



Azzurra Aeroporti S.p.A.

**Financial statements as of and for the year ended
31 December 2020**

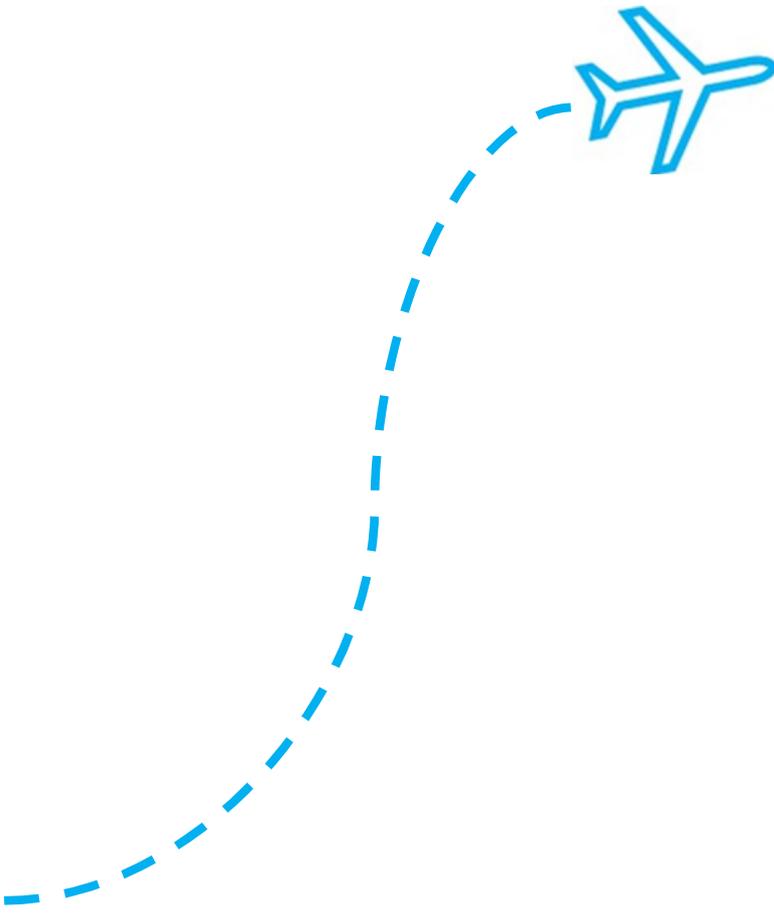
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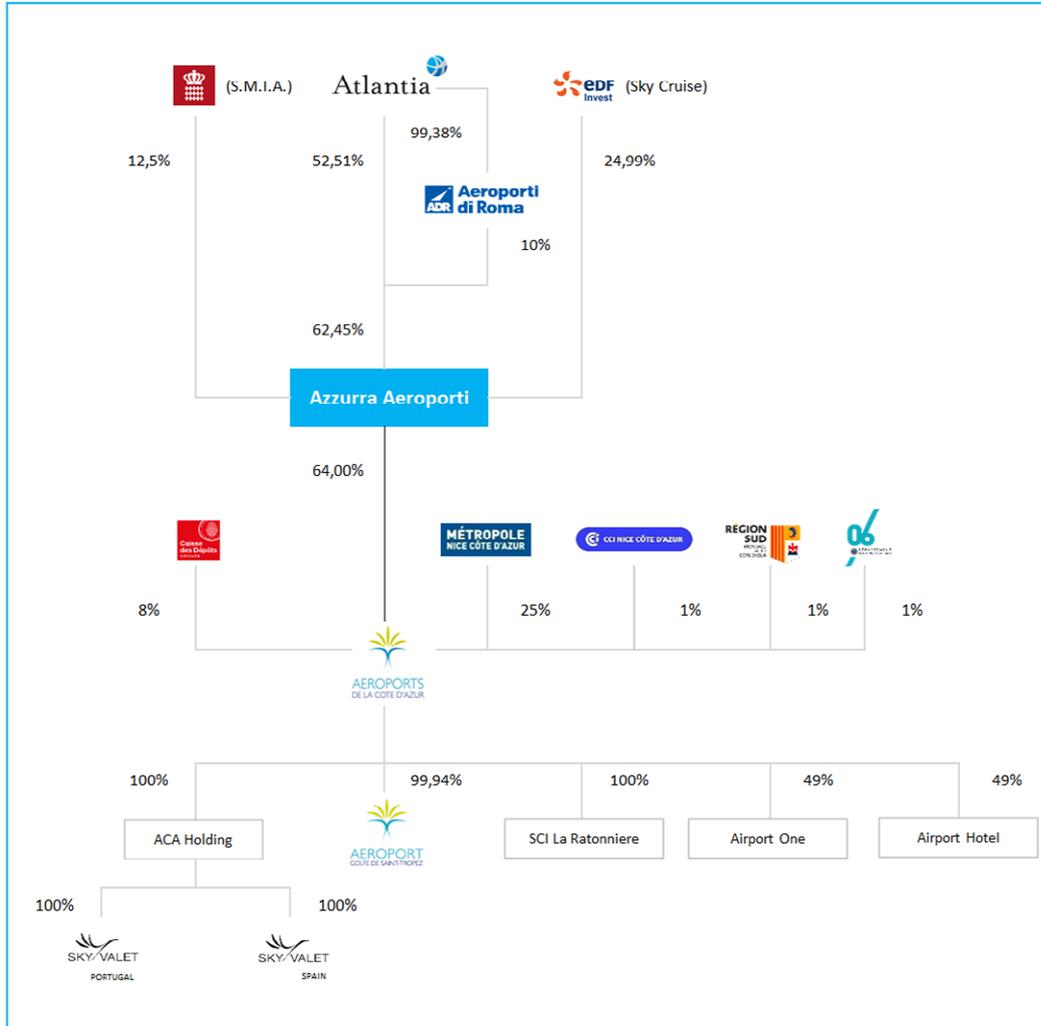
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1. Introduction



Organisational chart and shareholding structure



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

Azzurra Aeroporti S.p.A. ("Azzurra Aeroporti" or the "Company") is a holding company organised under the laws of Italy, subject to the direction and coordination of Atlantia S.p.A., its controlling shareholder through a direct 52.51% equity interest and an indirect 10% stake. Other shareholders include Sky Cruise S.a.s., with a 24.99% shareholding and S.M.I.A. S.A. with a 12,5% investment.

On 9 November 2016, following the award of the contract put out to tender by the French Government and the Conseil Départemental des Alpes Maritime, 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 2020)

Chairman	Tiziano Ceccarani ¹
Chief Executive Officer	Marco Troncone ²
Directors	Maria Sole Aliotta ¹
	Pierre Alexander Benoist D'Anthenay
	Cyril Boute
	Giovanni Cavallaro ¹
	Lorenzo Della Valle ³
	Paolo Fabretti ¹
	Ivan Giacoppo ³
	Giorgio Gregori
	Fanny Grillo
	Marco Piccinini
	Umberto Vallarino

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 2019-2020) ⁴

Deloitte & Touche S.p.A.

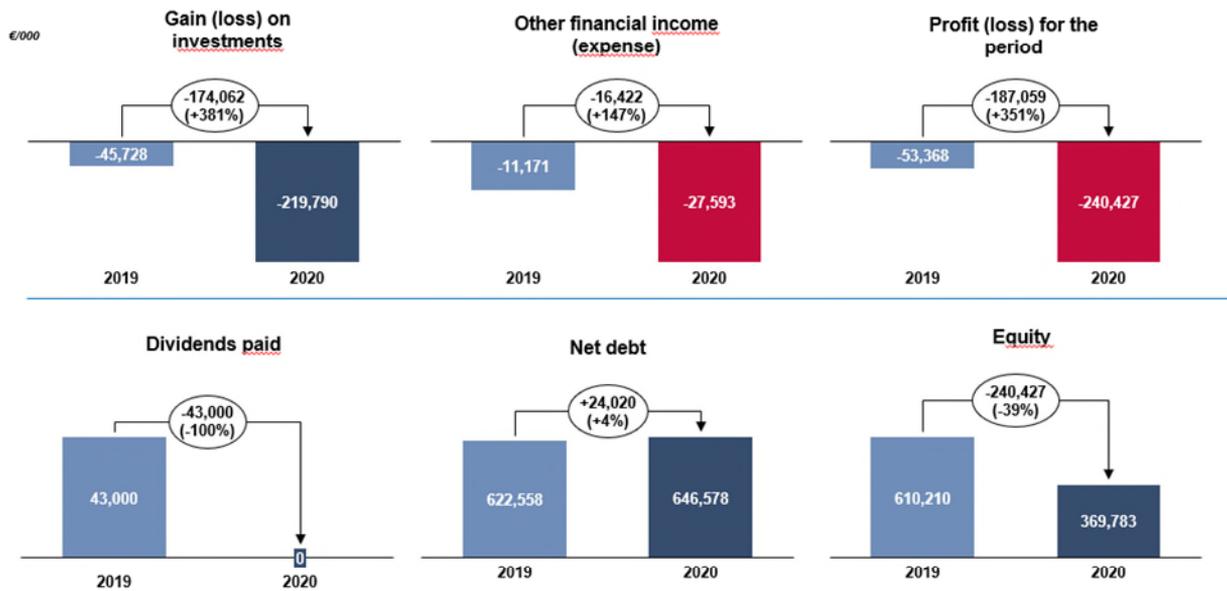
¹ Appointed by Shareholders' Meeting of 15 April 2020 to replace Giancarlo Guenzi, Gennarino Tozzi, Luca Ungaro and Giorgio Moron

² A former Director, appointed Chief Executive Officer on 15 April 2020

³ Appointed by Shareholders' Meeting of 23 September 2020 to replace Stefano Cusmai and Michelangelo Damasco (the latter Chairman and Chief Executive Officer until 15 April 2020, and then Director)

⁴ The Shareholders' Meeting of 15 April resolved, after an early consensual termination with Deloitte & Touche S.p.A., to retain KPMG S.p.A., as of the date of approval of the financial statements as of and for the year ended 31 December 2020, for the financial years 2021-2023

Key operating and financial highlights



The 2020 performance was affected by the impairment of the investment in Aéroports de la Côte d'Azur for approximately €220 million, mainly due to the impact of the Covid-19 pandemic on airport traffic volumes (2020 traffic was down 68.4% compared to 2019, with traffic expected to return to 2019 level not earlier than 2024).

The results were adversely affected also by the lack of dividends paid by Aéroports de la Côte d'Azur and by the interest expense incurred on derivatives.

2. Report on operations



Introduction

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

It should be noted that, the financial statements as of and for the year ended 31 December 2020 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 2020 and applicable to a micro-enterprise, meeting the requirements of the Civil Code as better described 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 2020 is illustrated in the reclassified income statement, which is shown hereinbelow with the comparable 2019 figures.

€/000	2020	2019	Change
Dividends from subsidiaries	-	28,227	(28,227)
Impairment losses/reversal of impairment losses on investments	(219,790)	(73,955)	(145,835)
Total profit/(loss) on investments	(219,790)	(45,728)	(174,062)
Net expenses/income from derivative financial instruments	(12,091)	(1,491)	(10,600)
Interest and other financial expenses	(15,502)	(9,680)	(5,822)
Other financial income (expense)	(27,593)	(11,171)	(16,422)
Financial income (expense), net	(247,383)	(56,899)	(190,484)
Net general expenses	(1,073)	(1,223)	150
Profit (loss) before tax	(248,456)	(58,122)	(190,334)
Income tax	8,029	4,754	3,275
Profit (loss) for the period	(240,427)	(53,368)	(187,059)

Loss on investments, amounting to €219,790 thousand, rose by €174,062 due to the impairment of the equity interest in ACA in the amount of €219,790 thousand (€73,955

thousand in 2019), as a consequence of the impairment test made on the basis of the Company's new business plan, which reflects a significant revision of the traffic estimates due to the Covid-19, and to the absence of dividends from ACA.

Other financial expense, amounting to €27,593 thousand, decreased by €16,422 thousand, due to €10,600 thousand in greater charges on derivative financial instruments and €5,822 thousand in greater interest paid on borrowings and other financial charges.

Net financial expense, amounting to €247,383 thousand, fell by €190,484 due to the combined effects of the changes in the above-mentioned items.

Lastly, the loss for the year, amounting to €240,427 thousand, went up by €187,059 thousand, after the Company benefited from greater revenue, amounting to €3,275, generated from the its participation in the tax consolidation scheme with Atlantia, the parent company, and the deferred tax assets arising from the greater costs incurred on financial derivatives.

Azzura Aeroporti's financial situation is illustrated in the reclassified balance sheet show hereinbelow as set against the comparable figures at 31 December 2019.

Reclassified balance sheet

€/000	31 December 2020	31 December 2019	Change
Investments	1.009.304	1.229.094	(219.790)
Receivables and other non-financial assets	7.902	4.953	2.949
Payables and other non-financial liabilities	(845)	(1.280)	435
Net invested capital	1.016.361	1.232.768	(216.407)
Equity	369.783	610.210	(240.427)
Bonds	650.993	-	650.993
Bank borrowings	-	652.197	(652.197)
Provisions for derivative liabilities	9.017	-	9.017
Financial receivables	-	(11.878)	11.878
Cash and cash equivalents	(13.432)	(17.761)	4.329
Net borrowings	646.578	622.558	24.020
Coverage of net invested capital	1.016.361	1.232.768	(216.407)

Net invested capital decreased by €216,407 thousand, mainly owing to the impairment loss on the investment in ACA for €219,790 thousand.

Invested capital at 31 December 2020 is covered by equity and net borrowings, representing 34% and 64% of the total, respectively.

In the year under review, equity fell by €240,427 thousand as a result of the reported loss.

Net borrowings rose by €24,020 mainly due to interest expense and financial charges incurred in the year and provisions for financial derivative liabilities in the amount of €9,017 thousand. These effects were partially offset by the collection of the amount receivable arising from participation in Atlantia S.p.A.'s tax consolidation scheme for €4,896 thousand. In 2020 the Company issued a bond, which is listed on Euronext Dublin's General Exchange Market (GEM), for a total amount of €660 million, using the proceeds to repay early the acquisition loan of €653 million which was due to mature originally in November 2021.

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 balance sheet as of for the year ended 31 December 2020 of Aéroports de la Côte d'Azur Group vis-à-vis the comparable amounts at 31 December 2019, as approved by ACA's Executive Committee on 12 February 2021.

Attention is called to the fact that, in preparing ACA's consolidated accounts for financial year 2020 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 2020.

At the date of preparation of the ACA Group's consolidated financial statements as of and for the year ended 31 December 2020 there are uncertainties mainly attributable to ACA's financial and liquidity risks, resulting from the legal restrictions on mobility adopted by numerous government authorities world-wide for the Covid-19 pandemic that have led to significant impacts on its levels of traffic and revenues.

ACA Group's operating performance for 2020 is illustrated in the reclassified consolidated income statement, which is shown hereinbelow with the comparable 2019 figures.

Reclassified consolidated income statement (*)

€/000	2020	2019	Change
Sales	132,443	289,260	(156,817)
Operating costs	(111,919)	(169,135)	57,216
EBITDA	20,524	120,125	(99,601)
<i>EBITDA margin</i>	<i>15%</i>	<i>42%</i>	<i>n/s</i>
Net depreciation and amortisation	(60,173)	(58,777)	(1,396)
Operating profit	(39,649)	61,348	(100,997)
<i>Operating profit margin</i>	<i>-30%</i>	<i>21%</i>	<i>n/s</i>
Financial profit/loss	(3,021)	(3,844)	823
Extraordinary profit/loss	(2,673)	(2)	(2,671)
Income tax	11,791	(19,865)	31,656
Consolidated net income	(33,551)	37,637	(71,188)
Profit/loss from non-controlling interests	-	-	-
Net profit/loss (Group share)	(33,551)	37,637	(71,188)

*reclassified under French laws and GAAP

Aviation revenue for the year ended 31 December 2020, amounting to €132,443, decreased by €156,817 thousand, mainly due to the 68.4% drop, on an annual basis, of airport traffic, with effects on both aviation and non-aviation revenue, and the 33% decrease in airport fees compared to May 2019 with effects on aviation revenue.

Operating costs for the period, amounting to €111,919 thousand, decreased by €57,216 thousand, mainly as a result of reduced traffic (lower costs with sub-contractors, costs for passenger services, fuel purchase, etc.) and personnel expenses (unemployment benefits partly covered by state funds).

Accordingly, EBITDA for 2020, totalling €20,524 thousand, declined by €99,601 thousand and fell as a share of revenue from 41.5% in 2019 to 15.5% in the year under review.

The operating result for 2020, which was negative for €39,649 thousand, declined by €100,997 thousand, after accounting for higher amortisation, depreciation and provisions in the amount of €1,396 thousand, dropping from 21.2% to -29.9% as a share of revenue.

Lastly, the Group's result for the year, which was negative for €35,551 thousand, fell by €71,188 thousand, after accounting for lower financial charges for €823 thousand, higher extraordinary losses for €2,671 thousand and lower income tax for €31,656 thousand.

The consolidated balance-sheet data as of 31 December 2020 of the ACA Group are illustrated in the reclassified consolidated balance sheet, as compared with the comparable figures as of 31 December 2019.

Reclassified consolidated balance sheet *

€/000	31 December 2020	31 December 2019	Change
Intangible assets	17.667	18.447	(780)
Property, plant and equipment (less accumulated depreciation)	368.842	391.460	(22.618)
Long-term investments	3.081	3.091	(10)
Fixed assets	389.590	412.998	(23.408)
Inventories	1.478	1.457	21
Trade and other receivables	12.866	30.024	(17.158)
Deferred tax assets	4.994	-	4.994
Other receivables and adjustment accounts	48.536	24.687	23.849
Cash and cash equivalents	78.067	27.650	50.417
Current assets	145.941	83.818	62.123
Total assets	535.531	496.816	38.715
Equity	161.895	195.016	(33.121)
Provisions	10.933	9.497	1.436
Loans and various debt	273.918	180.544	93.374
Trade and other payables	11.710	19.783	(8.073)
Deferred tax liability	-	6.537	(6.537)
Other payables, deferred income and accrued expenses and accrued	77.075	85.439	(8.364)
Payables	362.703	292.303	70.400
Total liabilities and equity	535.531	496.816	38.715

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

Fixed assets at 31 December 2020, amounting to €389,590 thousand, decreased by €23,408 thousand, mainly due to the reduction of capital expenditure (€26,396 thousand), in relation to the spread of the Covid-19 pandemic.

As of 31 December 2020, current assets totalled €145,941 thousand, with an increase of €62,123 thousand, due mainly to the rise in cash and cash equivalents (€50,417 thousand) determined by fresh bank borrowings.

Group equity at 31 December 2020 was €161,895 thousand, with a decrease of €33,121 thousand, mainly due to the loss for the year (€33,551 thousand).

Total payables at 31 December 2020 amounted to €362,703 thousand, reflecting an increase of €70,400 thousand, mainly due to new borrowings (€106,445 thousand), minus the repayment of outstanding loans (€13,051 thousand) and the payment of the balance of dividends out of the 2018 profit in October 2020 (€11,878 thousand).

Details of the changes in the cash position of the ACA Group, as set against the comparable year-earlier figures, is shown in the consolidated statement of cash flows hereinbelow.

Statement of cash flows *

€/000	2020	2019	Change
Consolidated net income	(33,551)	37,637	(71,188)
Amortisation/depreciation	59,870	58,866	1,004
Variation in deferred taxes	(11,723)	(1,651)	(10,072)
Capital gains or losses from sale of assets	1,633	205	1,428
Self-financing gross margin for consolidated companies	16,229	95,057	(78,828)
Effect of change in working capital requirement linked to activity	2,645	(7,584)	10,229
Net cash flow generated by activity	18,874	87,473	(68,599)
Acquisition of property, plant and equipment	(40,271)	(66,667)	26,396
Debts on acquisition of property, plant and equipment	(12,607)	1,019	(13,626)
Other changes	(1,641)	(1,278)	(363)
Net cash flows linked to investment transactions	(54,519)	(66,926)	12,407
Dividends paid to parent company shareholders	(11,877)	(32,041)	20,164
Bank loans	106,445	19,385	87,060
Bank borrowing refunds	(13,051)	(18,259)	5,208
Investment grants received	4,565	6,277	(1,712)
Net cash flows linked to financing transactions	86,082	(24,638)	110,720
Change in cash flow	50,436	(4,091)	54,527
Cash on opening	27,631	31,722	(4,091)
Cash on closing	78,067	27,631	50,436

* prepared under French laws and GAAP

Cash inflow from operating activities amount to €18,874 thousand, mainly due to the consolidated loss (€33,551 thousand), the non-monetary effects of amortisation and depreciation (€59,870 thousand) and the change in deferred taxes (€11,723 thousand).

Cash outflow for investing activities amount to €54,519 thousand, mainly due to investments in property, plant and equipment (€40,271 thousand) and an increase in debt to make such capital expenditure (€12,607 thousand).

Cash inflow from financing activities amounts to €86,082 thousand, mainly due to new loans (€106,445 thousand), after deducting the repayment of older debt (€13,051 thousand) and the distribution of the balance of the dividends due out of the 2018 profit, paid in October 2020 (€11,878 thousand).

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 formalize 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.

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 organization is exposed in its business activity are correctly identified, measured and constantly monitored, in order to verify their alignment with the risk propensity defined on the basis of the Risk Appetite Framework.

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

- 1) Financial risks, i.e. risks that may affect corporate liquidity, covenant compliance, rating and access to financial markets;
- 2) Strategic risks related to its nature of holding company (which depend on the performance of the value of assets in the portfolio).

Financial risks

Interest rate risk

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 and on the value of assets and liabilities (linked also to derivatives). The strategy followed for this type of risk is intended, on the one hand, to mitigate interest rate risk through access, preferably, to fixed-rate funding and the management of the portfolio of hedging derivative instruments

and, on the other, to optimise the cost of debt. The management of these risks is carried out in compliance with the principles of prudence and in accordance *with market best practices*.

The main objectives pursued are as follows:

- defence of the long-term plan scenario against the effects caused by exposure to interest rate variation risks by identifying the optimal combination of fixed and floating rates;
- potential reduction in the cost of debt within the risk limits set by the Board of Directors;
- management of transactions in derivative financial instruments, taking into account the operating and financial impacts that they may have as a result of their classification and accounting recognition.

At 31 December 2020, the Company has a portfolio of Interest Rate Swaps (IRS) in place (market value of €115,882 thousand at 31 December 2020), some of which are forward starting, the purpose of which is to neutralise the variability induced by movements in market interest rates on cash flows arising from existing or prospective financial liabilities to be entered into up to 2041. As described in greater detail in the notes, at the balance sheet date these derivative financial instruments, which qualify as cash flow hedges, amounting to €106,865 thousand, are not recognised at their market value, 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 fair value of derivatives that do not qualify as hedges is recognised instead in provisions, pursuant to OIC 31, only when it is negative, suggesting a possible loss for the Company.

Liquidity risk

Liquidity risk - as represented by the failure to meet, in an adequate and timely manner, financial requirements, contractual financial obligations, and the possibility that guarantees and commitments entered into on behalf of third parties are called upon – is to be considered reasonably remote, given that on 31 July 2020 the Company refinanced in full its debt maturing in 2021 (equal to approximately €653 million) 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). In this context, the Company has confirmed its ability to access sufficient sources of funding to meet the planned financial requirements, taking into account the cash generation associated with the expected dividend flow from the subsidiary ACA.

Strategic risks

Azzurra Aeroporti is a holding company whose core business involves the management of the stake in ACA, an airport concessionaire.

The operating and financial results are therefore affected by the performance of the business of the subsidiary and its ability to generate profit.

The performance of the ACA business reflects both the operating and financial plans shared with the French grantor and subject to the trend of the approved rates, as well as the trend of airport traffic, which in 2020 was affected by the impacts of the Covid-19 pandemic.

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

Significant events in 2020

Azzurra Aeroporti

March – Board of Directors authorised to increase share capital in one or more instances

The Extraordinary Shareholder Meeting of 20 March 2020 resolved to delegate the Board of Directors, under Article 2443 of the Civil Code, to carry out a share capital increase (without premium) of up to €18,221,234, through a maximum increase of the share capital of €15,000,000, to be completed by 30 April 2021 in one or more instances. This resolution followed the request of the Company's Board of Directors of 7 February 2020 to the Shareholders to consider an equity injection of up to €15 million into the company, to mitigate the consequences of the potential deterioration of the financial ratios provided for by the covenants contained in the loan agreement in place at that time. This authority should now be considered lapsed and the related capital increase is no longer necessary in light of the "covenant holiday" and the subsequent full refinancing of the Company's bank debt.

June – Suspension of financial covenant tests

On 12 June 2020 Azzurra Aeroporti finalised with the lending banks an agreement for the temporary suspension of certain provisions of the loan agreement in place at that time, including the obligation to comply with the financial covenant for the test dates of June and December 2020, thus overcoming the acceleration risk for the loan and the need to increase its share capital.

July - Bond issue listed on Dublin's General Exchange Market (GEM)

On 21 July 2020 Azzurra Aeroporti issued a bond (Moody's rating Baa3 with negative outlook) which is listed on Euronext Dublin's GEM, for a total amount of €660 million, using the proceeds to repay early an outstanding bank loan of €653 million which was due to mature originally in November 2021.

The bond issue was completed in two distinct tranches:

- one for €360 million maturing on 30 May 2024, fixed rate IRS+2.55%, with a coupon

of 2.125%;

- one for €300 million maturing on 30 May 2027, fixed rate IRS+3.00%, with a coupon of 2.625%.

The all-in blended rate was equal to mid-swap + 2.75% for an average life of 5.2 years. The bond made it possible to refinance in its entirety the loan obtained in 2016 to acquire the stake in ACA, to extend the average debt life (from 1.1 to 5.2 years), to diversify maturities and to receive more flexible restrictions.

The terms and conditions of the bond do not call for a test of the default thresholds of the financial covenants until the test date of June 2022 included.

On 30 July 2020, in connection with the bond issue, action was taken on the portfolio of interest rate swaps (“IRS”) entered into by Azzurra Airport in 2016 to hedge interest rate risk (both on the pre-existing bank loan and the highly probable issues until 2041 with forward starting instruments), which overlapped in part with the bond issue. Specifically:

- the IRS stipulated with Monte dei Paschi di Siena for the period 2016-2021 were closed through the payment of the negative fair value at the relevant date (about €1 million);
- offsetting swaps were entered into with Unicredit and Intesa Sanpaolo, to hedge the interest rate risk arising from the overlapping of the original IRS with the bond issued and disburse in instalments the cash outflow to be incurred to pay negative fair value, in case closing of the contracts. Two of these offsetting swaps will expire in 2024 (overall notional amount of €356 million and an average interest rate of -0.5045%) and two will expire in 2027 (rising overall notional amount - for €99 million until 30 November 2021 and eventually for €297 million, thus aligned for every period with the notional amount of the original IRS to be offset - and an average interest rate of -0.5486%).

Shareholder guarantees for lenders

Considering that the parent company failed to meet the rating requirements under the terms of the loan agreement in place, following its rating downgrade in January 2020, on 6 March 2020 Atlantia’s guarantee on the Debt Service Reserve Account (DSRG) – covering six months of debt service – was replaced with a new guarantee provided by Unicredit (which meets the

minimum rating requirement of BBB- by S&P or equivalent), with Atlantia's counter-guarantee. In addition, the parent company and EDF entered into an indemnification agreement with Azzurra Aeroporti to govern:

- the right to request reimbursement from Azzurra Aeroporti - in case of enforcement of the main guarantees – after all the claims of Azzurra Aeroporti's creditors have been satisfied;
- the payment from Azzurra Aeroporti to Atlantia and EDF of a guarantee fee in line with the creditworthiness of Azzurra Aeroporti, equal to 120 basis points per year.

In the context of the aforementioned bond issue, on 30 July 2020 Atlantia and EDF provided in the interest of Azzurra as many provisional DSRG for a total of €8.9 million for the benefit of bondholders and hedging banks, replacing similar pre-existing guarantees.

The guarantee provided by EDF was replaced on 30 September 2020 with a new corporate guarantee, also issued by EDF, amounting to €2.2 million.

The guarantee provided by Atlantia was replaced on 3 November 2020 with a new bank guarantee issued by UniCredit with a counter-guarantee of Atlantia, amounting to €6.7 million.

Both guarantees are set to expire on 30 November, 2021, with an obligation to renew (so-called "extend-or-pay") within 60 days of their expiration.

Finally, in line with the existing agreements, Atlantia, EDF and the Company have signed a new indemnification agreement on terms and conditions in line with the previous one.

August – Adoption of the Atlantia Group tax strategy

On 3 August 2020 the Company adopted the tax strategy of the Atlantia Group which, in connection with the process to adhere to the collaborative compliance regime under legislative decree 128/2015, sets out the objectives and principles adopted by Atlantia S.p.A. in managing its own and the Atlantia Group's taxation.

November – Credit rating

On 18 November 2020 Moody's downgraded the Azzurra Aeroporti bond issue from Baa3 to Ba1 and confirmed the Baa2 corporate rating of the subsidiary ACA. The outlook remained

"negative", due to:

- the deterioration in the recovery of passenger demand since the end of the summer period;
- Moody's forecast on the severity of the Covid-19 pandemic, which will result in a slower recovery in traffic than previously expected.

Aéroports de la Côte d'Azur

Regulatory framework: Ordinance of the Ministry of Ecological and Inclusive Transition dated 3 February 2020

On 3 February 2020, the Ministry of Ecological and Inclusive Transition issued the TREA2000108A Ordinance, replacing the one issued on 12 July 2018, which confirmed for Aéroports de la Côte d'Azur the validity of the so-called "Dual-Till" regulatory model, specifying that the profits generated by unregulated activities must not be taken into account in the determination of aviation rates. This new measure was necessary to ensure the correct interpretation of Article R224-3-1 of the Civil Aviation Code which, as a consequence of the decision of the French State Council of 31 December 2019, unequivocally specifies that only profits from regulated activities can be considered in the determination of aviation rates. This could affect the regulator's approach to the impact of unregulated activities on future rates.

Covid-19 pandemic

Since March 2, 2020, regulatory restrictions on mobility, imposed by many government authorities globally, in response to the spread of the Covid-19 pandemic, have begun to have a significant impact on the traffic volumes of airport infrastructure managed by the ACA group (Nice Côte d'Azur, Cannes Mandelieu and Gulf of Saint-Tropez).

In this context, as of 16 March 2020, Nice Côte d'Azur airport has been operating flights solely from Terminal 2, thanks to a reorganisation that became necessary to optimise the flow of passengers, guarantee their journeys and monitor effectively the fulfilment of public health obligations.

Starting mid-June, air traffic has gradually resumed with the reopening of dozens of

connections with France's major cities and European capitals. The exacerbation of the Covid-19 pandemic at the end of the summer led the French government to order national containment from Friday 30 October and ACA adopted the preventive measures required by the authorities with the temporary closure of Terminals 1 and 2.1.

The known impacts on passenger volumes and the operational management of Nice, Cannes and Saint-Tropez airports at the balance sheet date resulted in a 68.4% decrease in passenger numbers compared to the same period last year. The Company is in talks with the French Civil Aviation Authority (Direction générale de l'aviation civile or DGAC) in order to estimate the financial impact of Covid-19 and agree on an adjustment to the financial terms of the concession arrangement, as provided for in art. 74 of the Concession Arrangement.

Suspension of the financial covenant tests

Between October and December 2020, the subsidiary ACA finalised agreements for the temporary suspension of the financial covenant tests required by the loan agreements with the European Investment Bank ("EIB", nominal outstanding €90.2 million), La Banque Postale (nominal outstanding €17.4 million) and BNP-Paribas (nominal amount of €8.0 million), for the test dates of December 2020 and June 2021 (the latter applies only to the EIB loan). The covenant holidays have been approved without any additional costs or obligation (other than reporting obligations) for ACA. ACA's other loan agreements do not contain financial covenants.

Decisions on rates by the Autorité de Régulation de Transports

On 17 September 2020, with Decision No. 2020-060, the *Autorité de Régulation de Transports* ("ART") authorised a 3% increase in the airport rates of Nice Côte d'Azur and Cannes Mandelieu, from 1 November 2020 until 31 October 2021. ART argued that this increase is in line with the principle of moderation in the current extraordinary context.

Other information

The information provided below will complete the description of the Company's activities.

The Company did not carry out research and development activities during the year.

The company does not have own shares or shares in its controlling companies.

The company has never acquired or disposed of any treasury shares or shares its controlling companies during the financial year.

The company has no staff.

Subsequent events

No significant events occurred after the balance sheet date.

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, starting in December 2022.

ACA's activities are expected to be still affected by negative impacts on air traffic caused by the spread of COVID-19 and the containment measures adopted by government and sector authorities, airlines and airport operators.

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.

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

Dear Shareholders,

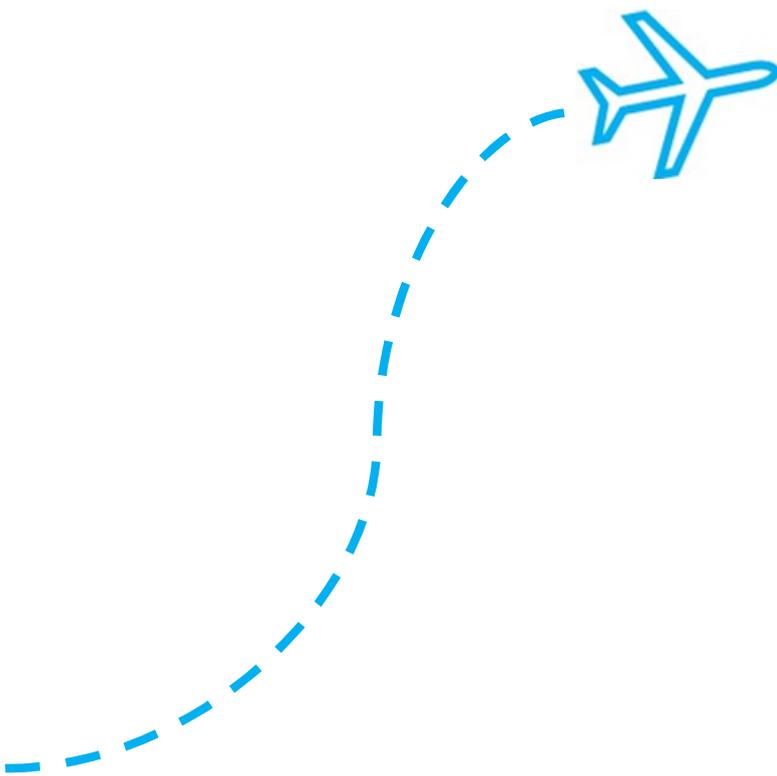
at the end of this report, we ask you to:

- approve the financial statements as of and for the year ended 31 December 2020, which show a loss of €240,426,957;
- cover the entire loss of €240,426,957 through:
the utilisation of the "retained earnings (losses)" reserve for the amount of €43,789,747 and the partial utilisation of the "share premium reserve - voting shares" for €196,637,210.


Chief Executive Officer
Marco Troncone

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3. Annual report



Balance sheet

€	31 December 2020	31 December 2019	Change
Assets	1.030.638.704	1.263.686.587	(233.047.883)
B) Non-current assets	1.009.304.278	1.229.094.283	(219.790.005)
III. Financial assets	1.009.304.278	1.229.094.283	(219.790.005)
1. Investments in	1.009.304.278	1.229.094.283	(219.790.005)
a) subsidiaries	1.009.304.278	1.229.094.283	(219.790.005)
C) Current assets	21.334.426	34.538.174	(13.203.748)
II. Receivables	7.902.301	16.776.926	(8.874.625)
2) due from subsidiaries	-	11.877.760	(11.877.760)
4) due from shareholders	4.572.067	4.896.371	(324.304)
5-bis) due from tax authorities	13.122	-	13.122
5-ter) deferred tax assets	3.315.453	1.136	3.314.317
5-quater) due from others	1.659	1.659	-
IV. Cash and cash equivalents	13.432.125	17.761.248	(4.329.123)
1) Bank and post office deposits	13.432.125	17.761.248	(4.329.123)
D) Accrued income and prepaid expenses	-	54.130	(54.130)
Equity and liabilities	1.030.638.704	1.263.686.587	(233.047.883)
A) Equity	369.783.505	610.210.462	(240.426.957)
I. Share capital	3.221.234	3.221.234	-
II. Share premium reserve	562.555.234	615.923.503	(53.368.269)
of which voting shares	413.420.715	466.788.984	(53.368.269)
of which preference shares	149.134.519	149.134.519	-
IV. Legal reserve	644.247	644.247	-
VIII. Retained earnings (accumulated deficit)	43.789.747	43.789.747	-
IX. Profit (loss) for the period	(240.426.957)	(53.368.269)	(187.058.688)
B) Provisions	9.017.419	142.533	8.874.886
2) for taxes, including deferred taxes	-	142.533	(142.533)
3) derivative liabilities	9.017.419	-	9.017.419
D) Payables	651.649.005	653.156.855	(1.507.850)
1) bonds	650.992.898	-	650.992.898
of which due beyond 12 months	650.992.898	-	650.992.898
4) bank debt	-	652.196.519	(652.196.519)
of which due beyond 12 months	-	648.796.519	(648.796.519)
7) trade payables	360.313	555.286	(194.973)
11) due to shareholders	266.294	316.190	(49.896)
12) taxes payable	1.001	21.760	(20.759)
14) other payables	28.499	67.100	(38.601)
E) Accrued expenses and deferred income	188.775	176.737	12.038

Chief Executive Officer **28**

 Marco Troncone

Income statement

€	2020	2019	Change
A) Value of production	-	-	-
B) Operating costs	(1,073,106)	(1,223,018)	149,912
7) services	(1,062,286)	(1,086,838)	24,552
8) leases	(7,828)	(11,406)	3,578
14) sundry operating costs	(2,992)	(124,774)	121,782
Difference between value of production and operating costs	(1,073,106)	(1,223,018)	149,912
C) Financial income and expenses	(18,575,344)	17,055,911	(35,631,255)
15) dividends from subsidiaries	-	28,226,560	(28,226,560)
16) other financial income	-	56	(56)
d) other than the above	-	56	(56)
17) interest and other financial expenses	(18,575,344)	(11,170,705)	(7,404,639)
D) Impairment of financial assets and liabilities	(228,807,424)	(73,955,000)	(154,852,424)
19) impairment	-	-	-
a) investments	(219,790,005)	(73,955,000)	(145,835,005)
d) derivatives	(9,017,419)	-	(9,017,419)
E) Profit (loss) before tax (A-B+/-C+/-D)	(248,455,874)	(58,122,107)	(190,333,767)
20) income tax for the period, current and deferred tax income and expense	8,028,917	4,753,838	3,275,079
deferred tax income and expense	3,456,850	(142,533)	3,599,383
income from tax consolidation	4,572,067	4,621,224	(49,157)
21) Profit (loss) for the period	(240,426,957)	(53,368,269)	(187,058,688)


 Chief Executive Officer
 Marco Troncone

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, and the technical, operational and financial coordination 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, Via Alberto Bergamini 50 and the company has no secondary places of business. The duration of the company is set until December 31, 2050.

During 2020, to repay the full amount of the acquisition loan that it obtained to purchase ACA, the Company issued a bond listed on Euronext Dublin's GEM. However, under the applicable law, it but did not take on the status of issuer of financial instruments placed with the public to a significant extent, as the number of subscribers and holders of the same on 30 December 2020 was lower than 500 (threshold provided for in Article 2-bis, paragraph 4 of Consob's Regulation on Issuers). Consequently, the accounting provisions laid down in Legislative Decree 38/2005 on IFRS does not apply.

These financial statements were approved by the Company's Board of Directors at its meeting on March 5, 2021.

Basis of preparation

The financial statements as of and for the year ended 31 December 2020, denominated in euros, have been prepared in accordance with the provisions of the Italian Civil Code, contained in Book V, section IX of Title V. In particular, since it qualifies, the Company prepares its financial statements as a micro-enterprise pursuant to Art. 2435-ter, including as of this year, for better information:

- the notes and a report on operations; and
- the balance sheet (art. 2424), the income statement (art. 2425) and the statement of cash flows (OIC 10).

The financial statements are consistent with the accounting records and provide a true and fair

view of the Company's financial condition, operating results and cash flows.

The above documents show, for comparative purposes, as required by law, the corresponding amounts of the financial statements as of and for the year ended 31 December 2019.

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 separate operations or funds intended for a specific transaction.

Even though it holds a controlling interest, 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 company, Atlantia S.p.A., and will be made available to the public within the time and in the manner established by law.

Going concern

On the date of preparation of the financial statements as of and for the year ended 31 December 2020, there were uncertainties related to liquidity risk, arising from the travel restrictions adopted by many governments the world over for the Covid-19 pandemic, which had a significant impact on the traffic and revenue levels of ACA, thereby affecting the subsidiary's ability to distribute dividends. In 2020 ACA took, and is planning to take in 2021, steps to keep operating costs in check, to reschedule capital expenditure (except for the portion related to safety and security), to tap the credit market which, despite the persisting effects of the pandemic on traffic levels, enabled it to include shareholder distributions in the financial and operating projections for 2021.

As such, based on the financial and operating projections for 2021 and considering the liquidity

available at year-end 2020, Azzurra's directors determined that the Company can service its debt and meet its running costs. Accordingly, considering manageable the foregoing uncertainties, the Directors prepared the financial statements as of and for the year ended 31 December 2020 on a going concern basis.

Accounting policies

The accounting policies used to value the line items and to make value adjustments are in line with the provisions applicable to a micro-enterprise in accordance with articles 2423 bis (basis of preparation of financial statements) and 2426 (accounting standards) of the Civil Code as interpreted in accordance with, and supplemented by, the accounting standards issued by the Italian Accounting Standard Setter (OIC).

Investments

Investments, which reflect equity interests held for the long term, are recognised at purchase or subscription cost, as adjusted for any impairment determined at year-end. Impairment results from the difference between the carrying amount of an investment and its recoverable amount, as calculated on the basis of future benefits expected to accrue to the investor through the analysis of the Company's long-term plan and expected future cash flows.

Receivables

Receivables are recognised on the basis of amortised cost, taking into account the time factor and their expected realisable value.

The amortised cost criterion does not apply to short-term receivables, which are due in less than 12 months, or where the effects are considered irrelevant.

Payables

Payables are recognised on the basis of amortised cost, taking into account the time factor.

The amortised cost criterion does not apply to short-term payables, which are due in less than 12 months, or where the effects are considered irrelevant.

Derivative financial instruments

The Company, where appropriate, enters into derivative contracts to hedge its interest rate risk on its debt. In particular, plain vanilla IRS are entered into that mirror the amount and maturity of the underlying liabilities. The Company has also IRS forwarding to hedge the interest rate risk of highly likely future financial liabilities.

The Company does not engage in speculative derivative trading.

The foregoing derivatives qualify as cash flow hedges when the relationship between the derivative and its underlying is formally documented and the effectiveness of the hedge is high, as confirmed by tests run at the start of the derivative contract and then periodically.

Article 2435-ter, paragraph 2, of the Italian Civil Code exempts micro-enterprises from the provisions on derivatives and hedging transactions contained in article 2426, paragraph 1, sub-paragraph 11-bis, of the Italian Civil Code, as interpreted in light of, and supplemented with, the provisions of accounting standard OIC 32. Moreover, OIC 32 provides that, in case a macro-enterprise holds financial derivatives, in the presence of the conditions for their recognition in accordance with accounting standard OIC 31, the company should make provisions for risks and charges. In making these provisions, the company can refer to the guidelines on the valuation of a derivative contract outlined in OIC 32.

Accordingly, micro-enterprises cannot recognise derivatives that meet the foregoing requirements in accordance with in article 2426, paragraph 1, sub-paragraph 11-bis, of the Italian Civil Code, that is at their fair value through equity. As such, and considering the OIC's requirements, the Company:

- does not recognise at their fair value derivatives that qualify as cash flow hedges, in relation to current or highly probable future financial liabilities, but indicates them in the notes. This because, since they are intended to eliminate the interest rate risk associated with these financial liabilities, these derivatives will make it possible to pay a fixed interest amount in the following years, thus without creating the conditions that would require the Company to make provisions for risks and charges pursuant to OIC 31. Accordingly, for these derivatives, the interest income or expense swapped with the counterparty is

recognised through profit or loss;

- recognises any negative change in the ineffective portion of derivatives by making provisions for risks and charges through profit or loss, if the conditions indicated by OIC 31 are met;
- determines - in case of early termination of hedging contracts, thus of the hedge relationship with the underlying – the fair value as of the date of termination of the hedge and
 - a) if the cash flows associated with the hedged underlying continue, changes in this fair value are recognised through profit or loss in the years in which the Company swaps cash flows with the counterparty, in analogy with the accounting treatment described above;
 - b) in all the other cases, in the presence of negative changes in the above fair value, the Company makes provisions for risks and charges through profit or loss.
- The changes in fair value of derivatives that do not qualify as hedges as per above are recognised via provisions for risks and charges through profit or loss pursuant to OIC 13 (if the conditions for applying the standard are met) only when such changes are negative, as presumably they represent a loss for the Company.

Cash and cash equivalents

Cash and cash equivalents are recognised at their nominal value.

Provisions

Provisions for risks and charges not directly related to specific assets are made to face possible charges and losses of a specific nature, whose existence is certain or probable, of which however at year-end neither the amount or the date of occurrence are not known. Provisions reflect the best possible estimate on the basis of information available at the reporting date.

In making provisions for risks and charges, no account is taken of the effect of discounting, which is considered immaterial, and, in any case, not suited to represent adequately the estimated charges to be incurred by the Company.

Accruals and deferrals

Accrued and deferred income and expenses are determined on the accrual basis of accounting.

Costs

Costs are recognised on an accrual basis, giving rise also to accrued income and expenses, and after deducting discount, allowances and returns.

Dividends

Dividends are recognised upon adoption of the relevant resolution by the shareholders of the investee to distribute either profits or reserves, which gives rise to the right of the investor to collect the relevant amount. Dividends are recognised as financial income, regardless of the nature of the reserves being distributed.

Income tax

Income taxes for the period are determined on the basis of a realistic forecast of the tax amount payable, in accordance with current tax legislation.

The related payable at the end of the year is shown as a liability in the balance sheet, net of advances paid, withholding taxes and any tax credits. Any positive imbalance is entered on the asset side.

With reference to IRES, the Company participates in the consolidated tax scheme managed by the direct parent company, Atlantia S.p.A., as permitted by current 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 “receivables from parent companies” and “payables to parent companies” include also the funds receivable from or payable to Atlantia S.p.A. for IRES (which is entered in the income statement under “Income tax for the period”), minus any tax credits and withholdings.

Notes to the balance sheet

Balance sheet - Assets

Investments – Equity interests in subsidiaries

€ 1,009,304 thousand (€1,229,094 thousand)

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

The data for the investment, including the result for 2020 and the equity at 31 December 2020, taken from the internal consolidated accounts of the ACA Group, drawn up on the basis of the French GAP, are shown in the following table.

€/000

Name	Registered office	Issued capital	Value 31 December 2020	Interest held	Profit / (Loss) 2020	Equity 31 December 2020	Pro rata share of equity
Aéroports de la Côte d'Azur	Nice (France)	148	1,009,304	63.99%	(33,551)	161,895	103,597

At 31 December 2020, the carrying amount of the investment in Aéroports de la Côte d'Azur (ACA) was tested for recoverability, on the basis of the cash flows projected in the multi-year plan for the life of the concession, which was prepared taking into account recent traffic developments due to the effect of the Covid-19 pandemic and the regulatory framework and also considering the economic and financial rebalance of the concession due to the impacts of the aforementioned pandemic. In estimating the discount rate, which was set at 4.12%, 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 impairment charge of approximately €220 million.

In addition to the foregoing test, sensitivity analyses were conducted on the recoverable amount as follows:

- by increasing the adopted discount rate by 100 basis points, the recoverable amount of

the investment falls by an additional €131 million;

b) by reducing by 100 basis points the NOPAT (Net Operating Profit After Tax) average annual growth rate, the recoverable amount of the investment drops by an additional €193 million.

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

Receivables

€ 7,902 thousand (€16,777 thousand)

€/000	Balance 1 January 2020	Increases/ Provisions	Collections	Balance 31 December 2020
Due from subsidiary	11.878	-	(11.878)	-
Due from parent company	4.896	4.572	(4.896)	4.572
Other tax receivables	-	13	-	13
Deferred tax assets	1	3.314	-	3.315
Sundry receivables	2	-	-	2
Receivables	16.777	7.899	(16.774)	7.902

Due from subsidiary is canceled in 2020 following the collection of the receivable for dividends from the ACA shareholding in October 2020.

Due from shareholders reflects the sum due from Atlantia as a result of the IRES tax loss for the year, the interest expense transferred to the "GOM" of the parent company, all transferred to the direct parent company, Atlantia S.p.A., as part of the Company's participation in the National Tax Consolidation scheme.

Deferred tax assets rose due both to the tax relief under Law Decree of 6 December 2011 (ACE) for €1,150 thousand and the provisions for risks in relation to derivatives for €2,164 thousand which, based on the plan prepared by the Company, can be reasonably assumed to be recovered.

Cash and cash equivalents

€13,432 thousand (€17,761 thousand)

This item reflect the bank balances held at financial year-end, which decreased by €4,329 thousand from the comparable year-earlier amount, mainly due to the outflows for operating activities (€25,157 thousand) related to the interest on the repaid bank debt and on the bond issued in 2020, net of the inflows for operating activities related to the collection of both dividends receivable from ACA (€11,188 thousand) and the amount due from the parent company for participating in the National Tax Consolidation scheme (€4,896 thousand).

These bank balances have been pledged to secure the medium and long-term debt entered under the item "Bonds".

Accrued income and prepaid expenses

€0 (€54 thousand)

This item reflects costs already billed that will be expensed out in the following year.

Balance sheet – Liabilities and equity

Equity

€369,783 thousand (€610,210 thousand)

The table below show changes in equity for 2020 and 2019. Details of such changes 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) for the period	Profit (loss)	Total
Balance at 1 January 2019	3,221	644	509,789	149,134	-	43,790	706,578
Allocation of 2018 result					43,790	(43,790)	-
Reserve distribution			(43,000)				(43,000)
Result for 2019						(53,368)	(53,368)
Balance at 31 December 2019	3,221	644	466,789	149,134	43,790	(53,368)	610,210
Allocation of 2019 result			(53,368)			53,368	-
Result for 2020						(240,427)	(240,427)
Balance at 31 December 2020	3,221	644	413,421	149,134	43,790	(240,427)	369,783

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 2020, 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 2020, the legal reserve equaled the minimum amount required by the Italian Civil Code.

Share premium reserve

Shares with voting rights: €413,421 thousand (€466,789 thousand)

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

At their meeting on 15 April 2020, the Shareholders resolved to cover in full the loss of €53,368 thousand for 2019 through the partial use, for the same amount, of the "Share premium reserve - shares with voting rights".

Retained earnings (accumulated losses)

€43,790 thousand (€43,790 thousand)

The item consists of the profit for 2018 financial year brought forward in 2019.

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)	Summary of uses for 2017-2019		
			Available amount	to cover losses	Other reasons
Issued capital	3,221	B	-	-	-
Share premium reserve:					
- with voting rights	413,421	ABC	413,421	60,572	-
- preference	149,134	ABC	149,134	-	-
Legal reserve	644	B	-	-	-
Retained earnings (accumulated losses)	43,790	ABC	43,790	-	-
Profit (loss) for the period	(240,427)	-			
Total	369,783		606,345	60,572	-
Non-distributable amount			240,427		
Residual non-distributable amount			365,918		

Key

A: for capital increases

B: to cover losses

C: for distribution to Shareholders

Provisions

For deferred taxes

€0 (€143 thousand)

Provisions for deferred taxes showed a zero balance at the balance sheet date, following the use related to the collection in 2020 of the dividends declared by ACA in 2019.

Derivative liabilities

€9,017 thousand (€0)

On 30 July 2020, in connection with the bond issued and quoted on the Euronext Dublin's unregulated GEM, action was taken on the portfolio of interest rate swaps ("IRS") entered into by Azzurra Airport in 2016 to hedge interest rate risk (both on the pre-existing bank loan and the highly probable issues until 2041 with forward starting instruments), which overlapped in

part with the bond issue. Specifically:

- the IRS stipulated with Monte dei Paschi di Siena for the period 2016-2021 were closed through the payment of the negative fair value at the relevant date (about €1 million);
- offsetting swaps were entered into with Unicredit and Intesa Sanpaolo, to hedge the interest rate risk arising from the overlapping of the original IRS with the bond issued and disburse in instalments the cash outflow to be incurred to pay negative fair value, in case closing of the instruments. Two of these offsetting swaps will expire in 2024 (overall notional amount of €356 million and an average interest rate of -0.5045%) and two will expire in 2027 (rising overall notional amount - for €99 million until 30 November 2021 and eventually for €297 million, thus aligned for every period with the notional amount of the original IRS to be offset - and an average interest rate of -0.5486%).

In keeping with the accounting standards adopted and applicable to the financial statements of micro-enterprises, described under “Accounting policies”, this item includes the negative change in the fair value of the derivative contracts which no longer qualify as hedges (due to the early repayment of the acquisition loan with the proceeds of the bond issued), or those entered into to offset the hedging derivatives.

Derivatives reported at their negative fair value are shown in the table below.

€/000

Name	Period	Notional	Counterparty	Status		Fair value	
				31 December 2020		31 December 2020	31 December 2019
IRS1			Monte Paschi di Siena	Unwound	⁽¹⁾	-	n/a
IRS1	2016-2021	227,467	Intesa San Paolo	Offset	⁽¹⁾	(1,008)	n/a
IRS1	2016-2021	227,467	Unicredit	Offset	⁽¹⁾	(1,011)	n/a
Offset swap 20-24	2020-2024	177,943	Intesa San Paolo	Offsetting	⁽²⁾	(69)	n/a
Offset swap 20-24	2020-2024	177,943	Unicredit	Offsetting	⁽²⁾	(104)	n/a
IRS2	2021-2026	326,500	Intesa San Paolo	Offset	^{(1) (3)}	(2,134)	n/a
IRS2	2021-2026	326,500	Unicredit	Offset	^{(1) (3)}	(2,069)	n/a
Offset swap 20-27	2020-2027	49.524/ 148.558	Intesa San Paolo	Offsetting	⁽²⁾	(1,275)	n/a
Offset swap 20-27	2020-2027	49.524/ 148.558	Unicredit	Offsetting	⁽²⁾	(1,347)	n/a
Total						(9,017)	-

⁽¹⁾ Original derivative to hedge interest rate risk, which later became ineffective due to repayment of underlying.

⁽²⁾ From refinancing of non-hedging interest derivative that changes in the opposite direction to the offset one.

⁽³⁾ Original derivative to hedge interest rate risk. Ineffective from 1 July 2020.

As described in the section on “Accounting policies”, at the balance sheet date the market value of these derivative financial instruments is not recognised, as there is no requirement to do so under the law, as interpreted and supplemented by the accounting standards issued by OIC, the Italian accounting standard setter.

The table below provides a summary of all the derivative contracts outstanding, with the details required by article 2427 bis paragraph 1 of the Italian Civil Code for these instruments, with indication of their fair value and the amount recognised or not recognised in the financial statements. It should be noted that these derivatives had not been recognised in the 2019 financial statements, as the conditions for their recognition was not met, as specified in the section “accounting policies”, to which reference is made.

€/000

Name	Period	Notional	Counterparty	Status	31 December 2020	Fair value recognised in the financial statements		Fair value not recognised in the financial statements	
						31 December 2020	31 December 2019	31 December 2020	31 December 2019
IRS1			Monte Paschi di Siena	Unwound	(1)	-	n/a	-	(1,034)
IRS1	2016-2021	227,467	Intesa San Paolo	Offset	(1)	(1,008)	n/a	n/a	(1,146)
IRS1	2016-2021	227,467	Unicredit	Offset	(1)	(1,011)	n/a	n/a	(1,152)
Offset swap 20-24	2020-2024	177,943	Intesa San Paolo	Offsetting	(2)	(69)	n/a	n/a	n/a
Offset swap 20-24	2020-2024	177,943	Unicredit	Offsetting	(2)	(104)	n/a	n/a	n/a
IRS2	2021-2026	326,500	Intesa San Paolo	Offset	(1)(3)	(2,134)	n/a	(19,657)	(12,136)
IRS2	2021-2026	326,500	Unicredit	Offset	(1)(3)	(2,069)	n/a	(19,479)	(12,609)
Offset swap 20-27	2020-2027	49,524/ 148,558	Intesa San Paolo	Offsetting	(2)	(1,275)	n/a	n/a	n/a
Offset swap 20-27	2020-2027	49,524/ 148,558	Unicredit	Offsetting	(2)	(1,347)	n/a	n/a	n/a
IRS3	2026-2041	326,500	Intesa San Paolo	Hedge	(4)	-	n/a	(34,052)	(11,786)
IRS3	2026-2041	326,500	Unicredit	Hedge	(4)	-	n/a	(33,677)	(11,794)
				Total		(9,017)	-	(106,865)	(51,657)

(1) Original derivative to hedge interest rate risk, which later became ineffective due to repayment of underlying.

(2) From refinancing of non-hedging interest derivative that changes in the opposite direction to the offset one.

(3) Original derivative to hedge interest rate risk. Ineffective from 1 July 2020.

(4) Financial instrument hedging a planned transaction.

Moreover, the Company’s debt is secured by:

- a pledge over its bank accounts and the 64% equity interest in ACA;
- a pledge over the receivables arising from the hedging contracts and any loans extended to ACA;
- a pledge over the Company’s shares;

- the renewable one-year guarantees issued by UniCredit S.p.A. (with Atlantia S.p.A.’s counter-guarantee) and related party EDF S.A., to cover six months of net senior finance charges payable on the bond and the derivative contracts entered into.

The terms and conditions of the bond call for compliance, every six months, of a maximum Consolidated Leverage Ratio (“CLR”) – thus including the operating and financial data of the ACA Group – as well as a minimum Interest Coverage Ratio (“ICR”). The default thresholds of the Consolidated Leverage Ratio (CLR) and the Interest Coverage Ratio (“ICR”) will be tested starting in December 2023 and December 2022, respectively.

Payables

Bonds

€650,993 thousand (€0)

This item reflects the bond issued and listed on Euronext Dublin’s unregulated GEM in July 2020, with the proceeds used for the early repayment of the €653 million loan provided by Cassa Depositi e Prestiti, Unicredit, Intesa Sanpaolo/Banca IMI, MPS Capital Services and The Bank of Tokyo-Mitsubishi/MUFG.

€/000	Balance at 31 December 2020	Nominal value	Maturity	Repayment schedule		
				Within 12 months	Between 2 and 5 years	After 5 years
1st issue 2020	355,408	360,000	2024		360,000	-
2nd issue 2020	295,585	300,000	2027		-	300,000
Bonds	650,993	660,000		-	360,000	300,000

Bank debt

€0 (€652,197 thousand)

The balance of this item fell to zero following the bond issue, as described above.

Trade payables

€360 thousand (€555 thousand)

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

Due to shareholders

€266 thousand (€316 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.

Taxes payable

€1 thousand - (€22 thousand)

This item reflects the VAT amount payable in January 2021.

Other payables

€28 thousand (€67 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 fellow subsidiary Essediesse S.p.A.

Accrued expenses and deferred income

Accrued expenses

€189 thousand (€176 thousand)

Accrued expenses reflect hedging costs accrued on financial derivatives in the year under review but maturing in 2021.

Guarantees

As of 31 December, 2020, the Company had in place the pledge arrangements with the bondholders to secure the bond issued, as per the relevant terms and conditions and the related hedging agreements:

- on the Company's current accounts and on the 64% equity interest in ACA;
- on the Company's shares.

Moreover, the bonds issued benefit from renewable one-year guarantee of a bank, with the counter-guarantee of Atlantia S.p.A. and related party EDF S.A., covering six months of net senior finance charges payable on the bond and on derivative contracts, for up to €8,866 thousand.

Notes to the income statement

Operating costs

For services

€1,062 thousand (€1,087 thousand)

Service costs are mainly attributable to professional services and activities related to service contracts rendered during the year.

For leases

€8 thousand (€11 thousand)

These costs refer to the rent for the premises owned by the sister company Autostrade per l'Italia S.p.A.

For sundry operating costs

€3 thousand (€125 thousand)

Sundry operating costs are mainly attributable to the charges for other taxes and levies paid during the year.

Financial income and expenses

Dividends from subsidiaries

€0 thousand (€28.227 thousand)

No dividends were declared during the year by the subsidiary ACA, which paid in October 2020 the balance of the €11,878 thousand in dividends declared in 2019.

Interest and other financial expenses

€18,575 thousand (€11,170 thousand)

This item mainly includes interest expenses on the repaid bank loan for €6,352 thousand, on the bond for €7,528 thousand, on derivative financial instruments for €3,074 thousand.

Impairment of financial assets and liabilities

Investment impairment

€219,790 thousand (€73,955 thousand)

For the impairment of the controlling interest in ACA during 2020, reference is made to the comments made in the context of investments in subsidiaries.

Impairment of derivatives

€9,017 thousand (€0)

For the recognition of negative changes in the fair value of derivatives during 2020, reference is made to the comments made in connection with provisions – derivative liabilities.

Income tax for the period

€8,029 thousand (€4,754 thousand)

This item reflects the income calculated on the IRES tax loss for the year, as a result of the interest expenses transferred to the GOM of Atlantia S.p.A., the parent company, under the National Tax Consolidation scheme, which the Company joined for €4,572 thousand. This in addition to deferred tax assets related to both the tax relief under Law Decree of 6 December 2011 (ACE) for €1,150 thousand and the provisions for risks in relation to derivatives for €2,164 thousand – which can be reasonably be assumed to be recovered - as well as deferred tax liabilities for €143 thousand.

Statement of cash flows

The Statement of Cash flows provided for by Legislative Decree 139/2015 – which together with the Balance sheet, 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 2020, in accordance with accounting standard OIC 10.

Statement of cash flows

€	2020	2019	Change
Cash flows from operating activities			
Profit (loss) for the period	(240.426.957)	(53.368.269)	(187.058.688)
Income tax	(8.028.917)	(4.753.838)	(3.275.079)
Interest expense (interest income)	16.953.832	9.640.406	7.313.426
(Dividends)	-	(28.226.560)	28.226.560
Profit (loss) for the period before income tax, interest, dividends and gains (losses) on disposals	(231.502.042)	(76.708.261)	(154.793.781)
Adjustments for non-monetary elements that did not have an offsetting entry in working capital:			
Impairments	219.790.005	73.955.000	145.835.005
Adjustments to financial and derivative assets and liabilities that do not entail monetary movements	9.017.419	-	9.017.419
Cash inflow (outflow) before changes in working capital	(2.694.618)	(2.753.261)	58.643
Changes in working capital			
(Increase) decrease of receivables	(13.122)	(1.559)	(11.563)
Increase (decrease) of payables	(304.229)	460.620	(764.849)
Increase (decrease) of accrued expenses and deferred income	12.038	46.527	(34.489)
(increase) decrease of accrued income and prepaid expenses	54.130	10.077	44.053
Cash inflow (outflow) after changes in working capital	(2.945.801)	(2.237.596)	(708.205)
Other adjustments:			
Interest income collected (expense paid)	(25.157.453)	(7.257.695)	(17.899.758)
Income tax collected (paid)	4.896.371	4.459.099	437.272
Dividends collected	11.877.760	16.348.800	(4.471.040)
CASH INFLOW (OUTFLOW) FROM (FOR) OPERATING ACTIVITIES (A)	(11.329.123)	11.312.608	(22.641.731)
CASH INFLOW (OUTFLOW) FROM (FOR) INVESTING ACTIVITIES (B)	-	-	-
Bonds issued	660.000.000	-	660.000.000
Repayment of bank debt	(653.000.000)	-	(653.000.000)
(Dividends paid)	-	(43.000.000)	43.000.000
CASH INFLOW (OUTFLOW) FROM (FOR) FINANCING ACTIVITIES (C)	7.000.000	(43.000.000)	50.000.000
Increase (decrease) of cash and cash equivalents (A+B+C)	(4.329.123)	(31.687.392)	27.358.269
Cash and cash equivalents - opening balance	17.761.248	49.448.640	(31.687.392)
of which in bank deposits	17.761.248	49.448.640	(31.687.392)
Cash and cash equivalents - closing balance	13.432.125	17.761.248	(4.329.123)
of which in bank deposits	13.432.125	17.761.248	(4.329.123)

The cash outflow for operating activities amounts to €11,329 thousand, mainly due to the interest paid in 2020 on the acquisition loan until its early repayment, on the newly-issued bond, on the derivative instruments and for the upfront fees (€9,900 thousand) paid in connection with the refinancing transaction, for a total of €25,157 thousand, a sum that was partially offset by the dividends collected (€11,878 thousand).

The cash inflow from financing activities amounts to €7,000 thousand, representing the difference between the nominal value of the bond (€666,000) issued for the refinancing transaction and the amount of the acquisition loan repaid early (€653,000).

Cash and cash equivalents at year-end 2020 was €13,432 thousand, down €4,329 thousand from €17,761 thousand at 31 December 2019.

Related-party transactions

In 2020 the Company had transactions with:

1. the parent company, Atlantia S.p.A., in connection with the Company's participation in the National Tax Consolidation scheme, for the service activities received during the year and for the commissions charges in relation to the guarantees provided or sourced;
2. fellow-subsiary Essediesse S.p.A. for the service activities received;
3. EDF S.A. for the commissions charges in relation to the guarantees provided;
4. fellow-subsiary Autostrade per l'Italia S.p.A. for the rental contract entered into.

Moreover, the Company benefits from the guarantees provided by related party EDF S.A. and by UniCredit S.p.A. (upon request and the counter-guarantee of Atlantia S.p.A.) to cover six months of net senior finance charges under the Term Loan Facility Agreement and the hedging contracts entered into by the Company.

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 2020				2020			
	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.				2.216				(22)
Total associates	-	-	-	2.216	-	-	-	(22)
<i>Subsidiaries of parents</i>								
- Autostrade per l'Italia S.p.A.					(12)			
- Essediesse S.p.A.		(30)			(30)			
Total subsidiaries of parents	-	(30)	-	-	(42)	-	-	-
<i>Parents</i>								
- Atlantia S.p.A.	4.572	(266)		6.650	(229)			(37)
Total parents	4.572	(266)	-	6.650	(229)	-	-	(37)

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 2019 financial statements Atlantia S.p.A.
Statement of financial position	
	31 December 2019
Non-current assets	16,288
Current assets	732
Total assets	17,020
Equity	10,809
of which issued capital	826
Non-current liabilities	5,990
Current liabilities	221
Total liabilities and equity	17,020
Income statement	
	2019
Total revenue	3
Operating costs	(93)
Operating profit (loss)	(90)
Profit (loss) for the period	427

Fees to Directors and Statutory Auditors

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

The Board of Statutory Auditors received €32 thousand in fees for 2020 (€28 thousand in 2019) plus VAT and out-of-pocket expenses.

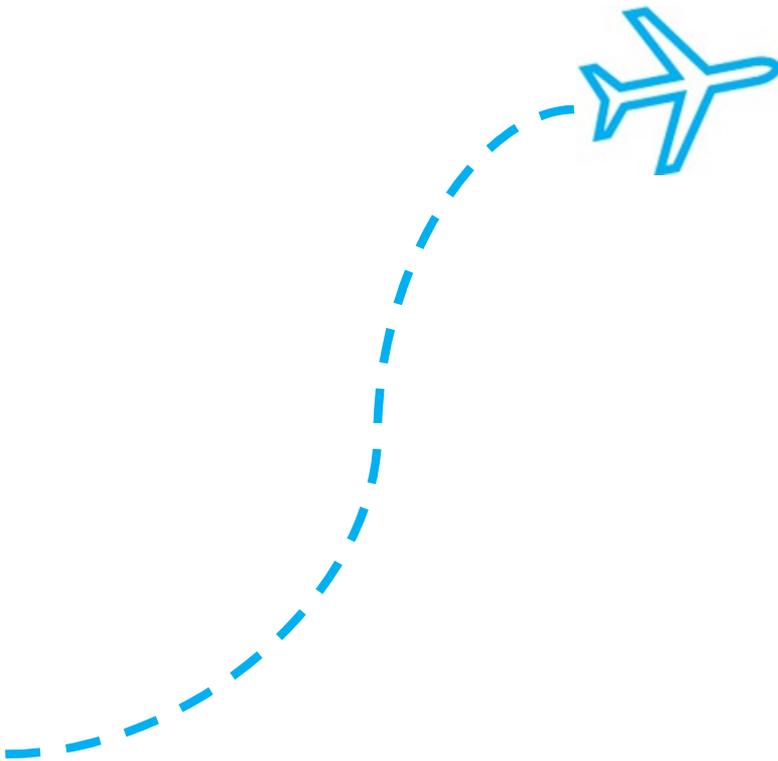
The fees paid to the independent audit firm of Deloitte & Touche S.p.A. in 2020 (no other fees were paid to the other entities part of the network of the audit firm) are shown in the following table:

€/000	2020	2019	Change
Audit	18	21	(3)
Other services	72 ⁽¹⁾	11	61
Total	90	32	58

⁽¹⁾Includes comfort letter on bond, review of financial covenant and preparation of income tax return


Chief Executive Officer
Marco Troncone

4. Reports



Reports of the Board of Statutory Auditors on the financial statements as at and for the year ended 31 December 2020 pursuant to art. 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 Deloitte & Touche spa were engaged.

The Board of Statutory Auditors carried out our oversight activities during the year ended 31 December 2020 in compliance with the law, as shown in the minutes produced.

During the year ended 31 December 2020, 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. In this regard, we report that as part of our oversight of internal controls, we recommended the implementation of a risk management system. In response, on 23 September 2020, the Board of Directors decided to adopt Atlantia SpA's Enterprise Risk Management Policy;*
- *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 risks. In this regard, with reference to the section on the "Covid-19 pandemic" in the report on*

operations and the note on “Non-current financial assets” in the notes to the financial statements, and specifically with regard to the Directors’ description of the recoverable value of the subsidiary, the Board recommended continuous monitoring of the impact of the pandemic and of the talks in progress with the Grantor with a view to identifying solutions enabling the subsidiary to make up the lost revenue, as provided for in art. 74 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 2020, in which the income statement reports a loss for the year of €240,426,957, as confirmed in equity in the statement of financial position. The document was approved at the Board of Directors’ meeting of 5 March 2021 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;*
- *it should be noted that the independent auditor engaged to conduct the statutory audit of the accounts has included the following emphasis of matter paragraphs in its report with reference to matters more extensively dealt with by the Directors. The Board is in agreement with their inclusion in the report and hereby provides the full text of the relevant paragraphs:*

- *in the section, “Going concern assessment”, in the notes regarding the reasons for which the financial statements have been prepared on a going concern basis;*
- *in the section, “Introduction”, in the report on operations regarding the fact that the Company has availed itself of the option not to prepare consolidated financial statements granted by the law as it is consolidated on a line-by-line basis in the accounts of the Atlantia Group, its parent that prepares consolidated*

IFRS financial statements;

- in the sections, “Basis of preparation” and “Accounting policies”, in the notes regarding the fact that, given that the Company meets the related requirements, in preparing the financial statements the Directors have elected to apply the exemptions for micro-enterprises provided for in art. 2435-ter of the Italian Civil Code. In particular, with regard to derivative financial instruments outstanding as at 31 December 2020 and linked to borrowings or to highly probable future financial liabilities and classifiable as cash flow hedges, the fair value is not recognised in the financial statements, but is disclosed in the notes. In order to provide a greater degree of disclosure with respect to the requirements for micro-enterprises, the Directors also state that they have adopted the ordinary formats for the statement of financial position (art. 2424 of the Italian Civil Code) and income statement (art. 2425 of the Italian Civil Code), including the statement of cash flows after the notes, and that they have prepared the notes in addition to the report on operations.

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 three emphasis of matter paragraphs, on the financial statements as at and for the year ended 31 December 2020 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.

Rome, 26 March 2021

The Board of Statutory Auditors

Alessia Bastiani, Chairwoman

Prof. Lorenzo De Angelis, Standing Auditor

Francesco Rocco, Standing Auditor

Independents Auditor's report

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Azzurra Aeroporti S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Azzurra Aeroporti S.p.A. (the "Company"), prepared pursuant to art. 2435-ter of the Italian Civil Code, which comprise the balance sheet as at December 31, 2020, the statement of income for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance for the year then ended in accordance with the Italian law governing financial statements.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to what is more fully indicated by the Directors:

- in the paragraph "Going concern" of the explanatory notes which describes the reasons why the financial statements have been prepared on a going concern basis;
- in the paragraph "Introduction" of the report on operations which describes the fact that the Company avails itself of the right not to consolidate its accounts as laid out in the regulations, considering that its accounts are fully consolidated in those of the Atlantia Group, the parent that prepares its consolidated financial statements in accordance with International Financial Reporting Standards;

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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- in the paragraphs "Basis of preparation" and "Accounting policies" of the explanatory notes which describe that, since permissible, the Directors prepared the Company's financial statements making use of some exemptions provided to micro-enterprises pursuant to art. 2435-ter of the Italian Civil Code. In particular, with reference to the derivative financial instruments as at December 31, 2020, the Company does not recognise at their fair value derivatives that qualify as cash flow hedges, in relation to current or highly probable future financial liabilities, but disclose them in the explanatory notes. Moreover, in order to provide more detailed information compared to what expected for micro-enterprises, the Directors indicate that the financial statements comprise the balance sheet (art. 2424 of the Italian Civil Code) and the income statement (art. 2425 of the Italian Civil Code), the statement of cash flows at the end of the explanatory notes, the explanatory notes and the report on operations.

Our opinion is not modified in respect of these matters.

Responsibilities of the Directors and the Board of Statutory Auditors 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 law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's 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 auditor's 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 International Standards on Auditing (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 International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism 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 management's 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 auditor's 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 auditor's 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 an appropriate level as 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 art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Azzurra Aeroporti S.p.A. are responsible for the preparation of the report on operations of Azzurra Aeroporti S.p.A. as at December 31, 2020, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Azzurra Aeroporti S.p.A. as at December 31, 2020 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Azzurra Aeroporti S.p.A. as at December 31, 2020 and is prepared in accordance with the law.

Deloitte.

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With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Andrea Cannavò
Partner

Rome, Italy
March 26, 2021

This report has been translated into the English language solely for the convenience of international readers.

Legal information

Name

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

Registered office

Via Alberto Bergamini 50

00151 Rome, Italy

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