020, it did not acquire the status of issuer of financial instruments widely distributed among the public. Indeed, at 31 December 2021 the bondholders were less than 500 (the threshold provided for in Article 2-bis, paragraph 4 of Consob's Regulation on Issuers). Consequently, the obligation to prepare the financial statements on the basis of IFRSs, pursuant to Legislative Decree 38/2005, does not apply.

Basis of preparation

The financial statements as of and for the year ended 31 December 2021 have been prepared in accordance with the criteria and principles applicable under current Italian civil law and, in particular, the provisions of Articles 2423 et seq. of the Italian Civil Code, interpreted and supplemented by the accounting standards issued by the Italian accounting standard-setter Organismo Italiano di Contabilità (the “OIC accounting standards”) as well as, where appropriate, in compliance with Article 2435-ter of the Italian Civil Code on micro-enterprises. However, in order to ensure that users of the financial statements are adequately informed about the Company’s operating performance and financial position, as well as about the most significant transactions occurred during the year, the Company decided voluntarily to prepare the financial statements on an analytical basis, as well as the Report on Operations (pursuant to Article 2428 of the Italian Civil Code, which accompanies these financial statements) and these notes.

Accordingly, the financial statements as of and for the year ended 31 December 2021, denominated in euros, therefore comprise the statement of financial position (prepared in accordance with Article 2424 of the Italian Civil Code), the income statement (prepared in accordance with Article 2425 of the Italian Civil Code) and the statement of cash flows, as well as these notes.

The financial statements are prepared on a going concern basis, taking into account the operating and financial projections and available liquidity at year end 2021, which confirm the ability to service debt and meet operating costs.

These financial statements are consistent with the accounting records and give a true and fair view of the Company's financial position, results of operations and cash flows.

The statement of financial position, income statement and statement of cash flows present for each item, as required by law, the corresponding comparative figures from the prior year financial statements, which have not been adjusted or reclassified compared to those already published.

For a complete overview of the Company's financial condition and operating results, these notes show the statement of changes in equity.

In the course of the financial year, there were no exceptional cases which made it necessary to use the derogations provided for in Article 2423, 4th paragraph, of the Civil Code. The Company has not established assets or loans intended for a specific transaction.

Even though it holds direct and indirect controlling interest in other companies, the Company has not prepared the consolidated financial statements, in keeping with the right of exemption provided for by Legislative Decree 127/1991, art. 27, paragraph 3. The consolidated financial statements are in fact prepared by the direct parent, Atlantia S.p.A., and will be made available to the public within the time and in the manner established by law on www.atlantia.com.

These financial statements were approved by the Company's Board of Directors at its meeting 3 March 2022, and were audited by KPMG S.p.A., as part of statutory audit engagement assigned pursuant to article 2409-bis of the Italian Civil Code and article 14 of Legislative Decree no. 39/2010.

Accounting policies

The accounting principles and policies adopted for the preparation of the financial statements are in line with the provisions of the Italian Civil Code interpreted and supplemented by the accounting standards issued by the Italian accounting standard-setter Organismo Italiano di Contabilità (the 'OIC accounting standards') as described in the previous paragraph "Basis of preparation" of these notes. In particular, the following principles were taken into account in the preparation of the financial statements, as established by Articles 2423 and 2423-bis of the Italian Civil Code:

- the recognition and presentation of items is made taking into account the substance of the transaction, rather than just its legal form;
- only income realised at the end of the financial year is shown and costs and income were recognised regardless of the associated cash collections or disbursement;
- account has been taken of risks and losses pertaining to the financial year, even if they became known after the end of the financial year;
- any heterogeneous elements included in the individual items have been measured separately;
- in the event that it is immaterial for the purposes of a true and fair view of the Company's financial position and results of operations for the year, the recognition, measurement, presentation and disclosure requirements established by the individual provisions of the Italian Civil Code, interpreted and supplemented by the accounting standards issued by the Italian accounting standard setter (OIC), have not been taken into account. To this end, materiality applies to the extent that the omission(s) and/or incorrect measurement(s) of items, individually or in the aggregate, influence the economic decisions that users make on the basis of the financial statements.

In relation to the individual items in the financial statements, the accounting principles and policies adopted by the Company are consistent with the provisions of Article 2426 of the Italian Civil Code, interpreted and supplemented by the accounting standards issued by the Organismo Italiano di Contabilità – OIC. These principles and policies adopted by the Company, which have

not changed from those used to prepare the financial statements for the previous year, are illustrated below.

Investments

Equity investments are initially recognised at purchase or incorporation cost, including ancillary costs. Ancillary costs are costs directly attributable to the transaction, such as bank and financial brokerage costs, commissions, expenses and taxes.

The carrying amount of investments increases as a result of capital increases for consideration or the waiver of receivables owed to the Company by its subsidiaries. Capital increases by way of capitalisation of reserves do not increase the value of the investments.

In the event that the investments are impaired at the reporting date, their carrying amount is reduced to the lower recoverable amount, which is determined on the basis of the future benefits expected to accrue to the Company, until the carrying amount is reduced to zero. In cases where the Company is obliged to cover the losses of its subsidiaries, it may be necessary to make provisions in the liabilities to cover the relevant portion of the losses.

If, in subsequent years, the reasons for the impairment no longer apply, the amount of the investment is reinstated up to the original cost.

Receivables

Receivables are recognised on the basis of amortised cost, taking into account the time value of money.

The amortised cost method takes into account any costs directly attributable to the transaction that generated the receivable, any commissions receivable and payable and any difference between the initial value and the nominal value at maturity, using the effective interest rate. The amortised cost method does not apply to short-term receivables, which are due in less than 12 months, or where the effects are considered irrelevant.

The amount so determined is adjusted by means of any provision for bad debts.

Payables

Payables are recognised on the basis of amortised cost, taking into account the time value of the money, using the effective interest rate. The amortised cost method is not applied to short-term payables, i.e. with a maturity of less than 12 months, or when the effects are considered immaterial.

Cash and cash equivalents

This item represents the positive balances of bank and post office deposits, cheques and cash on hand at the end of the financial year. Bank and post office deposits and cheques are measured at their estimated realisable value, cash and cash equivalents at their nominal value, while foreign currency balances are measured at the exchange rate prevailing on the closing date of the financial year.

Provisions

Provisions, which are not directly related to specific assets, are intended to cover charges and losses of a given nature, whose existence is certain or probable, but whose amount or date of occurrence could not be determined at year-end. Provisions reflect the best possible estimate based on information available at the date of preparation of the financial statements.

In determining the provisions for risks and charges, the possible effect of discounting to present value is not taken into account, as it is not considered significant.

Costs

Costs are recognised on an accrual basis, regardless of the date of collection or payment, after deducting discount, allowances and returns.

Dividends

Dividends are recognised as financial income in the financial year in which, as a result of the resolution of the shareholders' meeting of the investee company to distribute profits or reserves, the Company's right to collect them arises.

Financial income is not recognised if the investee company distributes, by way of dividend, its own shares or allocates stock dividends.

Other financial income and expenses

These are accounted for on an accruals basis.

Derivative financial instruments

Where deemed appropriate, the Company uses derivative financial instruments to hedge its exposure to the risk of changes in interest rates on its financial liabilities. In particular, plain vanilla IRS derivative contracts are entered into, for notional amounts and maturities corresponding to those of the underlying financial liabilities, as well as forward starting IRS derivative contracts to hedge the risk of interest rate fluctuations of future financial liabilities considered highly probable.

The Company does not undertake transactions on derivative financial instruments for speculative purposes.

The above-mentioned derivatives are considered as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, verified initially and periodically, is high.

Article 2435-ter, paragraph 2, of the Italian Civil Code provides that the rules on derivative financial instruments and hedging transactions contained in Article 2426, paragraph 1, number 11-bis, of the Italian Civil Code, interpreted and supplemented by the provisions contained in accounting standard OIC 32, are not applicable to micro-enterprises. The latter also provides that if a micro enterprise holds derivative financial instruments, where the conditions for recognition under OIC 31 are met, the company recognises a provision for risks and charges. In determining the provision, the company may refer to the guidelines for measuring a derivative contract contained in OIC 32.

Therefore, for derivative financial instruments hedging future cash flows, the financial statements do not recognise their fair value at the end of the reporting period.

On the other hand, for derivative financial instruments that do not have all the characteristics

to be considered as hedges of future cash flows, the relative fair value existing at the end of the financial year is recognised in the financial statements if it is negative and considered indicative of a probable loss that will be incurred by the Company. In this case, this negative value is recognised in the provisions for risks and charges, with a balancing entry in the financial expenses of the income statement, in line with the provisions of OIC 31 and OIC 32.

Accruals and deferrals

Accruals and deferrals are determined according to the accrual basis of accounting applied to costs and revenues that span multiple accounting periods, with their amounts varying over time.

At the end of each financial year, the conditions that determined their initial recognition are verified and, if necessary, adjustments are made. In particular, in addition to the passage of time, consideration is given to both the estimated realisable value of accrued income and the existence of future economic benefits related to prepaid expenses.

Income tax

Current taxes are recognised on the basis of the estimated taxable income in accordance with current regulations, taking into account applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the tax base and the book value of assets and liabilities. They are measured taking into account the presumable tax rate that the Company expects to incur in the year in which these differences will contribute to the formation of taxable income, considering the tax rates in force or already enacted at the reporting date, and are recognised respectively as “deferred tax liabilities” among provisions for risks and charges, and “deferred tax assets” in current assets.

Deferred tax assets are recognised if there is a reasonable certainty of the existence, in the years in which they will be reversed, of taxable income not lower than the amount of the tax assets that will be cancelled.

On the other hand, deferred tax liabilities are recognised on all taxable temporary differences.

With reference to IRES, the Company participates in the consolidated national tax scheme

managed by the Parent Company, Atlantia S.p.A., in accordance with current tax legislation.

Therefore, the latter, as consolidator, will file a tax return on the total profits generated by the Group companies participating in the scheme, also making the related tax payments, if due. To this end, the Company sends to its parent company the necessary data and information, providing, where due, the funds necessary to pay the net IRES amount owed.

Regarding the method used to account for the above process, the item “due from parents” and “due to parents” include also the funds receivable from or payable to the direct parent Atlantia S.p.A. for IRES (which is entered in the income statement under “Income tax”), minus any tax credits and withholdings.

Under the Tax consolidation agreement signed with the parent company, surpluses (i.e., tax losses, interest expense and Economic Growth AID [ACE]) are remunerated in the year of their utilisation and in proportion to the portion actually utilised.

Notes to the statement of financial position

Statement of financial position – Assets

Investments – Equity interests in subsidiaries

€829,633 thousand (€1,009,304 thousand)

This item reflects the cost incurred for the 64% interest in ACA, net of cumulative impairments.

The data for the investment, including the result for 2021 and the equity at 31 December 2021, taken from the consolidated financial statements of the ACA Group, drawn up on the basis of the French GAAP, are shown in the following table.

€/000

Name	Registered office	Issued capital	Value 31 December 2021	Interest held	Profit / (Loss) 2021	Equity 31 December 2021	Pro rata share of equity
Aéroports de la Côte d'Azur	Nice (France)	148	829,633	63.99%	(6,626)	146,774	93,921

At 31 December 2021, the carrying amount of the investment in ACA was tested for impairment, on the basis of the cash flows projected in the long-term plan for the life of the concession, which was prepared taking into account recent developments in traffic due to the effect of the Covid-19 pandemic and in the regulatory framework, considering also the ability to maintain the concession's profitability in light of the impact of the pandemic. In estimating the discount rate, which was set at 4.85%, and the cash flows projections in the Company's long-term plan, use was made of publicly available external sources, as supplemented, where appropriate, by estimated based on historical data. The impairment test showed the partial recoverability of the carrying amount of the investment, with the resulting adjustment of €180 million.

ACA' shares held by Azzurra have been pledged to secure a medium/long-term loan recognised under "Bonds".

Receivables

€9,550 thousand (€7,902 thousand)

€/000	Balance 1 January 2021	Increases/ Provisions	Collections	Balance 31 December 2021
Due from parents	4,572	6,722	(4,566)	6,728
Other tax receivables	13	-	(13)	-
Deferred tax assets	3,315	(493)	-	2,822
Sundry receivables	2	-	(2)	-
Receivables	7,902	6,228	(4,581)	9,550

Receivables from parents due from Atlantia derive from the domestic tax consolidation scheme of which the Company is part, which increased due to the income from tax consolidation relating to the 2021 tax loss, interest expense and the ACE benefit (€6,722 thousand), net of the 2020 receivable collected.

Deferred tax assets decreased in 2021 as a result of the release to profit or loss of deferred tax assets related to the transfer of the ACE benefit accrued in 2020 to the tax consolidation scheme, net of deferred tax assets recognised on changes related to derivative instruments recorded as provisions.

Based on the operating and financial projections prepared by the Company, deferred tax assets at 31 December 2021 are reasonably certain to be recovered.

Changes in deferred tax assets in 2021 are shown in the following table:

Description	Taxable amount at beginning of the financial year	Taxable differences arising during the year	Taxable differences cancelled during the year	Taxable differences at year-end
Tax losses before Consolidation Agreement	4,733	-	-	4,733
ACE	4,792,234	-	(4,792,234)	-
Expenses from derivatives	9,017,419	8,960,526	(6,222,941)	11,755,004
Taxable income	13,814,386	8,960,526	(11,015,175)	11,759,737
Tax rate	24%	24%	24%	24%
Total tax	3,315,453	2,150,526	(2,643,642)	2,822,337

Cash and cash equivalents

€5,854 thousand (€13,432 thousand)

Cash and cash equivalents at the reporting date decreased by €7,578 thousand compared to 2020. These bank balances have been pledged to secure the medium and long-term debt entered under the item “Bonds”.

Accrued income and prepaid expenses

€26 thousand (€0 thousand)

This item consists of accrued income of €10 thousand relating to income from swap transactions and prepaid expenses of €16 thousand for costs pertaining to the next financial year.

Statement of financial position – Liabilities and equity

Equity

€178,740 thousand (€369,783 thousand)

Changes in equity items during 2021 are shown in the following table and are commented in the notes that follow.

€/000	Issued Capital	Legal reserve	Share premium reserve shares with voting rights	preference shares	Retained earnings (Accumulated losses)	Profit (loss) for the year	Total
Balance at 1 January 2020	3,221	644	466,789	149,134	43,790	(53,368)	610,210
Allocation of 2019 result	-	-	(53,368)	-	-	53,368	-
Reserve distribution	-	-	-	-	-	-	-
Result for 2020	-	-	-	-	-	(240,427)	(240,427)
Balance at 31 December 2020	3,221	644	413,421	149,134	43,790	(240,427)	369,784
Allocation of 2020 result	-	-	(196,637)	-	(43,790)	240,427	-
Result for 2021	-	-	-	-	-	(191,044)	(191,044)
Balance at 31 December 2021	3,221	644	216,784	149,134	-	(191,044)	178,740

Issued capital

€ 3,221 thousand (€ 3,221 thousand)

The share capital, fully subscribed and paid in through a cash contribution, consists of 3,221,234 shares with a nominal value of 1 euro; at 31 December 2021, it breaks down as follows:

Shareholder	Classes A and C ⁽¹⁾		Class B ⁽²⁾		Total	
	# / euro	%	# / euro	%	# / euro	%
Atlantia S.p.A.	1,312,750	41	384,658	12	1,697,408	53
Sky Cruise S.a.s.	624,750	19			624,750	19
S.M.I.A. S.A.	312,500	10	336,576	10	649,076	20
Aeroporti di Roma S.p.A.	250,000	8			250,000	8
Total	2,500,000	78	721,234	22	3,221,234	100

(1) Ordinary shares with voting rights

(2) Preference shares without voting rights

Holders of class B shares without voting rights enjoy a preference in the distribution of profits and the Company's share premium reserve and share capital.

Legal reserve

€644 thousand (€644 thousand)

At 31 December 2021 the legal reserve was equal to 20% of share capital, as required by the Italian Civil Code.

Share premium reserve

Voting shares: €216,783 thousand (€413,421 thousand)

Preference shares: €149,135 thousand (€149,135 thousand)

At their meeting on 12 April 2021, the Shareholders resolved to cover in full the loss for 2020 of €240,427 thousand through the partial use, for € 196,637 thousands, of the "Share premium reserve – voting shares".

Retained earnings

€0 thousand (€43,790 thousand)

This item was used to cover part of the loss for 2020, following the resolution of the shareholders' meeting of 12 April 2021.

Use and distribution of equity items

The table below provides a detailed description of each equity item, specifying their origin, possible uses and distributability, as well as their use in the previous three years.

€/000	Amount	Possible use (A, B, C)	Available amount	Summary of uses for 2018-2020	
				to cover losses	Other reasons
Issued capital	3,221	B	-	-	-
Share premium reserve:					
- with voting rights	216,784	ABC	216,784	250,005	43,000
- preference	149,134	ABC	149,134	-	-
Legal reserve	644	B	-	-	-
Retained earnings (accumulated losses)	-	ABC	-	43,790	-
Profit (loss) for the year	(191,044)	-			
Total	178,740		365,918	293,795	43,000
Non-distributable amount			191,044		
Residual non-distributable amount			174,874		

Key

A: for capital increases

B: to cover losses

C: for distribution to Shareholders

Provisions

Derivative liabilities

€11,755 thousand (€9,017 thousand)

Provisions for derivative liabilities increased by €2,738 thousand in 2021 as a result of the mark-to-market valuation of instruments for which there was no longer an existing interest rate hedging relationship.

The following table summarises the derivative contracts in place as of 31 December 2021, including the information required by Article 2427-bis, paragraph 1 of the Italian Civil Code.

€/000

Name	Period	Notional	Status	Book value		Fair value	
			31 December 2021	31 December 2021	31 December 2020	31 December 2021	31 December 2020
IRS 1	2016-2021	454,934	Expired (1)	-	(2,019)	-	(2,019)
IRS 2	2021-2026	653,000	Offset (2)	-	(4,203)	(29,148)	(43,339)
IRS 3	2026-2041	653,000	Hedge (3)	-	-	(34,154)	(67,729)
Offset swap 20-24	2020-2024	355,885	Offsetting (4)	(2,432)	(173)	(2,432)	(173)
Offset swap 20-27	2020-2027	297,115	Offsetting (4)	(9,323)	(2,622)	(9,323)	(2,622)
Total				(11,755)	(9,017)	(75,057)	(115,882)

(1) Expired at November 2021

(2) Ineffective from 1 July 2020; interest risk related to bond issuance is hedged by offset swap

(3) Cash flow hedge

(4) Offset swaps to hedge the interest rate risk arising from the overlapping of the original IRS with the bond issued

Payables

€ 653,746 thousand (€ 651,649 thousand)

Payables include bonds, trade payables and amounts due to parents as described below.

Bonds

€653,210 thousand (€650,993 thousand)

This item reflects the bond issued and listed on Euronext Dublin's unregulated GEM in 2020.

€/000	Balance at 31 December 2021	Nominal value	Maturity	Repayment schedule	
				Between 2 and 5 years	After 5 years
1st issue 2020	356,900	360,000	2024	360,000	-
2nd issue 2020	296,310	300,000	2027	-	300,000
Bonds	653,210	660,000		360,000	300,000

In addition, pledges and guarantees are in place against the obligations arising from the bonds, for the benefit of the respective bondholders, as reported in the specific paragraph.

The terms and conditions of the bonds provide for the observance, on a half-yearly basis, of a maximum leverage ratio and gearing ratio threshold on a consolidated basis – including, therefore, the operating results and financial condition of the ACA Group – Consolidated Leverage Ratio (“CLR”), as well as a minimum Interest Coverage Ratio (“ICR”) threshold; the check of the default thresholds will take place starting from December 2022 for the ICR and from December 2023 for the CLR.

Trade payables

€295 thousand (€360 thousand)

This item reflects sums due for professional services rendered, but still unpaid or not billed at the reporting date, relating mainly to legal consulting activities.

Due to parents

€199 thousand (€266 thousand)

This item reflects payables for services rendered mainly in relation to existing service contracts, but not yet settled or invoiced on the closing date by the parent company Atlantia S.p.A.

Accrued expenses and deferred income

Accrued expenses

€823 thousand (€189 thousand)

Accrued expenses represent charges on derivative financial instruments accrued at the reporting date that will become payable in 2022.

Pledges and guarantees

At 31 December 2021 the Company had the following pledges and guarantees in favour of the holders of the bonds included in the item “Bonds”, in keeping with the obligations arising from the relevant terms and conditions and related hedging contracts:

- pledge on the Company’s current accounts and on the 64% interest in ACA;
- pledge of any receivables from hedging contracts or loans granted to ACA;
- pledge on the Company’s shares;
- guarantees issued by BNP (with a counter-guarantee from the Parent, Atlantia SpA) and the related party EDF SA for a period of six months’ debt service (Debt Service Reserve Guarantee or “DSRG”), with the obligation to renew the guarantee (“extend-or-pay”) within 60 days of expiry, for a total maximum amount of €12,561 thousand.

Notes to the income statement

Operating costs

€657 thousand (€1,073 thousand)

Operating costs are mainly attributable to service costs (€ 641 thousands) due to professional services and activities under service contracts provided by Atlantia and by the company performing accounting services during the year.

Financial income and expense

€14,207 thousand (€18,575 thousand)

Net financial expense amounted to €14,207 thousand, representing mainly interest and other financial charges (€20,618 thousand) mostly related to interest on the bond issue (€17,742 thousand) and differentials on derivative financial instruments (€2,847 thousand), partially offset by income from equity investments for €6,400 thousand related to the distribution of dividends from ACA.

Impairment of financial assets and liabilities

€182,409 thousand (€228,807 thousand)

Impairment of financial assets and liabilities, amounting to €182,409 thousand, related to the impairment of the investment in ACA in 2021 (€179,671 thousand) and to the net negative change in fair value (€2,737 thousand) of derivative financial instruments that do not qualify as hedging instruments for accounting purposes.

For further information, see “Investments in subsidiaries” and “Provisions for derivative liabilities”.

Income tax for the year

€6,228 thousand (€8,029 thousand)

Income tax shows a positive balance of €6,228 thousand, for which reference should be made to the comment on “receivables”.

Notes to the statement of cash flows

The Statement of Cash flows provided for by Legislative Decree 139/2015 – which together with the Statement of Financial Position, the Income Statement and the Notes forms an integral part of the financial statements – is not mandatory for micro-enterprises.

However, both for the principle of comparability of financial statements with the previous year and for the general principle of a better reporting of transactions, it was deemed appropriate to prepare anyway the Statement of Cash Flows for the year ended 31 December 2021, in accordance with accounting standard OIC 10.

Cash outflows for operating activities amounted to €7,579 thousand, mainly due to interest on the bond issue and differentials on derivative financial instruments (totalling €17,766 thousand), partially offset by the receipt of the 2020 receivable for participating in the domestic tax consolidation scheme from the parent company, Atlantia, (€4,566 thousand), and dividends from the subsidiary ACA (€6,400 thousand).

Related-party transactions

In 2021 the Company had transactions with:

1. the parent, Atlantia S.p.A., in connection with the Company's participation in the National Tax Consolidation scheme, for the service activities received and for guarantees;
2. Essediesse S.p.A. for the service activities received and completed at the end of April 2021;
3. the shareholder EDF S.A. for the guarantees received;
4. Autostrade per l'Italia S.p.A. for the lease agreement entered into, which was terminated on 15 June 2021.

All financial and commercial transactions with these companies were entered into at arm's length and in the interest of the Company.

The table below shows the balances of all related-party commercial and financial transactions.

€/000

Name	Balance at 31 December 2021				2021			
	Receivables	Payables	Guarantees		Costs	Revenue	Financial income	Financial expenses
			Given	Received				
<i>Subsidiaries</i>								
-Aéroports de la Côte d'Azur								
Total subsidiaries	-	-	-	-	-	-	-	-
<i>Associates</i>								
- EDF S.A.		16		3,139	27			
Total associates	-	16	-	3,139	27	-	-	-
<i>Subsidiaries of parents</i>								
- Autostrade per l'Italia S.p.A.		-			5			
- Essediesse S.p.A.		-			10			
Total subsidiaries of parents	-	-	-	-	15	-	-	-
<i>Parents</i>								
- Atlantia S.p.A.	6,728	199		9,422	151			115
Total parents	6,728	199	-	9,422	151	-	-	115

Highlights from the latest financial statements of the company that performs direction and coordination activities pursuant to article 2497 bis of the Italian Civil Code

The table below shows key data from the latest approved financial statements of the parent company, Atlantia S.p.A., which performs direction and coordination activities over the Company.

€m	Highlights 2020 financial statements Atlantia S.p.A.
Statement of financial position	31 December 2020
Non-current assets	15,527
Current assets	2,391
Total assets	17,918
Equity	10,458
of which issued capital	826
Non-current liabilities	7,184
Current liabilities	276
Total liabilities and equity	17,918
 Income statement	 2020
Total revenue	4
Operating costs	(56)
Operating profit (loss)	(52)
Profit (loss) for the year	(29)

Fees to Directors and Statutory Auditors

The Company's directors are not compensated for the office they hold.

The Board of Statutory Auditors received €38 thousand in fees for 2021 (€32 thousand in 2020) plus VAT and out-of-pocket expenses.

The fees paid to the independent audit firm are shown in the following table:

€	Services	Provider	Note	Fees
	Audit	KPMG S.p.A.		18,850
	Other services	Deloitte & Touche S.p.A.	(1)	3,517
	Totale			22,367

(1) Independent Auditors until December 31, 2020 and responsible for the signing of the 2020 tax returns

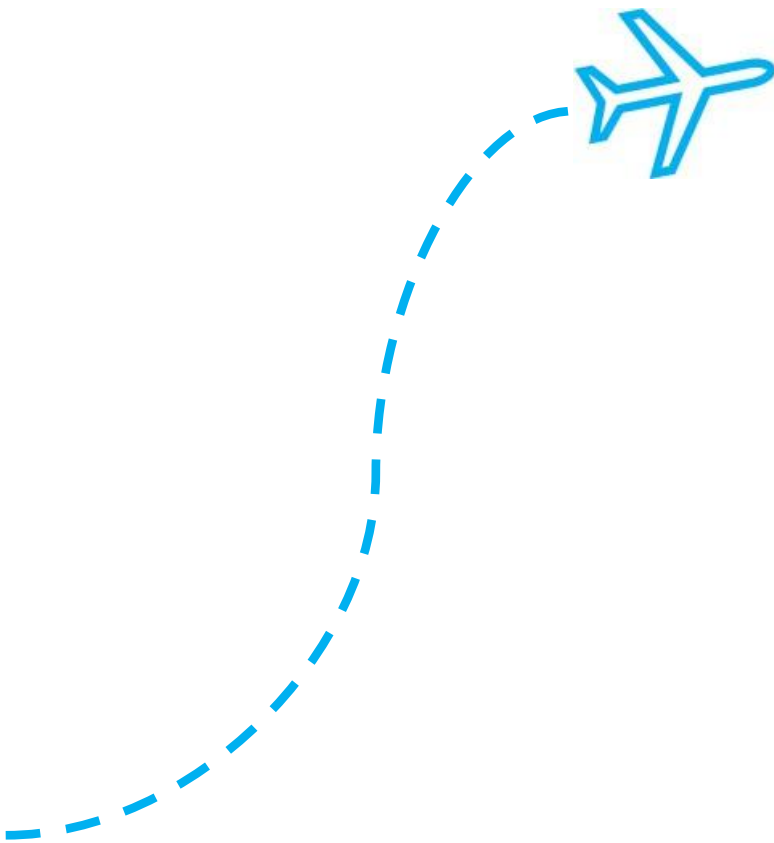
Proposals to the Shareholders of Azzurra Aeroporti S.p.A.

Dear Shareholders,

at the end of this report, we ask you to:

1. approve the financial statements as of and for the year ended 31 December 2021, which show a loss of €191,043,814;
2. cover the entire loss of €191,043,814, through the partial use of the "share premium reserve – voting shares".

4. Reports



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Opinion of the independent auditors

(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

*To the shareholders of
Azzurra Aeroporti S.p.A.*

Opinion

We have audited the financial statements of Azzurra Aeroporti S.p.A. (the "company"), which have been prepared pursuant to article 2435-ter of the Italian Civil Code and comprise the statement of financial position as of 31 December 2021, the income statement and statement of cash flows for the year then ended and notes thereto.

In our opinion, the financial statements give a true and fair view of the financial position of Azzurra Aeroporti S.p.A. as of 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with the Italian regulations governing their preparation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Management and coordination

As required by the law, the company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own financial statements. Our opinion on the financial statements of Azzurra Aeroporti S.p.A. does not extend to such data.

Comparative figures

The company's 2020 financial statements were audited by other auditors, who expressed their unqualified opinion thereon on 16 March 2021.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The company's directors are responsible for the preparation of a report on operations at 31 December 2021 and for the consistency of such report with the related financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations with the company's financial statements at 31 December 2021 and its compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations is consistent with the company's financial statements at 31 December 2021 and has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Rome, 24 March 2022

KPMG S.p.A.

(signed on the original)

Marcella Balistreri

Director of Audit

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Report of the Board of Statutory Auditors on the financial statements as at and for the year ended 31 December 2021 pursuant to article 2429 of the Italian Civil Code

To the Annual General Meeting of AZZURRA AEROPORTI SPA's shareholders

Introduction

Dear shareholders,

To begin with, the Board of Statutory Auditors reminds you that the Company is a subsidiary of Atlantia SpA – a company listed on Borsa Italiana SpA's screen-based trading system – which manages and coordinates the Company pursuant to articles 2497 et seq. of the Italian Civil Code. The Board carried out the functions provided for in articles 2403 et seq. of the Italian Civil Code, not having been assigned responsibility for the statutory audit of the accounts pursuant to art. 2409-bis of the Italian Civil Code, for which KPMG SpA were engaged.

The Board of Statutory Auditors carried out our oversight activities during the year ended 31 December 2021 in compliance with the law, as shown in the minutes produced.

During the year ended 31 December 2021, the Board of Statutory Auditors performed our work in accordance with the rules of conduct for boards of statutory auditors recommended by the Italian accounting profession.

1) Oversight activities pursuant to art. 2403 of the Italian Civil Code

The Board of Statutory Auditors states that, pursuant to article 2403 of the Italian Civil Code, we oversaw compliance with the law and with the articles of association and with good governance practices, and the adequacy of the organizational, administrative and accounting structure

adopted by the Company and its effective implementation.

In particular, the Board:

- *participated in General Meetings of shareholders and Board of Directors' meetings, during which, based on the available information, we did not become aware of any breaches of the law or statutory requirements governing their conduct;*
- *obtained information from the Directors and management on the overall performance and the outlook for the business, and on the most significant transactions, in terms of size and nature, carried out by the Company. In this regard, we report that as part of our oversight of financial strength and the operating performance, the Board recommended continuous monitoring also be extended to the subsidiary, Aéroports de la Côte d'Azur;*
- *had the opportunity to meet with the independent auditor engaged to conduct the statutory audit of the accounts, with whom we had productive exchanges of opinion;*
- *acquired information on and oversaw, within the scope of our responsibilities, the Company's organisational structure and the adequacy of the administrative and accounting system, and the reliability of such system in correctly presenting operations, by obtaining information from senior managers with responsibility for such matters and from the independent auditor and by examining corporate documents;*
- *during our periodic audits, the Board obtained information on the Company's activities, focusing particular attention on any contingent or exceptional events in order to identify the impact on the financial results for the year and the financial position, and any potential business risks. In this regard, with reference to the information provided by the Directors in the report on operations and the notes to the financial statements, the Board recommended that the Company proceed with continuous monitoring of the operating*

performance and of the talks in progress with the Grantor with a view to identifying solutions enabling the subsidiary to restore the financial feasibility of the concession arrangement.

The Board of Statutory Auditors also informs you that, to the extent required, that:

- we have not issued any opinions pursuant to art. 2389, paragraph 3 of the Italian Civil Code;*
- we have not had to intervene due to negligence on the part of the Board of Directors pursuant to art. 2406 of the Italian Civil Code;*
- we have not received complaints pursuant to art. 2408 of the Italian Civil Code;*
- we have not filed complaints pursuant to art. 2409, paragraph 7 of the Italian Civil Code.*

2) Observations on the financial statements

The Board has examined the financial statements as at and for the year ended 31 December 2021, in which the income statement reports a loss for the year of €191,043,814, as confirmed in equity in the statement of financial position. The document was approved at the Board of Directors' meeting of 3 March 2022 and was promptly made available to us.

The Company prepares its financial statements as a micro-enterprise, meeting the definition in art. 2435-ter of the Italian Civil Code. As a result, the Company does not have an obligation to apply international financial reporting standards (IFRS) as it does not have the status of issuer of financial instruments widely held by the public. The Board of Directors has provided further disclosure in the notes, the report on operations and the statement of cash flows and through a more detailed statement of financial position and income statement.

As the Board does not have responsibility for conducting the statutory audit of the financial

statements or for conducting an analytical review of their content, we have overseen the general basis of preparation and their overall compliance with the law in terms of their form and structure.

In particular:

- as far as the Board is aware, there were no instances in which it was necessary for the Directors to take advantage of the exemptions provided for in art. 2423, paragraph 4 of the Italian Civil Code;*
- we checked that the financial statements are consistent with the events and information of which we became aware in carrying out our duties and have no further observations to make in this regard.*

3) Observations and proposals regarding approval of the financial statements

In view of the above, bearing in mind the results of the audit conducted by the independent auditor, which has today issued a positive opinion, with no emphases of matter paragraphs, on the financial statements as at and for the year ended 31 December 2021 and an opinion on the consistency of the report on operations, the Board of Statutory Auditors sees no reason for not approving such financial statements, nor do we have objections to make regarding the Board of Directors' proposal to cover the loss for the year reported in the above financial statements.

As the term of office for which you elected us has expired, we invite you, at the Annual General Meeting, to elect the Board of Statutory Auditors for the three-year period 2022-2024.

Rome, 24 March 2022

For the Board of Statutory Auditors

Alessia Bastiani, Chairwoman

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Legal information

Name

Azzurra Aeroporti S.p.A. - subject to the direction and coordination of Atlantia S.p.A.

Registered office

Piazza San Silvestro 8

00187 Roma

Legal Information

Share capital €3,221,234.00 fully paid-in

Tax code, VAT number and Rome Companies Register no. 10151991006

Registration with Administrative and Economic Index (REA) no. RM-1213285