

Azzurra Aeroporti SpA

**Financial statements as of and for the year ended 31
December 2022**

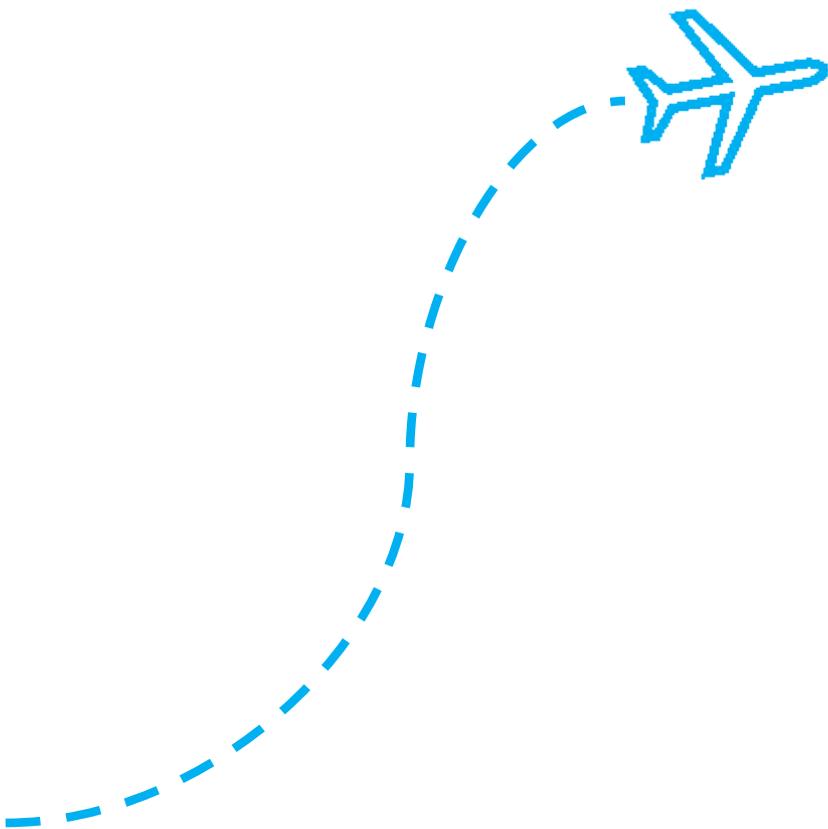
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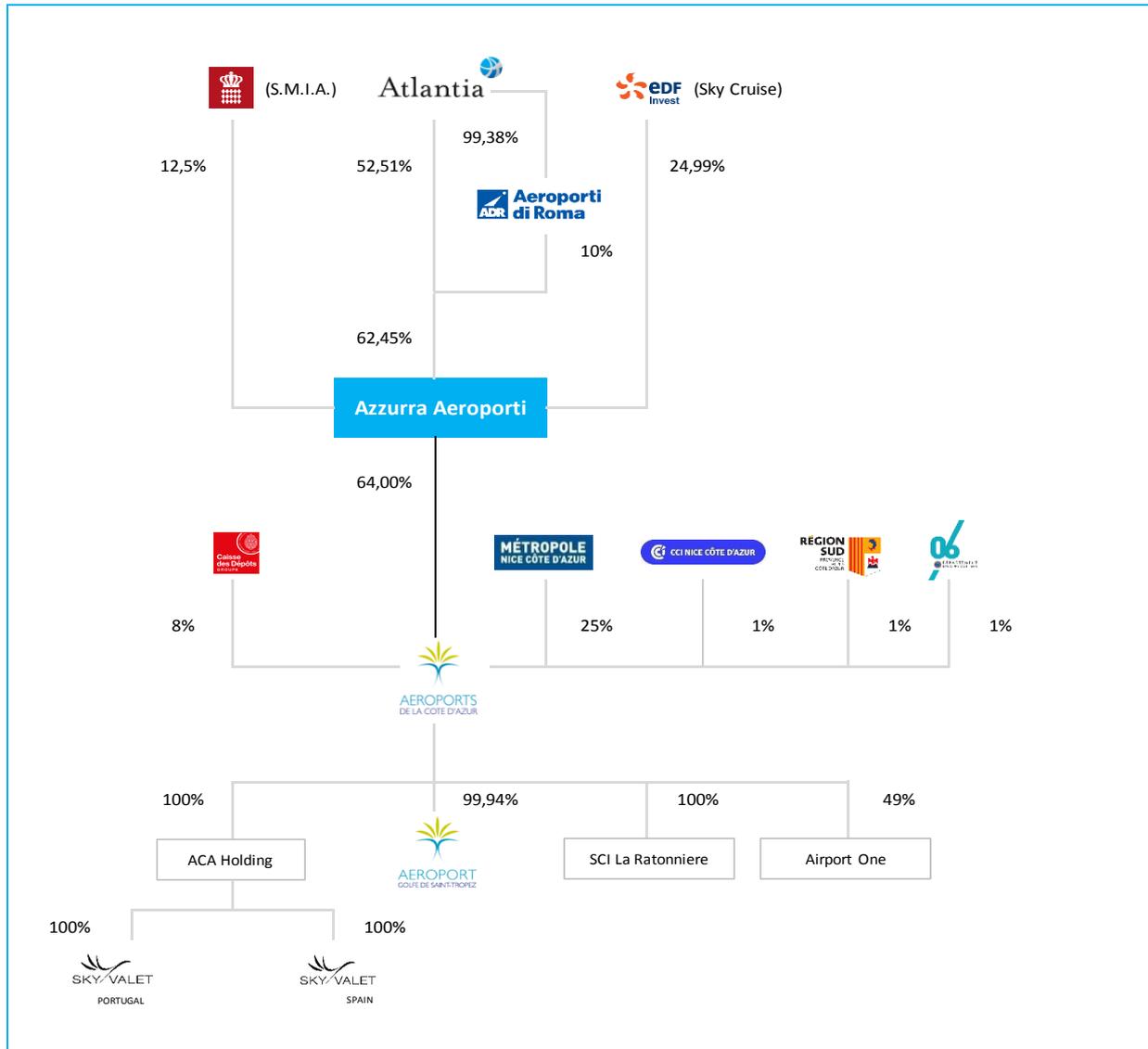
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1. Report on operations



Shareholder structure



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

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

On 9 November 2016, following the award of the contract put out to tender by the French Government and the Conseil Départemental des Alpes Maritime, Azzurra Aeroporti SpA 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 Directors¹

(in office for 2022)	Chairman	Tiziano Ceccarani
	Chief Executive Officer	Elisabetta De Bernardi
	Executive Director	Ivan Giacoppo ²
	Directors	Maria Sole Aliotta Romain Bruneau ³ Giovanni Cavallaro Lorenzo Della Valle Stefania Dotto Alessio Montrella David Nahoum Anna Palandrani Alexandre Pieyre ³ Salim Zeghdar

Board of Statutory Auditors

(in office for 2022-2024)	Chair	Alessia Bastiani
	Standing Auditors	Corrado Bonadeo Lorenzo De Angelis
	Alternate Auditors	Sara Antonelli Mario Francesco Anaclerio

Independent audit firm

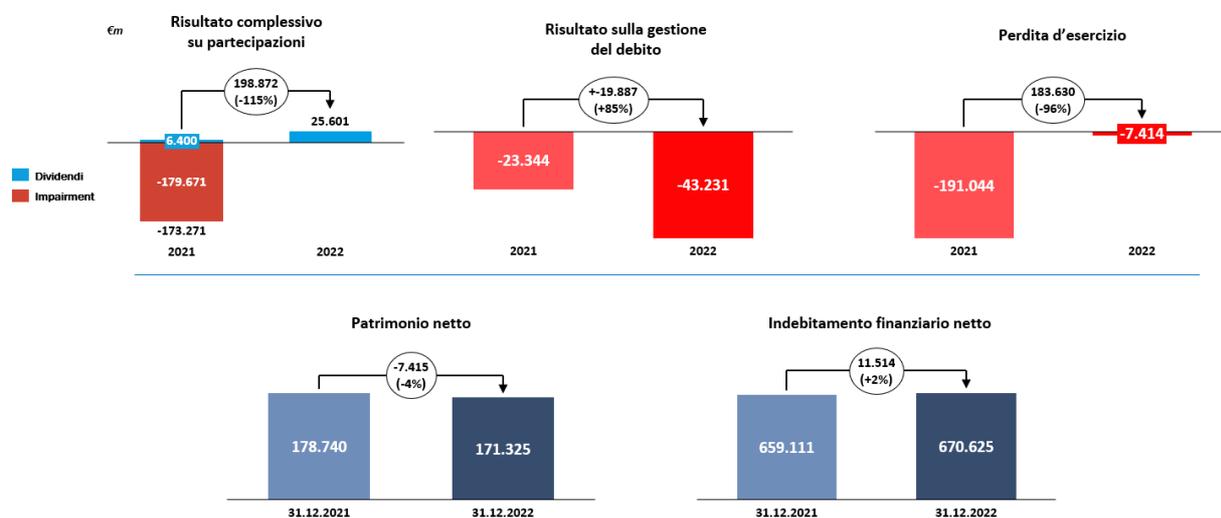
(appointed for 2021-2023)	KPMG SpA
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¹ Appointed on 12 April 2022 with a term of office for the year 2022 and renewed on 1 August 2022 following the resignation, effective 29 July 2022, of the Director Cyril Bouet, Executive Director for Treasury Activities.

² Executive director for treasury activities

³ Appointed by co-optation to the Board of Directors on 14 February 2023 to replace Directors Fanny Grillo and Pierre Alexandre Benoist d'Anthenay

Key operating and financial highlights



€/000;

Although negative, the 2022 result reflects a significant improvement over the previous year (+€184 million). This is due to the fact that the 2021 result was affected by the impairment of the investment in Aéroports de la Côte d'Azur (hereinafter also "ACA", for €179 million). The year just ended benefited also from dividends from the subsidiary of €25.6 million (€6.4 million in 2021), while net financial expenses (interest expense and charges from derivative financial instruments), rose by €19.9 million, mainly due to the greater negative change in the fair value of liability derivatives that do not meet hedge accounting requirements, and higher charges for differentials on derivative financial instruments.

Overview

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 Group, the parent that prepares its consolidated financial statements in accordance with IFRSs, as its bonds are listed on regulated markets in the European Union, and discloses them as per the applicable law.

It should be noted that the financial statements as of and for the year ended 31 December 2022 have been prepared in accordance with the Italian laws and the accounting standards issued by Italian accounting standard setter ("OIC"), in force as of 2022 and applicable to a micro-company, given that the requirements of the Italian Civil Code are met, as described in greater detail in the notes to the financial statements.

Operating performance, financial condition and cash flows of Azzurra Aeroporti SpA

Azzurra Aeroporti's operating performance for 2022 is illustrated in the reclassified income statement, which is shown below with the comparable 2021 figures.

Reclassified income statement

€000	2022	2021	Change
Dividends from subsidiaries	25.601	6.400	19.201
Impairment losses/reversal of impairment losses on investme	-	(179.671)	179.671
Investment management result	25.601	(173.271)	198.872
Net expenses/income from derivative financial instruments	(15.685)	(2.738)	(12.947)
Interest and other financial expenses	(27.547)	(20.606)	(6.941)
Debt management result	(43.232)	(23.344)	(19.888)
Financial management result	(17.631)	(196.615)	178.984
Other income and revenue	-	-	-
Net general expenses	(486)	(657)	171
Profit (loss) before tax	(18.117)	(197.272)	179.155
Income tax	10.702	6.228	4.474
Profit (loss) for the period	(7.415)	(191.044)	183.629

Investment income amounted to €25,601 thousand due to the distribution of dividends in an equal amount by the subsidiary ACA. In 2021, on the other hand, there was a negative investment management result of €173,271 thousand, mainly in connection with the impairment loss (€179,671 thousand) on the investment held in ACA.

The financial management result, a loss of €43,232 thousand, worsened by €19,888 thousand due to higher mark-to-market valuation charges on non-hedging derivative financial instruments (€12,947 thousand) and higher interest expense on debt and other financial charges (€6,941 thousand), again resulting from higher charges for negative differentials on derivatives.

The result for 2022 benefited from tax benefits of €10,702 thousand, received from the parent company due to the company's participation in the tax consolidation arrangement.

The net loss for the year, amounting to €7,415 thousand, improved by €183,629 thousand compared to the previous year, in relation to the events illustrated previously.

Azzura Aeroporti's financial situation is illustrated in the reclassified statement of financial position shown below and compared with amounts as of 31 December 2021.

Reclassified statement of financial position

€000	31 December 2022	31 December 2021	Change
Investments	829.633	829.633	-
Receivables and other non-financial assets	14.398	9.576	4.822
Payables and other non-financial liabilities	(2.081)	(1.358)	(723)
Net invested capital	841.950	837.851	4.099
Equity	171.325	178.740	(7.415)
Bonds	655.508	653.210	2.298
Bank borrowings	-	-	-
Provisions for derivative liabilities	27.440	11.755	15.685
Financial receivables	-	-	-
Cash and cash equivalents	(12.323)	(5.854)	(6.469)
Net debt	670.625	659.111	11.514
Coverage of net invested capital	841.950	837.851	4.099

Net invested capital increased by €4,099 thousand, mainly due to the increase in deferred tax assets amounting to €3,765 thousand.

Invested capital as of 31 December 2022 is covered by equity (equal to €171,325 thousand) and net borrowings (equal to €670,625 thousand), representing 20% and 80% of the total, respectively.

In the year under review, equity fell by €7,415 thousand as a result of the reported loss.

Net borrowings, amounting to €670,625 thousand at 31 December 2022, rose by €11,514

thousand mainly due to provisions made for risks and charges, expenses related to derivatives that do not qualify for hedge accounting, and interest expense on bonds.

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

This section shows and discusses the consolidated income statement, the consolidated statement of cash flows, and the consolidated statement of financial position as of and for the year ended 31 December 2022 of the ACA Group vis-à-vis the comparable amounts as of 2021, as approved by ACA's Executive Committee on 10 February 2023.

Attention is called to the fact that, in preparing the ACA Group's consolidated accounts for financial year 2022 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 as of 2022.

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

Consolidated income statement (*)

€000	2022	2021	Change
Aviation revenue	264.049	170.695	93.354
Operating costs	(168.729)	(121.775)	(46.954)
EBITDA	95.320	48.920	46.400
<i>EBITDA margin</i>	<i>36%</i>	<i>29%</i>	<i>n.s.</i>
Net depreciation and amortisation	(57.467)	(58.351)	884
Operating profit	37.853	(9.431)	47.284
<i>Operating profit margin</i>	<i>14%</i>	<i>-6%</i>	<i>n.s.</i>
Financial profit/loss	(5.503)	(4.659)	(844)
Extraordinary profit/loss	1.138	5.272	(4.134)
Income tax	(8.557)	2.192	(10.749)
Consolidated net income	24.931	(6.626)	31.557
Profit/loss from non-controlling interests	(1176)	-	(1.176)
Net profit/loss (Group share)	23.755	(6.626)	30.381

*reclassified under French laws and GAAP

Aviation revenue for the year ended 31 December 2022, amounting to €264,049 thousand, rose by €93,354 thousand, primarily due to the 85.3% year-on-year increase in traffic, which had an effect on both aviation and non-aviation revenue.

Operating costs for 2022, amounting to €168,729 thousand, rose by €46,954 thousand,

primarily due to the upturn in traffic (higher costs for sub-contractors, passenger service costs, fuel purchases, etc.).

EBITDA for the year, amounting to €95,320 thousand, increased by €46,400 thousand while the EBITDA margin rose from 29% to 36%.

Operating income for the year 2022 was positive and equal to €37,853 thousand, with an improvement of €47,284 thousand after lower depreciation and amortisation and provisions of €885 thousand.

Finally, the Group's result for 2022 was positive and equal to €23,755 thousand, an improvement of €30,381 thousand, due to the improved operating income of €47,284 thousand, net of higher financial expenses of €844 thousand, lower extraordinary income of €4,134 thousand and higher income tax of €10,749 thousand.

The consolidated balance-sheet data as of 31 December 2022 of the ACA Group are illustrated in the reclassified consolidated statement of financial position, as set against with the comparable figures as of 31 December 2021.

Consolidated statement of financial position*

€000	31 December 2022	31 December 2021	Change
Intangible assets	18.870	18.469	401
Property, plant and equipment (less accumulated depreciation)	338.423	348.298	(9.875)
Long-term investments	4.429	3.205	1.224
Fixed assets	361.722	369.972	(8.250)
Inventories	1.735	1.640	95
Trade and other receivables	25.261	19.291	5.970
Other receivables and adjustment accounts	76.268	82.555	(6.287)
Cash and cash equivalents	107.285	138.408	(31.123)
Current assets	210.549	241.894	(31.345)
Total assets	572.271	611.866	(39.595)
Equity	130.693	146.774	(16.081)
Provisions	6.429	8.640	(2.211)
Loans and various debt	299.610	346.209	(46.599)
Trade and other payables	19.535	15.169	4.366
Other payables, deferred income and accrued expenses	116.004	95.074	20.930
Payables	435.149	456.452	(21.303)
Total liabilities and equity	572.271	611.866	(39.595)

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

Non-current assets, as of 31 December 2022, amounting to €361,722 thousand, decreased by €8,250 thousand, mainly due to the net decrease in property, plant and equipment (depreciation for the year net of investments made).

Current assets as of 2022 of €210,549 thousand dropped by €31,345 thousand, mainly due to the decrease in cash and cash equivalents (€31,123 thousand).

Group equity, which amounted to €130,692 thousand as of 2022, decreased by €16,082 thousand, mainly due to the distribution of dividends during the year (€40,187 thousand) and the positive result for the period (€23,755 thousand).

Total payables, amounting to €435,149 thousand as of 2022, decreased by €21,303 thousand, mainly due to mainly due to the reduction in borrowings (€46,599 thousand), net of the increase in other payables, accrued expenses and deferred income (€20,930 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 below.

Statement of cash flows *

€000	2022	2021	Change
Consolidated net income	23.755	(6.626)	30.381
Amortisation/depreciation	1.176	-	-
Variation in deferred taxes	57.252	58.562	(1.310)
Capital gains or losses from sale of assets	1.271	7.833	(6.562)
Self-financing gross margin for consolidated companies	434	(2.763)	3.197
	83.888	57.006	26.882
Effect of change in working capital requirement linked to a	19.733	(24.465)	44.198
Net cash flow generated by activity	103.621	32.541	71.080
Acquisition of property, plant and equipment	(49.221)	(43.393)	(5.828)
Debts on acquisition of property, plant and equipment	4.622	4.321	301
Other changes	(3.993)	2.005	(5.998)
Net cash flows linked to investment transactions	(48.592)	(37.067)	(11.525)
Dividends paid to parent company shareholders	(40.187)	(10.001)	(30.186)
Bank loans	42.285	91.417	(49.132)
Bank borrowing refunds	(88.884)	(20.159)	(68.725)
Investment grants received	634	3.610	(2.976)
Net cash flows linked to financing transactions	(86.152)	64.867	(151.019)
Change in cash flow	(31.123)	60.341	(91.464)
Cash - opening balance	138.408	78.067	60.341
Cash - closing balance	107.285	138.408	(31.123)

* prepared under French laws and GAAP

Cash inflows from operating activities amount to €103,621 thousand, mainly due to the consolidated profit (€23,755 thousand), as adjusted by the non-monetary effects of amortisation, depreciation and provisions (€57,252 thousand) and the change in deferred taxes (€1,271 thousand) and in working capital (€19,733 thousand).

Cash outflows for investing activities amount to €48,591 thousand, mainly due to investment in property, plant and equipment (€49,221 thousand).

Cash outflows for financing activities amount to €86,152 thousand, mainly due to new borrowings (€42,285 thousand), after deducting the repayment of older debt (€88,884) and the dividends paid out of in 2022 (€40,187 thousand).

Accordingly, cash and cash equivalents at the end of the year amounted to €107,285 thousand, down €31,123 thousand compared to cash and cash equivalents at the beginning of the year.

Risk monitoring

On 23 September 2020, the Board of Directors of the Company adopted the Enterprise Risk Management Policy of the Atlantia Group and requested that it be transmitted to ACA for its adoption. 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, aims to formalise and disseminate the reference principles and guidelines for the Enterprise Risk Management process, in order to ensure the development of an adequate risk management culture, to support the achievement of the strategic, operational and sustainable development objectives of the Group and each Company. Moreover, the Company's Board of Directors approved the Atlantia group's financial risk management Policy, which, in line with the Enterprise Risk Management Policy, was transmitted to ACA for its adoption.

A central role in the Enterprise Risk Management process is attributed to each individual Group Company's Board of Directors, which operates with the support of Committees, if any, and top management, to ensure that the main risks to which each organisation is exposed in its business activity are correctly identified, measured and constantly monitored, in order to verify their alignment with the risk propensity defined on the basis of the Risk Appetite Framework. In particular, in 2022 the Board of Directors approved the Risk Appetite Statement and reviewed the main business risks identified (Risk Assessment).

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

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

Strategic risks

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

The operating and financial results, especially the equity interest. Held in ACA, are therefore affected by the performance of the business of this subsidiary, which reflects both the operating and financial plans shared with the French grantor and subject to the trend of the applicable rates, as well as the trend of airport traffic which, although it has rebounded sharply from 2021, is still lower than in 2019, thus the period before the Covid pandemic.

In order to protect the value of its assets and in line with Atlantia's climate change strategy, ACA has also conducted an assessment of the main physical and transitional risks to which it is exposed over the medium (2030) and long (2040) term, to quantify their impacts and assess any further mitigation actions to be implemented.

Financial risks

Liquidity risk

Liquidity risk arises from a lack of, inadequate or untimely ability to meet financial requirements, such as early repayment of debt or refinancing of debt, with available liquidity coming under pressure. Thanks to the refinancing of its debt in July 2020, through a dual-tranche bond issue for €660 million (tranche of €360 million maturing in May 2024 and tranche of €300 million maturing in 2027), the Company has confirmed its ability to access sufficient sources of funding to meet the planned borrowing requirements. As required by the Atlantia Group's financial risk management Policy, which calls for estimated borrowing requirements to be met for at least the next twelve months, during 2023 the Company will initiate activities to refinance the bond tranche maturing in 2024. To this end, the Company constantly monitors the market, including through discussions with various banking counterparties, to identify opportunities or attractive time windows to refinance as needed.

Debt covenant compliance risk

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

The main objectives pursued are the following:

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

The bonds issued in 2020 provide for compliance with a minimum Interest Coverage Ratio and a maximum Leverage Ratio (calculated at the aggregate level with ACA). For the purposes of the default test, these ratios will be verified starting from December 2022 and December 2023, respectively, and calculated as of 30 June and 31 December of every financial year. The Company periodically monitors the developments of these covenants and, as of 31 December 2022, the Interest Coverage Ratio was met.

Rating risk

Rating risk is related to the risk of downgrading the credit rating assigned to the Company's bonds. The Company periodically monitors the evolution of credit metrics and other variables that have an impact on the ratings agencies' analyses.

The notes' rating is currently Ba1, with an outlook improved in November 2022 by Moody's from negative to stable, reflecting the expectation that the recovery in airport traffic will enable the Azzurra group to improve its operational and financial performance. During 2022, Moody's assigned Azzurra Aeroporti an ESG Credit Impact Score of 3 out of 5 (moderately negative), in light of certain risk assessments partly attributable to the peculiarities of the air transport sector. These are primarily linked to commitments relating to decarbonisation and the related impacts, and the physical risks to which infrastructure is exposed as a result of climate change.

Interest rate risk management

Interest rate risk arises from the failed, inadequate or untimely implementation of a hedge against changes in interest rates, with impacts on the level of financial expenses, on the

company's profit and on the value of financial assets and liabilities. The strategy followed for this type of risk is intended to mitigate interest rate risk through access, preferably, to fixed-rate funding, the management of the portfolio of hedging derivative instruments and the optimisation of the cost of debt. These risks are managed in compliance with the principles of prudence and in accordance with market best practices.

As of 31 December 2022 the Company has a portfolio of Interest Rate Swaps (IRS) in place with a positive market value of €60,398 thousand, some of which are forward starting. As described in greater detail in the notes, at the balance sheet date, the positive market value of cash flow hedges, amounting to €70,077 thousand, is not reported in the financial statements, as there is no requirement to do so under the law, as interpreted also in light of the accounting standards issued by OIC, the Italian accounting standard setter. The negative fair value of derivatives that do not qualify as hedges is recognised instead in provisions, pursuant to OIC 31.

Compliance risks

In the context of its activities, Azzurra Aeroporti is subject to risks connected with violations of rules and regulations that expose it to penalties, financial losses and negative impacts on its reputation. To mitigate these risks, Azzurra Aeroporti has adopted specific policies and ethical rules of conduct from Atlantia. Moreover, it periodically updates the organisation, management and control model (pursuant to Legislative Decree 231/01), with the latest update taking place on 4 February 2022.

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

Significant events in 2022

Azzurra Aeroporti

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

On 22 March 2022, the Shareholders' Meeting of the subsidiary Aéroports de la Côte d'Azur (ACA) approved the financial statements as of and for the year ended 31 December 2021, with a total dividend distribution of €40.1 million (Azzurra's share €25.6 million) collected from Azzurra in two instalments, in mid-May and in November 2022.

Debt Service Reserve Account "DSRA"

In accordance with the terms and conditions of the outstanding bond, on 30 August 2022 Azzurra established the Debt Service Reserve Account ("DSRA") for €8.5 million, reflecting the lower of the Excess Cash Flow for the first six months of 2022 and the bond interests payable in the period following the interest payment date.

Shareholders' Debt Service Reserve Guarantee

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

Tax consolidation arrangement with Atlantia

On the basis of the tax consolidation arrangement, Atlantia paid Azzurra €6.9 million on 30 June 2022, as a benefit on the share of tax losses and interest.

Aéroports de la Côte d'Azur

Significant regulatory events

During 2016, as part of the privatisation process, the French Directorate General of the Civil Aviation (DGAC) and ACA agreed on the general principles underlying a five-year framework concession agreement (CRE terms and conditions). The agreement laid down the general governing principles (including the "dual till" system) and the tariffs to be applied for the period 2017-2021, in a spirit of long-term tariff stability, duly assessed by Atlantia in the tendering process. Based on these principles, a consortium led by Atlantia acquired a 64% equity interest in ACA from the State on 9 November 2016, for a total of €1.3 billion.

Pending the formalisation of the CRE, ACA made no request to adjust the tariffs, which remained unchanged. Despite the provisions of the agreements, the CRE was never finalised.

On 14 July 2018, the French Ministry of Transport published a first decree establishing (i) the scope of regulated and non-regulated activities (i.e. dual till) and (ii) a "price cap" tariff adjustment mechanism linked to inflation. ACA then filed, in compliance with the provisions of the decree, its tariff request for the period 2018 – 2019, proposing an average tariff reduction of 0.65%.

On 21 January 2019, the Independent Supervisory Authority (ISA) rejected ACA's proposal and unilaterally determined the tariffs as of 15 May 2019 with an average reduction of 33.4%. While acknowledging ACA's rights to higher tariffs, the ISA justified the tariff reduction by stating, among other things, that the new tariff levels would have to be compared with those theoretically applicable under the single till model in force prior to 2018 and that a return to adequate tariff levels would take place over a longer time frame.

ACA challenged the ISA's decision before the French Council of State, arguing that the new tariff levels would not allow for a fair return on the capital invested in regulated activities; however, the Council of State on 31 December 2019 rejected ACA's request, confirmed the tariff reduction and declared the partial invalidity of the 2018 decree regarding the tariff

adjustment mechanism.

On 3 February 2020, following the Council of State's decision, the Ministry of Transport issued a new decree that confirmed the "dual till" regulation system for the entire duration of the concession and expressly excluded any contribution of non-regulated activities in determining the regulated tariff.

In March 2020, the Covid-19 pandemic started to cause a major traffic slowdown. ACA submitted a new tariff request for the period 2020-2021 asking for a 13% average increase to start to re-establish a fair return on regulated activities. On 30 July 2020, the new French regulator ART rejected ACA's request and stated that a principle of "moderation" should apply to the annual rise in tariffs and therefore approved a limited 3% increase. The same approach was also applied to other French airports.

After this decision by the ART, on 29 July 2021 the Authority approved ACA's request for a tariff increase of 3.2% as of 1 November 2021. On 15 September 2022, the ART authorised a tariff increase of 4.4% from 1 November 2022.

With this increase "moderation" principle, the period of time needed to return to adequate tariff levels will be even longer than previously estimated. ACA will consider the most appropriate measures to restore a fair return on regulated activities.

Following the spread of the pandemic (Covid-19), ACA started discussions with DGAC in 2020 to find an agreement to restore the concession's profitability. Discussions have been proceeding since then and, on 14 February 2023, ACA and DGAC initiated a conciliation procedure as per the concession agreement (Article 91), which is still ongoing.

Refinancing process

In May and July 2022, ACA repaid in full the €67 million bank loan guaranteed by the French state ('PGE').

Other information

For the purposes of full disclosure, as required by law, it should be noted that in 2022 Azzurra did not:

- carry out any research and development activities;
- hold treasury shares or shares or shares of controlling shareholding companies;
- acquire or dispose of treasury shares or shares or interests in controlling shareholding companies during the year;
- have any employees.

Subsequent events

No significant events occurred after 31 December 2022.

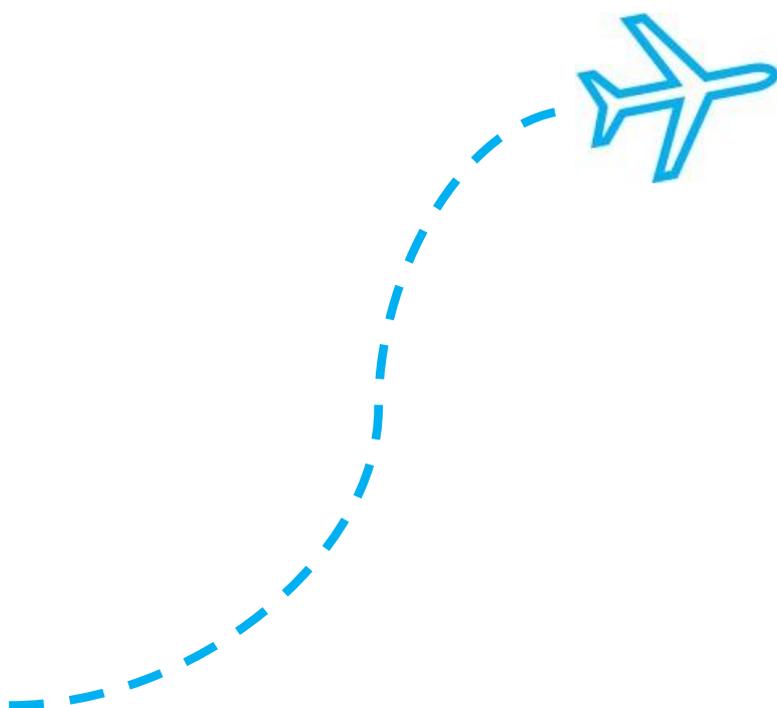
Outlook

Azzurra Aeroporti will continue to manage its investment in ACA and its own financial structure, regarding which, with reference to the maturity of the €360 million 2024 bond, pre-funding is planned in 2023, in accordance with the financial policy, and close monitoring of the covenants will be required.

Although ACA's activities are expected to improve, they will still be characterised by the uncertain developments of air traffic due to the COVID-19 pandemic (in relation to which the main sector forecasts released by independent institutions indicate that pre-pandemic levels will not be reached before 2024), the Russo-Ukrainian war, as well as the macroeconomic context.

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

2. Annual report



Financial statements

Statement of financial position

€	31 December 2022	31 December 2021
Assets	856.354.587	845.063.089
B) Non-current assets	829.633.278	829.633.278
III. Financial assets	829.633.278	829.633.278
C) Current assets	25.847.418	15.404.090
II. Receivables	13.524.485	9.550.482
IV. Cash and cash equivalents	12.322.933	5.853.608
D) Accrued income and prepaid expenses	873.891	25.721
Equity and liabilities	856.354.587	845.063.089
A) Equity	171.325.021	178.739.691
I. Share capital	3.221.234	3.221.234
II. Share premium reserve	174.874.210	365.918.024
IV. Legal reserve	644.247	644.247
VIII. Retained earnings (accumulated deficit)	-	-
IX. Profit (loss) for the period	(7.414.670)	(191.043.814)
B) Provisions	27.440.337	11.755.004
D) Payables	655.924.515	653.745.598
E) Accrued expenses and deferred income	1.664.714	822.797

Income statement

€	2022	2021
B) Operating costs	(485.686)	(656.538)
7) services	(480.014)	(641.462)
8) leases	-	(11.408)
14) sundry operating costs	(5.672)	(3.668)
Difference between value of production and operating costs	(485.686)	(656.538)
C) Financial income and expenses	(1.945.773)	(14.207.157)
15) dividends from subsidiaries	25.600.922	6.400.163
16) other financial income		
c) from securities in current assets	851.893	9.975
d) other than the above	97	248
17) interest and other financial expenses	(28.398.685)	(20.617.543)
D) Impairment of financial assets and liabilities	(15.685.334)	(182.408.585)
18) revaluation		
d) derivatives	-	6.222.941
19) impairment		
a) investments	-	(179.671.000)
d) derivatives	(15.685.334)	(8.960.526)
E) Profit (loss) before tax (A-B+/-C+/-D)	(18.116.793)	(197.272.280)
20) income tax for the period,	10.702.123	6.228.466
deferred tax income and expense	3.764.480	(493.116)
income from tax consolidation	6.937.643	6.721.582
21) Profit (loss) for the period	(7.414.670)	(191.043.814)

Statement of cash flows

€	2022	2021
Cash flows from operating activities		
Profit (loss) for the period	(7.414.670)	(191.043.814)
Income tax	(10.702.123)	(6.228.466)
Interest expense (interest income)	27.546.695	20.607.320
(Dividends)	(25.600.922)	(6.400.163)
Profit (loss) for the period before income tax, interest, dividends and gains (losses) on disposals	(16.171.020)	(183.065.123)
Adjustments for non-monetary elements that did not have an offsetting entry in working capital:		
Impairments	-	179.671.000
Adjustments to financial and derivative assets and	15.685.334	2.737.585
Cash inflow (outflow) before changes in working capital	(485.685)	(656.538)
Changes in working capital		
(Increase) decrease of receivables	37	14.781
Increase (decrease) of payables	(119.350)	(120.335)
Increase (decrease) of accrued expenses and deferred	-	-
(increase) decrease of accrued income and prepaid	(6.252)	(15.746)
Cash inflow (outflow) after changes in working capital	(611.251)	(777.838)
Other adjustments:		
Interest income collected (expense paid)	(25.248.454)	(17.766.411)
Income tax collected (paid)	6.728.108	4.565.569
Dividends collected	25.600.922	6.400.163
CASH INFLOW (OUTFLOW) FROM (FOR) OPERATING	6.469.325	(7.578.517)
CASH INFLOW (OUTFLOW) FROM (FOR) INVESTING	-	-
CASH INFLOW (OUTFLOW) FROM (FOR) FINANCING	-	-
Increase (decrease) of cash and cash equivalents (A+B+C)	6.469.325	(7.578.517)
Cash and cash equivalents - opening balance	5.853.608	13.432.125
of which in bank deposits	5.853.608	13.432.125
Cash and cash equivalents - closing balance	12.322.933	5.853.608
of which in bank deposits	12.322.933	5.853.608

Introduction

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

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

Although the Company placed bonds listed on the GEM market of Euronext Dublin in 2020, it did not acquire the status of issuer of financial instruments widely distributed among the public, given that as of 31 December 2022 the bondholders were less than 500 (the threshold provided for in Article 2-bis, paragraph 4 of the CONSOB's Regulations for Issuers). Consequently, the obligation to prepare the financial statements on the basis of IFRS, pursuant to Legislative Decree 38/2005, does not apply.

Basis of preparation

The financial statements as of and for the year ended 31 December 2022 have been prepared in accordance with the criteria and principles applicable under current Italian civil law and, in particular, the provisions of Articles 2423 *et seq.* of the Italian Civil Code, interpreted and supplemented by the accounting standards issued by the Italian accounting standard-setter Organismo Italiano di Contabilità (the “OIC accounting standards”) as well as, where appropriate, in compliance with Article 2435-*ter* of the Italian Civil Code on micro-enterprises. However, in order to ensure that users of the financial statements are adequately informed about the Company’s operating performance and financial position, as well as about the most significant transactions occurred during the year, the Company decided voluntarily to prepare the financial statements in multi-step form, as well as the Report on Operations (pursuant to Article 2448 of the Italian Civil Code, which accompanies these financial statements) and these notes.

Accordingly, the financial statements as of and for the year ended 31 December 2022,

denominated in euros, therefore comprise the statement of financial position (prepared in accordance with Article 2424 of the Italian Civil Code), the income statement (prepared in accordance with Article 2425 of the Italian Civil Code) and the statement of cash flows, as well as these notes.

The financial statements are prepared on a going concern basis, taking into account the operating and financial projections and available liquidity at the close of 2022, which confirm the ability to service debt and meet operating costs.

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

The statement of financial position, income statement and statement of cash flows present for each item, as required by law, the corresponding comparative figures from the financial statements of the previous year ended 31 December 2021, which have not been adjusted or reclassified compared to those already published.

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

In the course of the financial year, there were no exceptional cases which made it necessary to use the derogations provided for in Article 2423, 4th paragraph, of the Civil Code.

The Company has not established separate operations or funds intended for a specific transaction.

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

These financial statements were approved by the Company's Board of Directors at its meeting of 13 March 2023, and were audited by KPMG SpA, as part of the appointment of this firm as

the independent auditor under article 2409-bis of the Italian Civil Code and article 14 of Legislative Decree no. 39/2010.

Accounting policies

The financial statements were prepared in accordance with the principles provided for by articles 2423 and 2423-bis of the Italian Civil Code, that is:

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

In relation to the individual items in the financial statements, the accounting principles and policies adopted by the Company are consistent with the provisions of Article 2426 of the Italian Civil Code, interpreted and supplemented by the OIC accounting standards. These principles and policies adopted by the Company, which have not changed from those used to prepare the financial statements for the previous year, are illustrated below.

Investments

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

brokerage costs, commissions, expenses and taxes.

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

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

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

Receivables

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

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

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

Payables

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

Cash and cash equivalents

This item represents the positive balances of bank and post office deposits, cheques and cash on hand at the end of the financial year. Bank and post office deposits and cheques are measured at their estimated realisable value, cash and cash equivalents at their nominal value.

Provisions

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

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

Costs

Costs are recognised on an accrual basis, regardless of the date of collection or payment.

Dividends

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

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

Other financial income and expenses

These are accounted for on an accrual basis.

Derivative financial instruments

Where deemed appropriate, the Company uses derivative financial instruments to hedge its exposure to the risk of changes in interest rates on its financial liabilities. In particular, plain

vanilla Interest Rate Swaps (“IRS”) derivative contracts are entered into, for notional amounts and maturities corresponding to those of the underlying financial liabilities, as well as forward starting IRS derivative contracts to hedge the risk of interest rate fluctuations of future financial liabilities considered highly probable.

The Company does not undertake transactions on derivative financial instruments for speculative purposes. Derivatives are considered as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, verified initially and periodically, is high.

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

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

On the other hand, for derivative financial instruments that do not have all the characteristics to be considered as hedges of future cash flows, the relative fair value existing at the end of the financial year is recognised in the financial statements if it is negative and considered indicative of a probable loss that will be incurred by the Company. In this case, this negative value is recognised in the provisions for risks and charges, with a balancing entry in the financial expenses of the income statement, in line with the provisions of OIC 31 and OIC 32.

Accruals and deferrals

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

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

Income tax

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

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

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

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

With reference to IRES, the Company participates in the consolidated national tax scheme managed by the Parent Company, Atlantia SpA, in accordance with current tax legislation.

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

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

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

Notes to the statement of financial position

Below, a description of the items in the statement of financial position is given. The comparative value for the previous year is indicated in brackets in the heading of the item.

Statement of financial position – Assets

Investments – Equity interests in subsidiaries

€829,633 thousand (€829,633 thousand)

This item reflects the cost incurred for the acquisition of the close to 64% interest in Aéroports de la Côte d’Azur (“ACA”, €1,303,049 thousand), net of cumulative impairments (€473,416 thousand).

The data for the investment, including the result for 2022 and the equity as of 2022, taken from the consolidated accounts of the ACA Group, drawn up on the basis of the French GAAP, are shown in the following table.

€000

Name	Registered office	Issued capital	Value 31 December 2021	Interest held	Profit / (Loss) 2022	Equity 31 December 2022	Pro rata share of equity
Aéroports de la Côte d’Azur	Nizza (Francia)	148	829.633	63,99%	23.755	130.692	83.630

ACA’ shares held by Azzurra have been pledged to secure a medium/long-term loan reported under “Bonds” on the liabilities side.

Receivables

€13,524 thousand (€9,550 thousand)

€000	Balance 1 January 2022	Increases/Provisions	Decreases/ Collections	Balance 31 December 2022
Due from parent company	6.728	6.937	(6.728)	6.937
Deferred tax assets	2.822	3.765	-	6.587
Receivables	9.550	10.702	(6.728)	13.524

Receivables due from the parent company, Atlantia, derive from the tax consolidation arrangement of which the Company is part, which increased due to the income from tax consolidation relating to the 2022 tax loss, interest expense and the ACE benefit (total of €6,937 thousand), net of the collected 2021 credit (€6,728 thousand).

Deferred tax assets increased in 2022 due to the recognition in the income statement of deferred tax assets on tax changes related to the losses on derivative instruments recognised as provisions (€3,765 thousand).

Based on the operating and financial projections prepared by the Company, deferred tax assets as of 2022 are reasonably certain to be recoverable.

Changes in deferred tax assets in 2022 are shown in the following table:

Description	Taxable amount at beginning of the financial year	Taxable differences arising during the year	Taxable differences cancelled during the year	Reclassifications and other changes	Taxable differences at year-end
Tax losses before CNM	4.733	-	-	-	4.733
Expenses from derivatives	11.755.004	15.685.333	-	-	27.440.337
Taxable income	11.759.737	15.685.333	-	-	27.445.070
Tax rate	24%	24%	24%	24%	24%
Total tax	2.822.337	3.764.480	-	-	6.586.817

Cash and cash equivalents

€12,323 thousand 12.323 (€5,854 thousand)

Current account balances at the balance sheet date rose by €6,469 thousand compared to 2021. These bank balances have been pledged to secure the medium and long-term debt entered under the item “Bonds”.

Accrued income and prepaid expenses

€874 thousand (€26 thousand)

This item consists of accrued income of €852 thousand relating to income from derivative transactions, up from the previous year due to the general rise in interest rates (substantially offset by a corresponding change in accrued expenses), and prepaid expenses of €22 thousand for costs pertaining to the next financial year.

Statement of financial position – Liabilities and equity

Equity

€171,325 thousand (€178,740 thousand)

Changes in equity items during 2022 are shown in the table below and are commented in the notes that follow.

€000	Issued Capital	Legal reserve	Share premium reserve shares with voting rights	preference shares	Retained earnings (Accumulated losses)	Profit (loss) for the period	Total
Balance at 1 January 2021	3.221	644	413.421	149.134	43.790	(240.427)	369.784
Allocation of 2020 result			(196.637)		(43.790)	240.427	-
Result for 2021						(191.044)	(191.044)
Balance at 31 December 2021	3.221	644	216.784	149.134	-	(191.044)	178.740
Allocation of 2021 result			(191.044)			191.044	-
Result for 2022						(7.415)	(7.415)
Balance at 31 December 2022	3.221	644	25.740	149.134	-	(7.415)	171.325

Issued capital

€ 3,221 thousand (€ 3,221 thousand)

The issued capital, fully subscribed and paid in through a cash contribution, consists of 3,221,234 shares with a nominal value of 1 euro; as of 2022, it breaks down as follows:

Shareholder	Classes A and C ⁽¹⁾		Class B ⁽²⁾		Total	
	# / euro	%	# / euro	%	# / euro	%
Atlantia SpA	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. SA	312.500	10	336.576	10	649.076	20
Aeroporti di Roma SpA	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, in the reimbursement of the Company's share premium reserve and issued capital, and in capital calls to cover losses.

Legal reserve

€644 thousand (€644 thousand)

As of 2022 the legal reserve was equal to 20% of the issued capital, as required by the Italian Civil Code.

Share premium reserve

Voting shares: €25,740 thousand (€216,783 thousand)

Preference shares: €149,134 thousand (€149,134 thousand)

At their meeting on 12 April 2022, the Shareholders resolved to cover in full the loss of €191,044 thousand for 2021 through the partial use, for the same amount, of the “Share premium reserve – voting shares”.

Use and distribution of equity items

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

€000	Amount	Possible use (A, B, C)	Available amount	Summary of uses for 2019-2021	
				to cover losses	Other reasons
Issued capital	3.221	B	-	-	-
Share premium reserve:					
- with voting rights	25.740	ABC	25.740	441.049	-
- preference	149.135	ABC	149.134	-	-
Legal reserve	644	B	-	-	-
Retained earnings (accumulated losses)	-	ABC	-	43.790	-
Profit (loss) for the period	(7.415)	-	-	-	-
Total	171.325		174.874	484.839	-
Non-distributable amount			7.415		
Residual non-distributable amount			167.459		

Key

A: for capital increases

B: to cover losses

C: for distribution to Shareholders

Provisions

Derivative liabilities

€27,440 thousand (€11,755 thousand)

Provisions for derivative liabilities increased by €15,685 thousand in 2022 as a result of the mark-to-market valuation of financial derivatives which are likely to incur a loss in the future, as required by OIC 31. As indicated in the section on "Accounting Policies", to which reference should be made, the fair value of hedging derivatives are not recognised in the financial statements.

The following table summarises the derivative contracts in place as of 31 December 2022, including the information required by Article 2427-bis, paragraph 1 of the Italian Civil Code, with details of the amounts recognised in the financial statements.

€000		Status		Book value		Fair Value	
Name	Period	Notional	31 December 2022	31 December 2022	31 December 2021	31 December 2022	31 December 2021
IRS 1	2016 - 2021	454.934	Unwound ⁽¹⁾	-	-	-	-
IRS 2	2021 - 2026	653.000	Offset ⁽²⁾	-	-	53.322	(29.148)
IRS 3	2026 - 2024	653.000	Hedge ⁽³⁾	-	-	70.077	(34.154)
Offset swap 2020 - 2024	2020 - 2024	355.885	Offsetting ⁽⁴⁾	(8.039)	(2.432)	(18.457)	(2.432)
Offset swap 2020 - 2027	2020 - 2027	297.115	Offsetting ⁽⁵⁾	(19.401)	(9.323)	(44.543)	(9.323)
Total				(27.440)	(11.755)	60.399	(75.057)

(1) Expired in November 2021.

(2) Not effective as of 1 July 2020; from that date the interest rate risk arising from the overlap with the bond issue is offset-offset swaps

(3) Cash flow hedge derivative to hedge highly probable forward liabilities

(4) Offset swaps to offset the interest rate risk arising from overlapping IRS 2 already existing at the time of bond issuance

Payables

€655,925 thousand (€653,746 thousand)

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

Bonds

€655,508 thousand (€653,210 thousand)

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

€000	Balance at 31 December 2022	Nominal value	Maturity	Repayment schedule		
				Within 12 months	Between 2 and 5 years	After 5 years
1st issue 2020	358.611	360.000	2024	-	360.000	-
2nd issue 2020	296.897	300.000	2027	-	300.000	-
Bonds	655.508	660.000		-	660.000	-

The reported balance includes interest expenses accrued on the bond as at 31.12.2022 and not yet paid

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

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

Trade payables

€112 thousand (€295 thousand)

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

Due to shareholders

€235 thousand (€199 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 SpA.

Accrued expenses and deferred income

Accrued expenses

€1,665 thousand (€823 thousand)

Accrued expenses represent charges on derivative financial instruments accrued at the balance sheet date that will become payable in 2023; they increased over the previous year due to the general rise in interest rates (substantially offset by a corresponding change in accrued income)

Pledges and guarantees

As of 31 December 2022 the Company had the following pledges and guarantees in favour of the holders of the bonds included in the item “Bonds”, in keeping with the obligations arising from the relevant terms and conditions and related hedging contracts:

- pledge on the Company’s current accounts and on the 64% interest in ACA;
- pledge of any receivables from hedging contracts or loans granted to ACA.

The following guarantees were instead provided by the shareholders in the Company’s interest:

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

Notes to the income statement

Operating costs

€486 thousand (€657 thousand)

Service costs (€480 thousand) are mainly attributable to professional services and activities under service contracts provided by Atlantia and by the company performing accounting services during the year.

Financial income and expense

€1,946 thousand (€14,207 thousand)

Net financial expense amounted to €1,946 thousand, representing mainly interest and other financial charges (€28,399 thousand) mostly related to interest on the bond issue (€17,824 thousand) and differentials on derivative financial instruments (€10,422 thousand), partially offset by income from equity investments for €25,601 thousand related to the distribution of dividends from ACA.

Impairment of financial assets and liabilities

€15,685 thousand (€182,409 thousand)

Impairment of financial assets and liabilities, amounting to €15,685 thousand, related to the to the net negative change in fair value of derivative financial instruments that do not qualify as hedging instruments for accounting purposes.

For further information, see “Provisions for derivative liabilities”.

Income tax for the period

€10,702 thousand (€6,228 thousand)

Income tax shows a positive balance of €10,702 thousand, for which reference should be made to the comment on “receivables”

Notes to the statement of cash flows

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

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

Cash inflows from operating activities amounted to €6,469 thousand and were mainly due to the collection of dividends resolved during the year by the subsidiary ACA (€25,600 thousand) and the collection of the tax consolidation receivable attributed in 2021 by the parent company Atlantia (€6,728 thousand), offset by the payment of interest on the bond and differentials on derivative financial instruments (totalling €25,248 thousand).

Related party transactions

In 2022 the Company had transactions with:

1. the parent company, Atlantia SpA, in connection with the Company's participation in the tax consolidation arrangement for the service activities provided and the guarantees received;
2. the shareholder EDF S.A. for the guarantees received;

All financial and trading 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 trading and financial transactions.

€000

Name	Balance at 31 December 2021				2022			
	Receivables	Payables	Guarantees		Costs	Revenue	Financial income	Financial expenses
			Given	Received				
<i>Associates</i>								
- EDF S.A.				3.139				(38)
<i>Total associates</i>	-	-	-	3.139	-	-	-	(38)
<i>Parents</i>								
- Atlantia S.p.A.	6.938	(235)		9.422	(229)			(117)
<i>Total Parents</i>	6.938	(235)	-	9.422	(229)	-	-	(117)

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 SpA, which performs direction and coordination activities over the Company.

€m Highlights from 2021 financial statements of Atlantia S.p.A.	
Statement of financial position	31 December 2021
Non-current assets	9.076
Current assets	6.387
Total assets	15.463
Equity	11.562
of which issued capital	826
Non-current liabilities	3.678
Current liabilities	223
Total liabilities and equity	15.463
Income statement	2021
Total revenue	3
Operating costs	(153)
Operating profit (loss)	(150)
Profit (loss) for the period	1.169

Fees paid to Directors and Statutory Auditors

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

The Board of Statutory Auditors received €37 thousand in fees for 2021 (€38 thousand in 2021) plus VAT and out-of-pocket expenses.

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

Services	Provider	Note	Fees
Audit	KPMG S.p.A.		36.471
Other services	KPMG S.p.A.		7.320
Total			43.791

Proposals to the Shareholders of Azzurra Aeroporti SpA

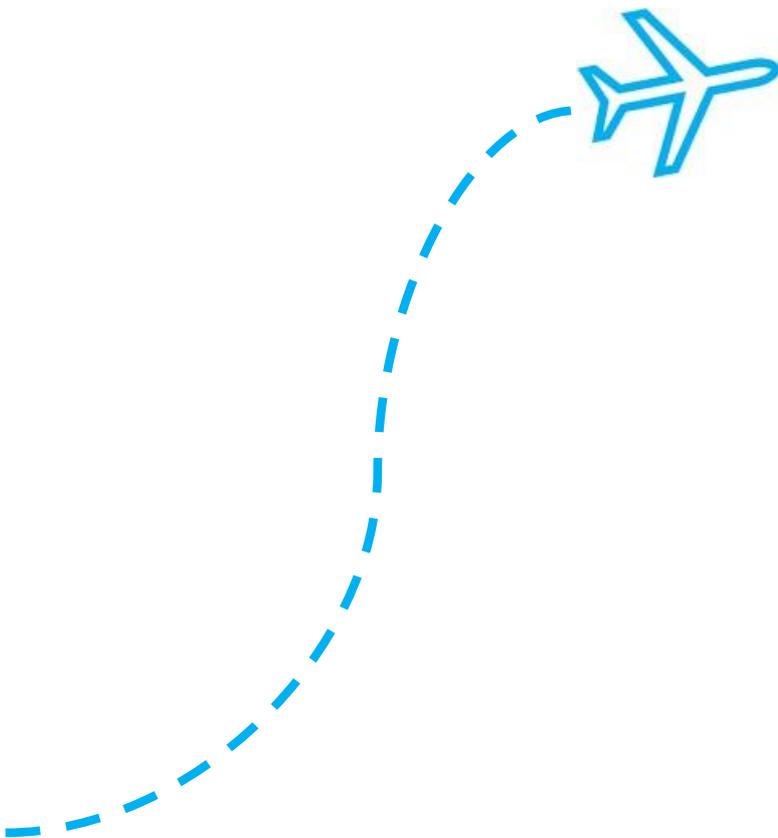
Dear Shareholders,

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

- approve the financial statements as of and for the year ended 31 December 2022, which show a loss of €7,414,670;
- cover the entire loss of €7,414,670 through the use of the "share premium reserve – voting shares".

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3. Reports



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Opinion of the independent auditors



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PEC kpmgspa@pec.kpmg.it

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

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

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Azzurra Aeroporti S.p.A. (the "company"), which have been prepared pursuant to article 2435-ter of the Italian Civil Code and comprise the statement of financial position as at 31 December 2022, the income statement and statement of cash flows for the year then ended and notes thereto.

In our opinion, the financial statements give a true and fair view of the financial position of Azzurra Aeroporti S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the Italian regulations governing their preparation.

Basis for opinion

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

Other matters

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

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation and, in accordance with the Italian

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Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
Euro 10.415.500,00 i.v.
Registro Imprese Milano Monza Brianza Lodi
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R.E.A. Milano N. 512867
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA



Azzurra Aeroporti S.p.A.
Independent auditors' report
31 December 2022

law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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



Azzurra Aeroporti S.p.A.
Independent auditors' report
31 December 2022

Report on other legal and regulatory requirements

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

The company's directors are responsible for the preparation of a report on operations at 31 December 2022 and for the consistency of such report with the related financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations with the company's financial statements at 31 December 2022 and its compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations is consistent with the company's financial statements at 31 December 2022 and has been prepared in compliance with the applicable law.

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

Rome, 28 March 2023

KPMG S.p.A.

(signed on the original)

Marcella Balistreri
Director of Audit

Report of the Board of Statutory Auditors on the financial statements as of and for the year ended 31 December 2022 pursuant to article 2429 of the Italian civil code

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

Introduction

Dear shareholders,

To begin with, the Board of Statutory Auditors reminds you that the Company is a subsidiary of Mundys (formerly Atlantia), which manages and coordinates the Company pursuant to articles 2497 et seq. of the Italian Civil Code. The Board carried out the functions provided for in articles 2403 et seq. of the Italian Civil Code, not having been assigned responsibility for the statutory audit of the accounts pursuant to art. 2409-bis of the Italian Civil Code, for which KPMG SpA were engaged.

The Board of Statutory Auditors carried out our oversight activities during the year ended 31 December 2022 in compliance with the law, as shown in the minutes produced.

During the year ended 31 December 2022, the Board of Statutory Auditors performed our work in accordance with the rules of conduct for boards of statutory auditors recommended by the Italian accounting profession.

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

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

and its effective implementation.

In particular, the Board:

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

performance with regard to the talks in progress with the Grantor with a view to safeguarding and restoring the financial feasibility of the concession arrangement.

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

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

2) Observations on the financial statements

The Board has examined the financial statements as at and for the year ended 31 December 2022, in which the income statement reports a loss for the year of €7,414,670, as confirmed in equity in the statement of financial position. The document was approved at the Board of Directors' meeting of 13 March 2023 and was promptly made available to us.

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

As the Board does not have responsibility for conducting the statutory audit of the financial statements or for conducting an analytical review of their content, we have overseen the general basis of preparation and their overall compliance with the law in terms of their form and structure.

In particular:

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

3) Observations and proposals regarding approval of the financial statements

In view of the above, bearing in mind the results of the audit conducted by the independent auditor, which has today issued a positive opinion, with no emphases of matter paragraphs, on the financial statements as at and for the year ended 31 December 2022 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, 28 March 2023

For the Board of Statutory Auditors

Alessia Bastiani, Chairwoman

Legal information

Name

Azzurra Aeroporti SpA - subject to the direction and coordination of Atlantia SpA

Registered office

Piazza San Silvestro 8

00187 Roma

Legal Information

Issued 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