MANAGEMENT REPORT & ACCOUNTS

2020

ANA AEROPORTOS DE PORTUGAL

Powered by VINCI AIRPORTS

CONTENTS

GLOSSARY

Abreviatura (abbreviation)	Designação (designation)
ACI	Airports Council International (Conselho Internacional de Aeroportos)
A-CDM	Airport Collaborative Decision-Making (Tomada de Decisão Colaborativa do Aeroporto)
AMPAP	Airport Management Professional Accreditation Programme (Programa de Acreditação Profissional de Gestão Aeroportuária)
ANA, S.A.	ANA – Aeroportos de Portugal, S.A.
ANAC	Autoridade Nacional da Aviação Civil (Portuguese Civil Aviation Authority)
ANAM, S.A.	ANAM – Aeroportos e Navegação Aérea da Madeira, S.A.
APA	Agência Portuguesa do Ambiente (Portuguese Agency for the Environment)
ATEC	ATEC - Academia de Formação (Training Academy)
CIRC	Código do Imposto sobre o Rendimento das Pessoas Coletivas (Corporate Income Tax Code)
CUPPS/CUSS/BRS	Common Use Passenger Processing System/Common Use Self Service/Baggages Reconciliation System
DI	Direção de Inovação (Innovation department)
DIA	Declaração de Impacte Ambiental (Environmental Impact Declaration)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
EIB	European Investment Bank
Eurocontrol	Organização Europeia para a Segurança da Navegação Aérea (European Organisation for the Safety of Air Navigation)
GDPR	General Data Protection Regulation (Regulamento Geral da Proteção de Dados)
GO (AODB/FIDS)	Pacote de Operações Aeroportuárias que inclui (operations' package which includes) AODB -Airport Operational Data Base; FIDS - Flight Information Display System (Airport
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IATA	International Air Transport Association
IBOR	Interbank Offered Rates
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
INESC	Instituto de Engenharia de Sistemas e Computadores (Systems and Computer Engineering Institute)
LIS_iAOP	Lisboa_Plano inicial de Operações Aeroportuárias (Lisboa_initial Airport Operations Plan)
MEGE	Monitorização Estrutural de Grandes Estruturas (Structural Monitoring of Large Structures)
MONA	Assistente de viagem virtual com uso de tecnologia de reconhecimento facial (Virtual travel assistant using facial recognition technology)
MPP	Monitorização Permanente da Pista (Permanent Runway Monitoring)
NAL	Novo Aeroporto de Lisboa (New Lisbon Airport)
NAV, E.P.E.	Navegação Aérea de Portugal — NAV Portugal, E. P. E.
OPA	Oficial de Operações Aeroportuárias (Airport Operations Officer)
OPS	Oficial de Operações de Socorros (Fire Fighting Operations Officer)
PMR	Pessoa com Mobilidade Reduzida (Person with Reduced Mobility)
Portway, S.A.	Portway - Handling de Portugal, S.A. (Handling of Portugal)
R&D	Research and development (Investigação e Desenvolvimento)

RAC	Rent-a-car (Car Rental)
RETGS	Regime Especial de Tributação dos Grupos de Sociedades (Special Tax Scheme for Groups of Companies)
RDI	Research, development and innovation (Investigação, Desenvolvimento e Inovação)
RUMO	Plataforma do processo de avaliação de desempenho da ANA
VPN	Virtual Private Network (Rede Privada Virtual)

I. MANAGEMENT REPORT

Annual Report 2020

1. KEY PERFORMANCE INDICATORS

Table 1. **ANA Group – Indicators** (2018-2020)

INDICATORS	Real 2020	Real 2019	Real 2018	Var. % 2020/2019
OPERATIONAL				
Commercial traffic				
Passengers	17.967.669	59.120.491	55.325.527	(69,6)
Aircraft movement	182.268	428.684	418.541	(57,5)
Cargo (tonnes)	139.526	194.681	175.001	(28,3)
Activities				
Turnover (thousand euros)[1]	287.256	898.465	830.220	(68,0)
Construction contracts (thousand euros)	54.515	21.501	14.338	153,5
Aviation (share of total %)	64,6	73,2	73,7	(8,6) p.p.
Extra-aeronautical (share of total %)	35,4	26,8	26,3	8.6 p.p.
Staff				
Staff at 31 December	2.645	3.258	3.143	(18,8)
Average staff	2.921	3.405	3.443	(14,2)
Staff costs (thousand euros)	115.001	138.040	131.264	(16,7)
Productivity				
Passengers/staff	6.151	17.363	16.069	(64,6)
Earnings				
EBITDA[2] (thousand euros)*	35.269	584.454	563.964	(94,0)
EBITDA[3] margin (%)*	12,3	65,1	67,9	(52,8) p.p.
EBIT (thousand euros)	(57.812)	486.734	467.562	(111,9)
EBIT margin (%)	-	54,2	56,3	(54,2) p.p.
FINANCIAL				
Earnings				
Net profit (thousand euros)	(79.704)	303.435	284.114	(126,3)
Financial structure				
Equity (thousand euros)	672.466	751.664	648.706	(10,5)
Debt (thousand euros)	1.131.609	1.034.605	1.203.440	9,4
Capital employed (thousand euros)	1.804.075	1.786.269	1.852.147	1,0
Cash flow				
Operational cash flow (thousand euros)	31.996	458.953	421.315	(93,0)

* Comparative figures for 2019 and 2018 have been revised. The difference results from the effect of IFRIC 12

[1] Does not include amounts related to construction contracts (IFRIC 12).

[2] EBITDA without construction contracts IFRIC 12.

[3] EBITDA without construction contracts IFRIC 12/ turnover.

[4] Indicators detailed in point 6. Economic and Financial Analysis.

Table 2. **ANA, S.A. – Indicators** (2018-2020)

INDICATORS	Real 2020	Real 2019	Real 2018	Var. % 2020/2019
OPERATIONAL				
Commercial traffic				
Passengers	17.967.669	59.120.491	55.325.527	(69,6)
Aircraft movement	182.268	428.684	418.541	(57,5)
Cargo (tonnes)	139.526	194.681	175.001	(28,3)
Activities				
Turnover (thousand euros)[1]	262.419	847.077	781.627	(69,0)
Construction contracts (thousand euros)	54.515	21.501	14.338	153,5
Aviation (share of total %)	59,5	71,0	71,4	(11,5) p.p.
Extra-aeronautical (share of total %)	40,5	29,0	28,6	11,5 p.p.
Staff				
Staff at 31 December	1.240	1.304	1.279	(4,9)
Average staff	1.272	1.273	1.262	(0,1)
Staff costs (thousand euros)	77.586	84.594	79.217	(8,3)
Productivity				
Passengers/staff	14.126	46.442	43.840	(69,6)
Earnings				
EBITDA[2] (thousand euros)*	42.926	577.184	558.778	(92,6)
EBITDA[3] margin (%)*	16,4	68,1	71,5	(51,8) p.p.
EBIT (thousand euros)	(48.341)	481.145	463.529	(110,0)
EBIT margin (%)	-	56,8	59,3	(56,8) p.p.
FINANCIAL				
Earnings				
Net profit (thousand euros)	(72.139)	301.864	282.255	(123,9)
Financial structure				
Equity (thousand euros)	673.357	744.990	643.603	(9,6)
Debt (thousand euros)	1.141.004	1.050.171	1.218.470	8,6
Capital employed (thousand euros)	1.814.361	1.795.161	1.862.073	1,1
Cash flow				
Operational cash flow (thousand euros)	36.460	451.957	415.007	(91,9)

* Comparative figures for 2019 and 2018 have been revised. The difference results from the effect of IFRIC 12

[1] Does not include amounts related to construction contracts (IFRIC 12).

[2] EBITDA without construction contracts IFRIC 12.

[3] EBITDA without construction contracts IFRIC 12/ turnover.

[4] Indicators detailed in point 6. Economic and Financial Analysis.

2. THE ANA GROUP AT A GLANCE

The ANA Group comprises ANA, S.A. or “Company”, the parent company and Portway, S.A. or “Subsidiary”.

Through the 50-year Concession Contract signed with the Portuguese State in 2012, ANA, S.A. is responsible, until 2062, for providing public airport facilities and services in support of civil aviation at Lisbon, Porto, and Faro airports and at the Beja Civilian Terminal, all on mainland Portugal, at the airports of Ponta Delgada, Santa Maria, Horta and Flores in the Autonomous Region of the Azores.

Also in 2014, and following the merger by incorporation of ANAM, S.A., ANA, S.A. succeeded ANAM, S.A. as contract concessionaire for the provision of public airport services in support of aviation at the 2 regional airports in the Autonomous Region of Madeira: Madeira and Porto Santo.

On 31 December 2020, ANA, S.A.'s share capital stood at 200,000,000 euros, fully subscribed and paid up, represented by 40,000,000 shares, each with a nominal value of 5 euros. On 31 December 2020, ANA, S.A. was fully owned by Vinci Airports, SAS.

ANA, S.A. fully owns Portway, S.A., which has a share capital of 4,500,000 euros.

Through ANA, S.A., the ANA Group manages the airport infrastructures that service aircraft, passengers and cargo. It also operates commercial and advertising spaces inside the airport as well as property and car parks and it provides support to car rental services (all of which are classified as extra-aeronautical activities). In 2020, these businesses accounted for 89.0% of the Group’s turnover.

Through its subsidiary, the ANA Group also offers the full range of ground handling services required for air traffic operations. This business accounts for 11.0% of Group turnover in 2020.

In the following chapters, namely in Part III – Notes to the Financial Statements, more detailed information could be accessed, namely in what regards the business framework, the constitution of the share capital of the companies comprising the ANA Group and the transactions between related parties.

3. ECONOMIC ENVIRONMENT

3.1. THE IMPACT OF THE COVID-19 PANDEMIC

COVID-19 is the name given by the World Health Organisation (WHO) to the disease caused by the new SARS-COV-2 coronavirus, which can lead to severe respiratory infection. This virus was first identified in humans in Wuhan, China, towards the end of 2019, and cases were subsequently confirmed in other countries.

In early 2020, especially as of February, the virus spread rapidly throughout Europe, particularly in France and Italy. Portugal recorded its first case on 2 March 2020.

The growing number of positive cases around the world caused the WHO to declare a pandemic alert on 11 March 2020. This was the first time it had issued such an alert since 2009 and the occurrence of H1N1 avian influenza – known as influenza A.

In Portugal, the government decided to implement a number of measures to combat the fast-spreading contagion. These included successive contingency plans. The government first had to institute a "state of emergency", which then served as grounds for introducing certain freedom of movement restrictions, the closing of non-essential spaces and the decreeing of the mandatory use of masks, amongst other measures.

These measures, which have also included the temporary closing of borders and/or restrictions on air traffic, are impacting significantly on the aviation sector, which, quite naturally, had to make adjustments in order to get through this period.

This introductory note on the pandemic is designed to reduce the number of explanatory references to COVID-19 in the rest of this management report.

3.2. MACROECONOMIC OVERVIEW

According to Banco de Portugal data, updated in December 2020, world GDP fell by around 3.5% in 2020. Growth is expected to be 5.6% in 2021 and an average of 3.7% for the two years after that.

Following the year-on-year drop of 9.4% in the first half of 2020, global economic activity recovered during the summer months. However, the resurgence of the number of COVID-19 cases, particularly in more developed economies, led to the reintroduction of pandemic restriction measures. These impacted business activity in the most affected sectors and the confidence of economic agents.

Although framed by a natural uncertainty as to the impact the virus will have in the future, the outlook for the coming years indicates that financial conditions will remain favourable, given the monetary policy and liquidity support measures currently in place.

In the case of Portugal, Banco de Portugal estimates the economy will slow by 8.1% in 2020. This fall is strongly related to the occurrence of a second wave of the pandemic, which has proved to be something of a setback on the path to recovery.

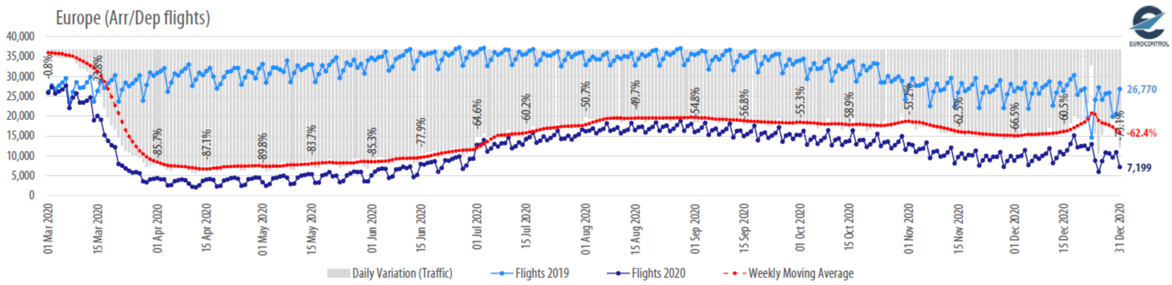
Forecasts indicate the Portuguese economy will recover in 2021-23, as the pandemic is gradually brought under control, uncertainty is reduced and economic policy measures deliver support.

3.3. THE AIR TRANSPORT SECTOR

In the midst of this unprecedented crisis, which some analysts believe is more severe than those ensuing from 11 September 2001 or the global financial crisis of 2008, 2020 was a truly dramatic year for air transport, which was impacted across all components of the value chain.

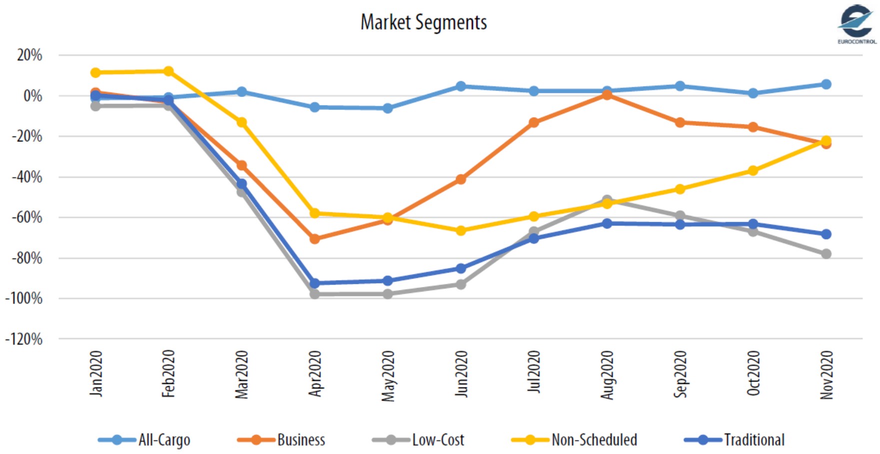
Travel restrictions resulting from the closure of borders, the economic crisis and the uncertainty of the magnitude of the pandemic combined to drastically curtail the demand for air transport. The aviation sector came to a practical standstill between April and June 2020. There was a slight uptick in traffic between July and August, as borders across Europe reopened and lockdown measures were eased in several European countries. The second wave of the pandemic and state-imposed air travel restrictions significantly curbed air traffic between September and the end of 2020.

According to Eurocontrol[1], aircraft movements in the European Union decreased by 55% in 2020, when compared to 2019.



Source: EUROCONTROL, January 2021

Eurocontrol figures show that passenger traffic was most affected (with falls of 63% in the low-cost segment and 60% in the traditional segment), unlike cargo traffic, the least affected, which only fell by 1% in year-on-year terms.



Source: EUROCONTROL, January 2021

On the other hand, according to ACI data, considering the main European airports, there was a fall of 71.1% in the number of passengers and 59.5% in the number of movements.

Nevertheless, the dynamism of the tourism sector over the past few years was reflected, once again, in the reputation-enhancing awards that Portugal picked up in 2020. For the fourth time in a row, World Travel Awards 2020 chose Portugal as the world's leading destination, Lisbon as the world's

[1] EUROCONTROL: Think Paper #8- 1 January 2021

leading city break destination and European cruise port, the Algarve as the leading beach destination, Madeira as the world's leading island destination and Porto as Europe's leading city break destination.

4. BUSINESS REVIEW

4.1. AIR TRAFFIC EVOLUTION

Due to the health crisis, ongoing since March, ANA network airports saw a sharp fall off in traffic, in line with that evidenced by the vast majority of European airports. In 2020, around 18 million commercial passengers passed through the ten ANA network airports (-41.2 million, compared to 2019), a year-on-year decrease of 69.6%. Passenger traffic through the ANA network fell to 1998 levels. Aircraft movement decreased by 57.5% (-246.4 thousand aircraft movements, compared to 2019).

The average load factor for commercial flights through the ANA Network was 64.5% or -19.2 p.p., compared to 2019.

In the following paragraphs, we first describe the changes in traffic at ANA network airports and then the changes by airline and passenger profile.

Lisbon airport, which handled 9.3 million passengers (down 70.3% on 2019), saw the largest decrease in absolute terms (down 21.9 million). Nevertheless, it was still responsible for around 51.0% of all ANA network passengers. After having handled 31 million passengers in 2019, passenger traffic at this airport was expected to grow in a similar fashion in 2020. This proved to be the case (traffic up 11%) until February, before COVID-19 began to take hold. With the emergence of the pandemic and the resulting severe reduction in traffic, growth forecasts were revised downwards. After a sluggish recovery in the summer, which saw August passenger traffic down 72.0%, there was a second sharp drop in activity over the final few months of the year. In the case of Lisbon airport, the highly negative effect of the pandemic on long-distance traffic was also a major factor.

Thanks to its specific characteristics, Porto airport performed less negatively (falling 66.2%). Traffic at this airport is more intra-European and has more of a Visit Friends and Relatives profile (emigration traffic), which was less affected than long-distance traffic.

Faro airport suffered the greatest relative downturn (-75.5%), caused mainly by successive pandemic restrictions and the economic situation in the United Kingdom, the main source market for tourists.

Traffic at the airports in the Azores and Madeira, on the other hand, fell the least, due to their mostly domestic traffic profile - a segment in which the operational downturn was less evident.

The legacy segment, the most affected in the ANA network, saw the largest decrease, at 70.4%. A total of 9.7 million passengers were carried in this segment (23 million fewer than in 2019). The low-cost segment carried around 8.1 million passengers in 2020 (-68.1% in year-on-year terms).

Although all the main origin/destination markets registered significant decreases, the biggest losses were in origin/destination passengers from/to the UK (-75.6%), Spain (-74.6%), Italy (-74.4%) and Brazil (-67.2%).

The table below shows the main commercial traffic indicators for ANA airports in 2020:

Table 3. **Commercial traffic by area** (2020)

	Lisboa	Porto	Faro	Beja	Açores	Madeira	Rede ANA
Passengers (unit)	9.260.567	4.432.963	2.206.635	235	895.604	1.171.665	**17.967.669**
Var. % 2019/2018	(70,3%)	(66,2%)	(75,5%)	(69,5%)	(63,6%)	(65,2%)	**(69,6%)**
Aircraft movements (unit)	86.843	41.983	22.520	84	18.406	12.432	**182.268**
Var. % 2019/2018	(60,1%)	(56,5%)	(61,7%)	(8,7%)	(37,6%)	(52,3%)	**(57,5%)**
Cargo (tonnes)	89.407	39.684	23	0	7.116	3.295	**139.526**
Var. % 2019/2018	(36,9%)	(4,6%)	(80,0%)	-	3,5%	(24,7%)	**(28,3%)**
Seats (unit)	14.279.219	6.465.255	3.744.178	1.424	1.729.338	1.785.435	**28.004.849**
Var. % 2019/2018	(62,3%)	(58,2%)	(63,5%)	(37,8%)	(45,0%)	(56,3%)	**(60,5%)**
Load factor (%)	64,9%	68,9%	59,6%	16,5%	53,5%	65,9%	**64,5%**
Var. % 2019/2018	(17,3 p.p.)	(16,5 p.p.)	(28,8 p.p.)	(17,2 p.p.)	(26,6 p.p.)	(16,9 p.p.)	**(19,3 p.p.)**

The pandemic also significantly affected the subsidiary's activity, with the number of flights handled falling to 23,036 (down 57.2% from 2019) and a parallel reduction of about 69.0% in the number of passengers handled. Tonnes handled fell by 28%.

The table below summarises the main business activity indicators.

Table 4. **Business indicators for Portway, S.A.** (2020)

Business (amounts)	2020	2019	Change
No. of flights handled	23.036	53.834	***(57,21%)***
No. of passengers handled	4.846.640	15.603.903	***(68,94%)***
No. of tonnes handled	60.807	84.401	***(27,95%)***

4.2. AVIATION BUSINESS

4.2.1. REGULATED AVIATION REVENUES

As in previous years, the Group's aviation business, which includes the handling business operated through Portway, S.A., was responsible for most of the Group’s turnover. In 2020, it contributed with 185.6 million euros, or 64.6% of total ANA Group turnover.

Within the aviation revenues of ANA, S.A., regulated revenues (95.4%) are decisive. These revenues were generated under the economic regulation model, the application of which led to the updating of the regulated charges in 2020.

The ANAC approved the regulated charge structure for 2020, which had been previously subjected to user consultation. The service charges came into effect on 1 January 2020, except for the security fee, as it requires the publication of an ordinance.

Within the current regulatory framework and the applicable legislation, maintained the pricing strategy that has been used successfully to adapt airport charges to the seasonality of demand, especially in the winter period, at Faro, Porto Santo and Porto airports, to develop transfer traffic and to promote a more efficient use of the installed capacity at our airports. The charges subject to the economic regulation model, due for the use of airport facilities and services, are detailed in the Charges Guide, available at ANA's internet site (www.ana.pt).

ANA, S.A. in view of the proximity work carried out along with the airlines to support traffic recovery and taking use of the regulatory framework mechanisms, proposed the crediting of 70% of the value of regulated landing/take-off and ground handling fees as early as July 2020. This was seen as a way of bringing forward the refunding of excess regulated revenue for 2020 to users. This credit proved to be very important in supporting airlines, in the sense of underpinning the sustainability of their business activities at ANA airports.

Furthermore, a grace period, duly authorised by the regulatory authority, ANAC, was instituted for the payment of the contingency parking fee at ANA airports, as a way of supporting airlines in the parking of their aircraft.

The investment in the quality of the service provided to the various stakeholders has been another critical factor in ensuring an ongoing improvement in performance and in our ability to meet our commitments, as set out in Annexe 7 to the Concession Contract. This document details the minimum service levels that we must provide, in terms of both infrastructure availability and passenger satisfaction.

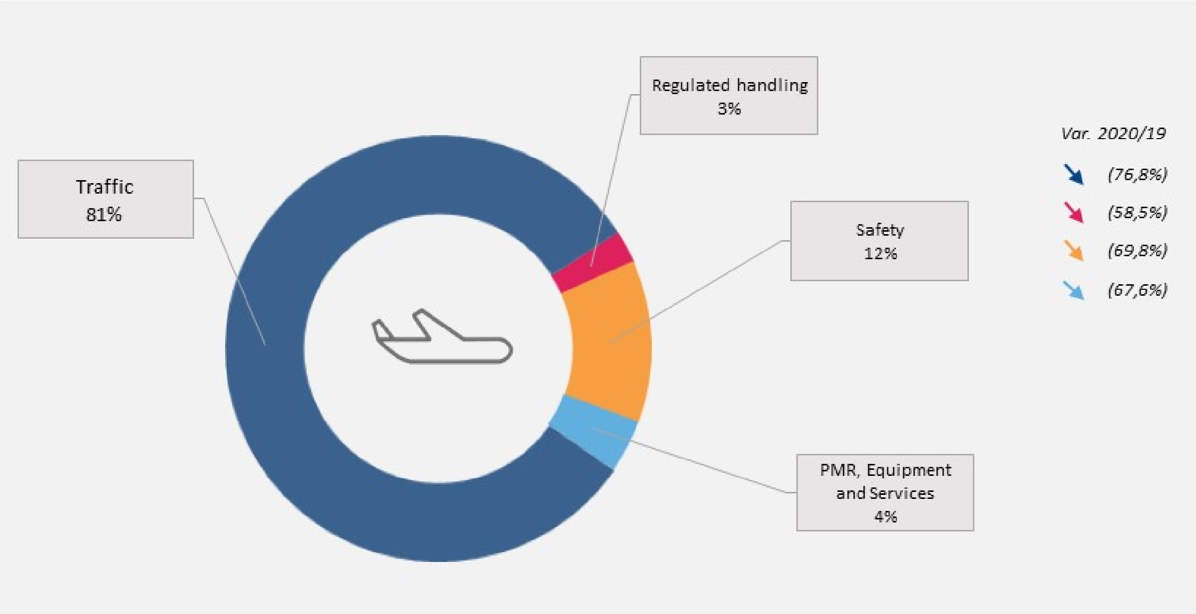
Building on the work done in previous years, and despite the constraints resulting from COVID-19, the aviation product development strategy resulted in a number of studies and initiatives aimed at improving service provision and the efficiency of those airport processes that directly and indirectly involve users. These included:

- studies aimed at optimising the process of arrivals baggage delivery;
- an evaluation of airline satisfaction using a new methodological approach supported by face-to-face interviews with airline focal points;
- the launching of a market consultation for the acquisition of automatic queue measuring equipment in the security control area;
- analysis and benchmarking involving various network airports, with the aim of optimising the baggage trolley service;
- continuation of the work to improve the passenger experience, based on the results of the passenger experience mapping study carried out at Lisbon airport in 2019.

The aviation business in the ANA Group is divided into two revenue categories: regulated aviation revenue and non-regulated aviation revenue, which includes revenue generated by handling services (including the revenue generated by Portway, S.A.).

The following charts summarise the contributions of the streams comprising the ANA Group's aviation business and their year-on-year performance.

Graph 1. **Change in regulated aviation revenue in the ANA Group - not reflecting the impact of the refund of regulated revenue and incentives** (2020)



ANA Group's regulated aviation revenue fell by 75.5% year-on-year to 138.7 million euros in 2020. This figure is for total regulated aviation revenues (202.5 million euros) less the total sum of marketing and air routes' incentives (9.5 million euros) and the refund of regulated revenue (54.3 million euros).

The decrease of about 70% in passenger numbers is, of course, related to the drop in traffic revenue as well as in the traffic incentives granted.

Air traffic forms the largest component of this revenue stream, accounting for around 87% in 2020, followed by security revenue, which accounts for around 8% of the total.

It should be noted that the regulated revenue refund, which amounted to 54.3 million euros, should be deducted from the total regulated revenue figure.

4.2.2. CALCULATION OF THE REGULATED REVENUE REFUND IN 2020[2]

It should be pointed out that, for the purpose of applying the regulatory framework, only ANA, S.A. revenues should be taken into account. The regulated aviation revenue for ANA, S.A. amounted to 203.2 million euros, while the regulated aviation revenue for the ANA Group amounted to 202.5 million euros. The difference between these two amounts relates to the balances for intra-group operations between ANA, S.A. and Portway, S.A.

The rules governing the change in regulated revenue by contractual passenger are still valid in the current context. In other words, in times of traffic growth this provides the airport operator with the financial means to fund airport infrastructure growth investments. In times of falling traffic, on the other hand, the authorised unitary regulated revenue by passenger is reduced and the airport operator must, therefore, cut charges and refund users for any excess regulated revenue collected.

In summary, the amount to be refunded to, or collected from, users is obtained by multiplying the actual passenger number by the amount obtained by subtracting the Maximum Average Regulated

[2] It should be noted that the procedure hereby described is the understanding of ANA, S.A. regarding the assessment of the regulated revenue refund without prejudice of the fact that the Regulator may be interpreting it in a different way. For further information, please refer to notes 47.1. Contingent assets and 47.2. Contingent liabilities of the Notes to the financial statements

Revenue per passenger defined in accordance with the Concession Contract from the actual regulated revenue per passenger. For more information, see Annexe 12 of the Concession Contract.

Given the materiality of the amounts involved, the tables below clarify the procedure followed in calculating the refund of regulated revenue.

Table 1. Calculation of Regulated Revenue Excess/Shortfall with reference to **2019** (€ million)[3]

Group	Maximum Average Revenue per Passenger	Retail Component (CRLA) per Passenger	Authorised Regulated Revenue per Passenger	Actual Revenue per Passenger	Regulated Revenue Excess/Shortfall per Passenger	Estimated passengers[4] (millions)	Regulated Revenue Excess/Shortfall (€ million)
Lisboa	12,87	(1,00)	**11,87**	11,24	**0,63**	36,96	**23,16**
Porto	8,69	(0,50)	**8,19**	8,40	**(0,22)**	13,01	**(2,80)**
Faro	9,40	(1,07)	**8,34**	8,51	**(0,17)**	8,95	**(1,48)**
Total (regulated revenue shortfall) - amount to be claimed from the airlines							**18,88**

The positive difference calculated for the Lisbon Group reflects a shortfall in collected revenue, which may be recovered from 2021 onwards. On the other hand, the negative differences calculated for Porto and Faro airports reflect a surplus of revenue collected. These amounts were refunded in 2020.

Notwithstanding the above, on 19 February 2021, ANAC notified ANA, S.A that it had found inaccuracies in the audited 2019 Regulated Revenue Report for the Lisbon Group, specifically as regards the 2019 adjustment for estimation errors.

In the light of this notification, ANAC instructed ANA, S.A. to correct the audited 2019 Regulated Revenue Report. ANA, S.A. responded to this instruction by correcting the said report, although it reserved the right to oppose this correction on the basis of a different interpretation.

The adjustment means that the Lisbon Group's deficit of 23 million euros for 2019 turns into a surplus of approximately 0.7 million euros. As a result of this, ANA, S.A. cannot guarantee that its adjustment calculation for 2020 will not also be called into question by ANAC, in the same way as it was for 2019.

In what regards 2020, the 70% decrease in traffic meant that the implementation of the economic regulation for the Concession led to a significant decrease in the authorised regulated revenue per passenger, compared to 2019. For example, the Maximum Regulated Revenue per passenger at Faro airport decreased by 40% between 2020 (5.05 euros) and 2019 (8.34 euros), as shown in the tables.

As a result, there was a negative difference for the Lisbon Group and for Porto and Faro airports, which means that ANA collected an excess of regulated revenue and has an obligation to return this to the airlines, as established in the economic regulation for the Concession Contract. ANA decided to bring forward the refund of part (around 18 million euros) of the total of 54.7 million euros that is to be repaid. This took the form of a 70% reduction in landing/take-off and regulated ground handling charges between July and December 2020. The remainder will be repaid by June 2021.

[3] The amounts presented are in accordance with the original version of the 2019 Maximum Average Regulated Revenue report (which considers the number of passengers and actual revenues).

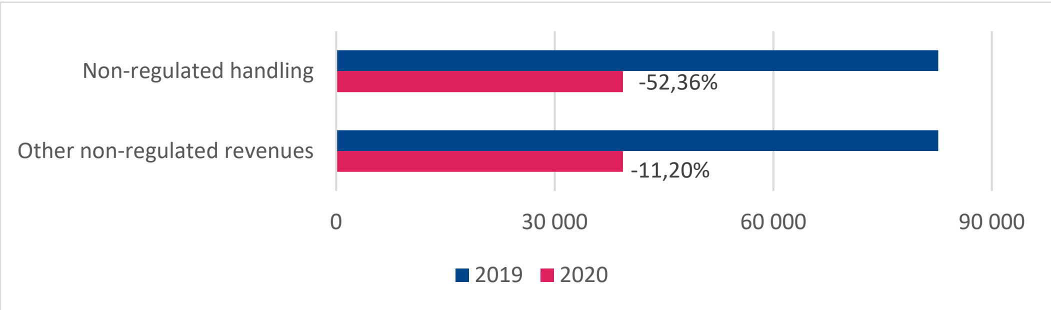
[4] Estimated passengers as per year end closing

Table 2. Calculation of Regulated Revenue Excess/Shortfall with reference to **2020** (€ million)[5]

Group	Maximum Average Revenue per Passenger	Retail Component (CRLA) per Passenger	Authorised Regulated Revenue per Passenger	Actual Regulated Revenue per Passenger	Regulated Revenue Excess/Shortfall per Passenger	Estimated passengers[3] (millions)	Regulated Revenue Excess/Shortfall (€ million)
Lisboa	12,87	(3,38)	**9,49**	12,95	**(3,46)**	11,16	**(38,56)**
Porto	8,80	(1,52)	**7,27**	8,93	**(1,66)**	4,34	**(7,19)**
Faro	9,51	(4,46)	**5,05**	9,18	**(4,12)**	2,17	**(8,95)**
				Total (regulated revenue excess) - amount to be refunded to airlines			**(54,70)**[6]

4.2.3. NON-REGULATED AVIATION REVENUE

Graph 2. **Change in non-regulated aviation revenue for the ANA Group** (2020)



The ANA Group's non-regulated aviation revenue, which amounted to 46.9 million euros in 2020, fell by 48.5%, when compared to the previous year.

Portway, S.A. made a significant contribution to this result, by bringing in 31.6 million euros (31.5 million euros in non-regulated handling services and 0.1 million euros in equipment and services). ANA, S.A. contributed the remaining 15.3 million euros to this category of revenue, of which non-regulated handling, fuel sales and the sale of other services and equipment are part.

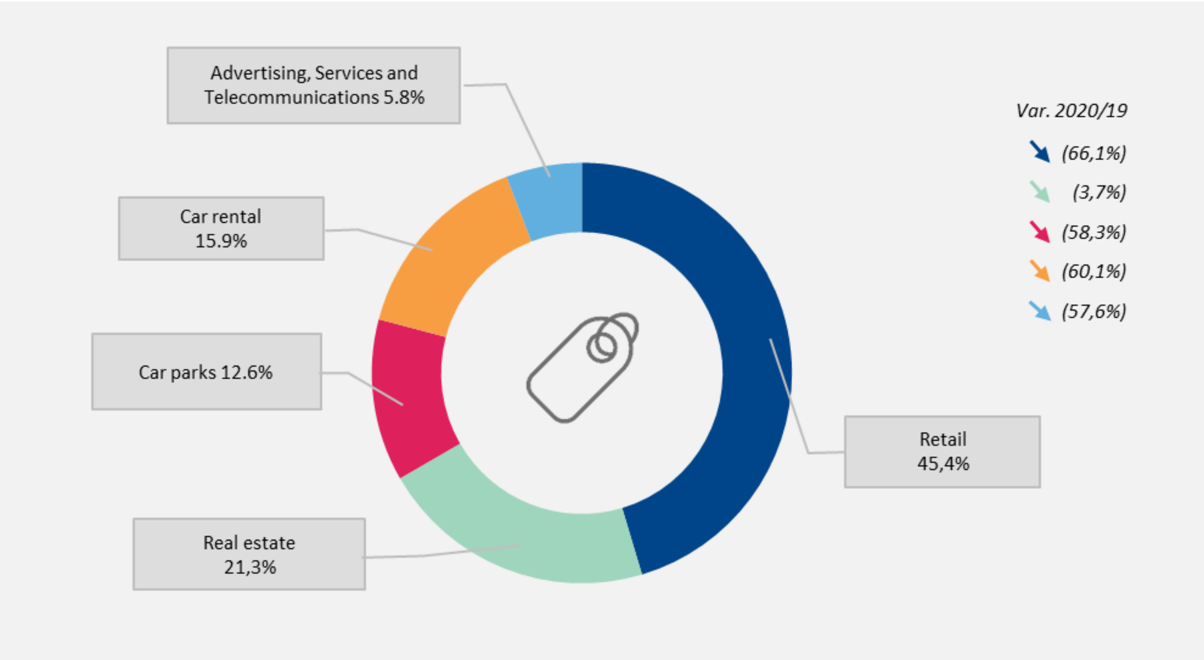
4.3. EXTRA-AERONAUTICAL ACTIVITIES

Like the aviation business, the extra-aeronautical activities were significantly affected by the COVID-19 pandemic, falling by 57.8% year-on-year (the intra-group figure was not included in the total sum for type of this revenue). In absolute terms, revenue from this business segment amounted to 101.7 million euros in 2020, equivalent to 35.4% of the ANA Group's total revenues.

After the first two months of 2020, in which ANA, S.A. saw strong growth in both traffic and extra-aeronautical activities revenues, there was an abrupt reduction in passengers at the network's airports because of the travel restrictions and lockdowns imposed in the main source markets from the second half of March onwards. This led to revenue reductions of around 98% in April and May.

[5] [5] The amounts presented are in accordance with the estimated passengers and revenues computed as per the year end closure.
[6] This does not include the amount of 0.4 million euros pertaining to differences in passenger numbers found after the closure of the 2019 accounts

Graph 3. **Distribution of the ANA Group's extra-aeronautical activities** (2020)



4.3.1. RETAIL

As a result of the serious epidemiological situation, retail revenues fell sharply by 66.1%, to a total of 46.2 million euros.

Acknowledging the way in which its partners have been affected by the reduction in traffic and given the uncertainty that surrounds any recovery, ANA, S.A. drew up and implemented a recovery incentive plan for 2020-2024 during which traffic recovery is expected to occur from international sources. By the end of 2020, negotiations had been completed with over 75 retail and advertising operators (out of a total of 80), which clearly demonstrates the importance of the partnership between ANA and its licence holders.

In terms of segmentation, specialised retail accounts for close to 70% of revenues, followed by restaurants and bars at 26%. In comparison with the previous year, all segments suffered a sharp drop in revenue, with the banking and foreign exchange segment being the most affected.

4.3.2. CAR RENTAL

In 2020, revenue from the car rental business was 15.3 million euros, of which 13.3 million euros was generated at mainland airports and 2 million euros at airports in Madeira and the Azores.

The pandemic also had a strong impact on this segment and turnover of car rental operators at Portuguese airports fell by about 60.1%, when compared with the previous year.

During 2020, we put several measures in place to support our partners. These included a weekly bulletin of flight forecast information that helped car rental companies adjust their resources to demand.

The car rental companies also wanted to strengthen confidence in destination Portugal, which is why they joined the "Clean & Safe Establishment" initiative launched by the Portuguese tourist authority. This enables them to display the "Clean & Safe" stickers that identify companies in the tourism sector that comply with Directorate General for Health recommendations.

4.3.3. CAR PARKING

Car parking revenues in 2020 were around 12.7 million euros, a year-on-year decrease of 58.3%.

In the first quarter, the trend seen in the previous year continued, i.e. growth in both the demand for and the occupation of the available parking spaces. This translated into higher revenues and fairly high occupancy rates. However, from March onwards, the situation was reversed as the COVID-19 pandemic took hold and there was a sharp drop in demand for car parking services.

Nevertheless, ANA, S.A. decided to develop and implement an innovative solution for managing car parking fees that operates through an online platform. This management system allows each of the company's mainland parking partners and customers to directly manage all of their car parking agreements, thus delivering greater optimisation and streamlining of these processes.

In terms of infrastructure development, the reconfiguration of the existing K&F park was completed to ensure better conditions for the flow of road traffic at Lisbon airport.

4.3.4. REAL ESTATE

In 2020, revenue from the real estate business amounted to 21.6 million euros (26.1 million euros if intra-group operations are taken into account), a fall of 3.7%, when compared with a year earlier.

Although the extra-aeronautical activities are less exposed to changes in passenger numbers, the real estate business was nevertheless affected by the COVID-19 pandemic. This mainly took the form of reduced demand from potential clients and from existing clients looking for more space. Some clients who have cut back or closed their airport businesses have vacated their spaces.

4.3.5. OTHER SERVICES

Revenue from other services, i.e. advertising, telecommunications and other businesses, amounted to around 5.9 million euros, down 57.6% on the previous year.

In 2020, there was an overall decrease in advertising revenue to 2.4 million euros, a year-on-year fall of 47.1%.

Revenue from the telecommunications business was around 1.3 million euros, which was actually up 6.0% on the previous year.

Finally, 2020 revenues from other businesses were also affected by the pandemic. They came in at 2.2 million euros, which was 73.2% down on 2019. It is worth noting that the decrease was mainly due to the closure of ANA lounges from the beginning of April. Only the Lisbon airport lounge reopened during the rest of the year, and this was at the end of the 3rd quarter.

5. SUSTAINABILITY

5.1. HUMAN RESOURCES

5.1.1. RECRUITMENT

Given the situation with COVID-19, most hiring was frozen as from March. Nevertheless, 27 new employees had joined the company by June.

Recruitment was suspended at the subsidiary, given the pandemic and the consequent downturn in activity, and only temporary labour was taken on for certain activities, namely in areas that did not require specific training for non-handling tasks.

5.1.2. HUMAN RESOURCES DEVELOPMENTS

In 2020, the HR Department launched a new, more dynamic and easier to use platform - RUMO - that, most importantly, allows workers to access more information. This replaced the software previously used for performance assessment at ANA.

The rules/procedures were also revised, so that the 2020 cycle could use the RUMO platform from the start. One innovation was the introduction of self-assessment.

The People Review methodology, a potential management tool for human resources that is employed right across the VINCI Group, was also incorporated into this new platform. This has made it possible to identify the potential of more than 100 employees and work on individual future development plans.

5.1.3. SKILLS DEVELOPMENT

The company remained committed to the promotion, enhancement and development of employee skills throughout 2020. The initial training plan, in which 90% of courses were planned for face-to-face delivery, was adapted to take into account the pandemic and the lockdown.

As a result of this adaptation, more e-learning courses were run and training formats were altered, resulting in an increased use of live training via digital platforms, instead of face-to-face sessions. In comparison to 2019, there was an increase of around 74% in digital format training hours.

The only face-to-face courses that were run were those that were both mandatory and required this format. The number of participants in each group was reduced, so as to keep to social distancing rules and prioritise employee well-being.

Some of the training highlights of 2020 were:

- Company-wide launch of mandatory e-learning courses: Self-Protection, Innovation and Creativity Measures, Training in equal treatment for those with disabilities or PMR;
- Use of various e-learning courses available on the VINCI Airports Academy platform;
- Review of the operational training plans, in particular those for the OPS function and OPA function;
- In the area of OHS, the Working at Height, Basic First Aid and Platform Lift Operator courses were all run. All other OHS-related courses were carried over into the 2021 training plan;
- Training courses for the AMPAP Programme, which some participants completed in 2020;
- Development of e-learning courses, particularly Basic Operational Safety Training;
- Partnership with "Learninghubz" for the provision of informal learning content in the areas of soft-skills, productivity, leadership and management. This content was made available to all ANA workers;
- Start of the work involved in adopting new training management software, to be shared by the VINCI Airports Academy. This initiative aims to forge closer ties within the Group and encourage the sharing of knowledge through e-learning courses.

The roll-out of the Portway, S.A. planning system continued into areas in which it had not yet been implemented, namely the cargo area and Airport Support Services (services provided to ANA, S.A.).

Our ongoing investment in developing workforce competences in 2020 translated into a group-wide delivery of 80,368 hours of training, of which 35,953 hours were delivered to ANA, S.A. employees and 44,415 hours to Portway, S.A. employees.

5.1.4. HUMAN RESOURCES IN NUMBERS

As at 31 December 2020, the ANA Group had a total workforce 2,645. 1,240 people were employed by ANA, S.A. and 1,405 da Portway, S.A., as detailed in the table below.

Table 6. **Distribution of ANA Group employees by company, gender and age group** (2019-2020)

	ANA, S.A.			Portway, S.A.			Grupo ANA		
	2020	2019	Var. % 2020/19	2020	2019	Var. % 2020/19	2020	2019	Var. % 2020/19
Total staff	1.240	1.304	**-4,91%**	1.405	1.954	**-28,10%**	**2.645**	**3.258**	**-18,82%**
Gender									
Male	809	843	**-4,03%**	1.073	1.444	**-25,69%**	**1.882**	**2.287**	**-17,71%**
Female	431	461	**-6,51%**	332	510	**-34,90%**	**763**	**971**	**-21,42%**
Age									
< 30	59	72	**-18,06%**	70	355	**-80,28%**	**129**	**427**	**-69,79%**
30-50	702	734	**-4,36%**	1.139	1.415	**-19,51%**	**1.841**	**2.149**	**-14,33%**
>50	479	498	**-3,82%**	196	184	**6,52%**	**675**	**682**	**-1,03%**
Average age	47,3	46,9	**0,85%**	41,8	38,1	**9,71%**	**44,6**	**42,5**	**4,82%**

As can be seen from the table above, there were 18.8% fewer employees in 2020 (-4.91% at ANA, S.A. and -28.1% at Portway, S.A.) than in the previous year. This decrease reflects the mitigation measures implemented because of the COVID-19 pandemic. In the case of ANA, S.A., 10 employees assigned to the task of coordinating the timetable allocation and schedule facilitator process (commonly known as slots) were transferred to NAV, E.P.E.

5.1.5. SAFETY

The ANA, S.A. and VINCI Group are committed to a “zero accidents” target and this underpins all our occupational risk prevention and health protection programmes for the employees.

ANA, S.A. has implemented an occupational health and safety management system that is certified by an accredited entity. The main objective of this system is to prevent work-related injuries and illnesses and to promote safe and healthy working practices and workplaces.

In 2020, a specific programme for the prevention, control and monitoring of COVID-19 was put in place. Due to the pandemic, ANA drew up and continuously updated an internal contingency plan, established and implemented specific initiatives to prevent and control the risk of COVID-19 contagion and to prevent and mitigate the associated occupational risks.

There was a 38.4% reduction in the work-related accident rate, when compared to the previous year. There was an increase of 15.9% in the accident severity rate. However, this increase is explained by the decrease in the number of hours worked, since there were 38 fewer sick days than in 2019.

With a view to reducing accidents and promoting safety and well-being at work, the following initiatives were also developed: assessment of exposure to electromagnetic fields, assessment of exposure to mechanical vibrations and assessment and control of other risk factors, namely safety checks of work equipment; assessment of indoor air quality; control of exposure to ionising radiation and adequacy of the radiological protection programme; microbiological control of building water networks to prevent exposure to legionella.

Information and reflection initiatives were organised for the VINCI Group's Safety Week, which was run under the theme of 'Safe Together'. Given the pandemic, these all took place in a digital environment and covered such topics as the prevention of accidents at work, working safely and the promotion of health and well-being, among many others. There was also a webinar on the topic "Us and Risk", workplace gymnastics sessions and the showing of videos on posture-related issues.

In the case of Portway, S.A., the frequency and severity of work-related accidents also came down in 2020, on a year-on-year basis. The LTIR (lost time injury rate – a frequency measure) fell by 10.3% and the SR (severity rate) was 18.0% lower.

5.2. ENVIRONMENT

ANA, S.A. sees the environment as a strategic area and employs new approaches that are designed to continuously improve its environmental performance. The company develops and fosters initiatives that aim to reduce possible impacts and drive its sustainable membership of the community surrounding its airports.

This commitment to the environment was reinforced in 2020, through the enhancing of VINCI Airports' environmental commitments for 2030 (AIRPACT 2030 - Activities Impact Reduction) and the initiatives launched by the Group, namely VINCI Environment Day and the VINCI environment awards.

The VINCI Airports - AIRPACT environmental strategy was revised and supplemented in 2019 and now has more ambitious objectives for 2030 in three main areas: *i*) energy and climate change, *ii*) circular economy and waste management and *iii*) water and the natural environment. In 2020, ANA, S.A. carried out the groundwork required to set up the specific action plans for each airport. A change was also made to the organisation and operation of ANA, S.A.'s environment team, which now has better tools for responding to the growing challenges in this area.

This commitment comes in a year in which the whole world has had to live through the COVID-19 pandemic and the health, economic and social consequences that have resulted in a strong contraction of airport business activity. Nevertheless, in this time of great uncertainty, ANA, S.A. is still increasingly invested in a socioeconomic recovery that is based on a strong commitment to the environment, in what is being called the "decade of transition". This explains why the company has established such ambitious environmental goals for 2030.

At ANA, S.A. environmental issues are part of the daily management routine and its environmental management system (integrated, in a single management system, with the areas of quality, occupational health and safety and innovation) has been certified under ISO 14001:2015 since 2008.

ANA, S.A. is also still a member of the Business Mobility Pact for the City of Lisbon, which brings together leading companies that are committed to making mobility in Lisbon more sustainable. This initiative is promoted by Lisbon City Council, WBCSD - World Business Council for Sustainable Development, and BCSD Portugal - Business Council for Sustainable Development.

ANA also joined BCSD Portugal's Act4Nature initiative in 2020. This international initiative aims to mobilise and encourage companies to protect, promote and restore biodiversity and ecosystem services, one of the most important challenges, along with climate change, that the world is currently facing.

In a similar vein, ANA, S.A. has also established collaboration protocols with a number of environmental associations (some of a local nature) for support in different areas of technical, operational or environmental expertise. The objective of these partnerships is to strengthen the company's capabilities and know-how in these matters, by working with entities that have specialised skills in a range of areas related to preservation of the environment.

In 2020, work continued on the Lisbon and Porto Airports Noise Action Plans. The implementation of plan measures is currently under development, in collaboration with APA.

Finally, great care has been taken at ANA, S.A. to foster operational sustainability. This concern is increasingly clear in the environmental initiatives being developed by the company. These include the ongoing initiatives to reduce water and energy consumption, lower the amount of waste generated, increase recycling rates and raise environmental awareness.

The following areas of intervention are both relevant to this report and of significant note in their own right.

For further information on ANA, S.A.'s environmental performance, please see the separate report available on our website. (www.ana.pt).

5.2.1. NOISE AND AIR QUALITY

One strategic area that ANA, S.A. prioritises for action and that we have comprehensively covered in our environmental policy is the management of the negative impacts of noise emissions.

This work has included the implementation of a noise monitoring system at the airports (operational round the clock), in which significant weighting is given to the environmental descriptor. The objective is to monitor and control noise levels, particularly as generated by aircraft, namely:

- Lisbon airport has 9 fixed monitoring stations, which are supplemented by 2 further stations at the airport perimeter to check the use of engine-breaking procedures;
- Porto, Faro and Madeira airports are each equipped with 3 such stations. The monitoring is complemented by 1 portable station at each airport. These are used to carry out analyses in areas not covered by the fixed stations and can also be deployed in response to any complaints. At Porto Santo airport, there is 1 portable continuous monitoring station.

As already stated, ANA, S.A. continued to operationalise noise management measures at its airports in 2020. Specific measures are being developed and implemented in close collaboration with APA. These include the Bairro - Acoustic Insulation Programme, which is part of the Noise Reduction Action Plan for Lisbon airport.

ANA, S.A. continues to control gaseous emissions at the airports, particularly one-off releases, in compliance with our legal obligations. The air quality at Lisbon, Porto and Madeira airports is similarly monitored. This control mostly takes the form of monitoring surveys that are carried out in the summer and winter.

In terms of air quality index classifications, air quality measurements at our airports continued to be broadly favourable in 2020. In general terms, we can conclude that outdoor air quality, during the monitoring periods, was not significantly impacted by the sources of emission involved in running an airport.

5.2.2. VOLUNTARY CARBON MANAGEMENT

In 2020, ACI Europe renewed the accreditation of all ten ANA, S.A. airports at level 2 (reduction) of the Airport Carbon Accreditation (ACA) programme. This is the result of a sustained and systematic application of a voluntary initiative for managing the greenhouse gas emissions associated with airport operations.

ANA, S.A. is committed to achieving carbon neutrality by 2050, NetZero, under a separate ACI initiative. It is also working towards the VINCI Airports goal of halving absolute carbon emissions by 2030 (baseline 2018) and obtaining maximum levels of ACA accreditation (4/4+) in the short term.

5.2.3. INCREASE IN ENERGY EFFICIENCY

In this context, several energy efficiency measures have been implemented at the ANA Group, some in an across-the-board corporate sense while others have been adapted to the reality of each airport. It is worth mentioning the continued renewal of lighting by more efficient technologies, namely LED, the introduction of electric vehicles into the ANA, S.A. fleet and the studies carried out in Faro on the installation of solar photovoltaic systems for self-consumption.

Given that this is a strategic area, the Carbon and Energy Voluntary Group was re-established in 2020. This comprises representatives from all the airports and from relevant central departments. The group works to establish and coordinate joint measures that will help the company achieve the ambitious objectives set out in AIRPACT 2030.

5.2.4. CONSERVATION OF NATURAL RESOURCES

Despite the pandemic-related contingencies, the water audits carried out in 2019 at the Faro and Beja airports were continued in 2020 and new audits were started at the Porto, Azores and Madeira airports.

We have invested substantially in improving the drainage systems designed to deal with effluents, rainwater and contaminated run-off. Entire networks have been reconfigured at some airports and programmes have been installed to monitor the quality of wastewater, rainwater and run-off.

Significant efforts to raise environmental awareness were also made. These included specific initiatives, such as a web conference for the whole company on VINCI Environment Day (22 September), the development of a powerful awareness-raising campaign focused on the need to reduce water consumption (October, Water month), the dissemination of best waste management practices, in conjunction with European Week for Waste Reduction, and eco-driving.

Appreciation and protection of the natural and human environment is embedded in ANA, S.A.'s corporate strategy and the company actively fosters biodiversity. This is why the protection and conservation of species and ecosystems, which are essential to maintaining a true balance in the environment, form an integral part of the corporate action plan.

Lastly, the company continued its development work on Montijo airport, following the Conditional Favourable Environmental Impact Statement, obtained on 21 January 2020, that ensued from the Environmental Impact Study for Montijo airport and respective accessibilities.

5.3. RESEARCH, DEVELOPMENT AND INNOVATION

At ANA, S.A., innovation and technological development are seen as crucial factors for improving the airport experience, safety, efficiency and the quality of the services the company provides to its clients.

Innovation at the company, which involves both employees and processes and the signing up to a true commitment to "change", is based on the innovation network model. This encourages a creative and productive symbiosis between the company and its partners, whether they are scientific or technological entities, companies, airport managers, airport stakeholders or domestic or international organisations with an interest in the company's business activity.

The creation of the VINCI Innovation Centres of Excellence (ICE) has helped enhance the focus on innovation at VINCI airports. VINCI Airports coordinates and leads innovation activities in a collaborative way, joining forces for knowledge sharing, innovation and new concepts, technologies and processes. As examples of how this works, ANA has launched the Smart Terminal ICE, Lyon leads the Customer Experience ICE and London Gatwick leads the Smart Airfield and Sustainability ICE.

The DI was set up in January, to help position the company as a benchmark for the data management and processing innovation and technologies that enable us to optimise the planning and management of flows and processes across our airport network.

The department has made it possible to manage and foster a culture of innovation effectively, by favouring the development of creativity and entrepreneurship and the obtaining of innovative solutions. Support is also given to implementation, the removal of barriers and for making the most of financial incentive opportunities for the development of innovative solutions.

Relevant landmarks of the year:

The company has established strategic partnerships with universities, polytechnics and scientific and technological entities, namely INESC and ATEC. This has driven the leveraging of new services/businesses, demonstrator projects (implementation of pilot projects and proofs of concept) and technological experimentation.

In response to the COVID-19 pandemic, the company invested in a UVD robot, a technological device used in disinfection operations. This illustrates the corporate focus on ensuring a healthy environment for passengers and for all other users of the facilities. As such technology is not known to be in use at other airports, ANA, S.A. has shown itself to be a leading provider of public safety conditions for airport users. This adoption of new and innovative solutions, such as UV robotics, was recognised when Lisbon airport was awarded a prize by ACI Europe.

In partnership with other departments, DI invested on the promotion of existing solutions and new technologies, namely with new experimentation capacity and the focus of resources on the analytical use of video and WIFI, incrementing the operations' situational awareness in the interior from the terminal.

In recognition of the importance of digital trends, organisational culture and group working methods, the DI has started to map out a thorough focus for the management of information. In cooperation with teams from other departments, the DI team has begun the work of ensuring that new systems and technological solutions are implemented transversally in a coordinated manner.

As part of the work of the VINCI Innovation Centres of Excellence, ANA, S.A. has supported the MONA initiative, launched by Lyon Airport. The ANA team is in the learning phase of this innovative project for the VINCI Group and has the experience to model new implementations that will improve terminal operations, the experience and risk management throughout the passenger journey.

The following RDI projects are ongoing:

- At Madeira airport, the "MEGE - Large Structures Structural Monitoring" project. Around 54.6%, of the total investment of € 1,342,773 was co-financed. This project involves monitoring the condition of the Madeira airport infrastructure, with a focus on two specific components: the infrastructure supporting the runway and the berm breakwater that protects this infrastructure. The plan is to develop two independent systems for monitoring the displacements of the infrastructure when it is subject to abnormal stresses. These arise from the way the structure changes over time and the condition of the berm breakwater that protects it. The project aims to develop both equipment systems (hardware) and computer algorithms for data processing (software) in house, along with the respective graphical interfaces, and carry out validation testing and implementation at points of interest.

- At Lisbon airport, the "MPP - Permanent Runway Monitoring" project. About 40% of the total investment of € 359,625 was co-financed. The aim of this safety-related project is to research and develop a non-intrusive system for continuous monitoring of the runway, with a focus on the aircraft touchdown zone, more precisely on the area where the aircraft wheels make contact with the runway. This area is normally subject to greater stress and it is important to monitor any deformations, so that runway maintenance operations can be adjusted to match needs. Due to the restrictions, as a result of COVID-19, it was agreed to postpone the project by 6 months.
- At Lisbon airport, the LIS_iAOP project. 80% of the total investment has been co-financed, in the amount of € 1,457,034. This project complements the A-CDM project and both of them are based on the "SESAR 2020 R&I Programme" - an R&D programme for air transport that aims to help modernise the air traffic management system in Europe, by introducing improvements in terms of cost, capacity, safety and environmental impact.

  The implementation of the LIS_iAOP project will result in better alignment with best practices and Lisbon airport becoming part of the air traffic management network, which will help the airport improve its performance.

  The project's deadline was postponed by 2 years the new deadline is December 2021.

5.4. INFORMATION SYSTEMS

When the pandemic hit, the company found that the investments it has made in recent years in strengthening the communications infrastructure and security, the use of collaborative cloud-based systems, the digitalisation of processes and the virtualisation/automation of server and storage infrastructures have allowed most employees to switch seamlessly to teleworking. The company also managed to maintain high critical business system availability in an environment of constant adaptation to new rules and enormous challenges in which information technologies play a key part.

Despite all the difficulties that the pandemic caused for the business in 2020, we were still able to strengthen and develop some of the more important assets in our information systems, such as:

- Upgrading of the core of the CUPPS/CUSS/BRS system that supports passenger and baggage processing;
- Strengthening of the security component of infrastructures and cybersecurity, in terms of firewalls, VPNs and software end-point protection and also by consolidating multifactor validation mechanisms and the phishing awareness platform and by implementing an advanced threat intelligence platform;
- Bringing the new organisational model - IT governance model into service, including the start-up of the new application sourcing model and strengthening of the level of relationship with the business;
- Ongoing strengthening of server virtualisation capacity, with significant investment in these components, so as to ensure higher levels of scalability and resilience;
- Continuous development of the corporate and operational systems, in the form of version upgrades for the GO (AODB/FIDS), SAP, MyWay (support PMRs) and iAOP (ongoing development of the Lisbon A-CDM).
- Production start of the WiFi network for passengers, delivering a substantial increase in bandwidth and quality of service.

5.5. INFORMATION SECURITY AND PRIVACY

European Parliament Regulation (EU) 2016/679, of 27 April 2016, the General Data Protection Regulation (GDPR), led to significant changes in the way that personal data is processed and the free circulation of these data. The regulation came into force in Portugal in May 2018. Subsequent legislation (Law no. 58/2019 and Law no. 59/2019, both of 8 August) transposed the rules and execution of the regulation into Portuguese law.

This year has been inextricably associated with the COVID-19 pandemic, which has had a profound impact in all areas, including privacy. The set of innovative practices in airport healthcare that were instituted include screening and measuring temperature, the carrying out of diagnostic tests and the consequent processing of special/sensitive personal data.

Teleworking, which ushered in significant changes in the way that people work, comes with a need to implement new routines for privacy and information security.

The following measures were also adopted:

- Pursuit of the internal training programme for staff, and some of our key partners, at Lisbon airport and the company's central management. Trainees are given the key information they need to be able to understand the impact and obligations of GDPR, in terms of the practices instituted at the Company on the basis of the policies adopted and the way in which these affect their work. The training also includes an awareness module on information security;
- The carrying out of data protection impact assessments in such areas as automatic number plate reading and all data processing systems associated with all airport car parks;
- The establishment of policies on video-surveillance, personal data breaches and data owner rights;
- Following the entry into force of Decree-Law no. 142/2019, of 19 September, which approves the National Programme for Civil Aviation Security, a start was made on drafting an access card and personal survey platform policy.
- Internal audit carried out – follow up to the audit carried out, in 2019, of the governance model for data protection and the monitoring of video surveillance systems, the automatic reading of licence plates, personal data processing agreements with suppliers and the data protection system records at airports.

6. ECONOMIC AND FINANCIAL ANALYSIS

6.1. RESULTS

ANA Group turnover[7] in 2020 amounted to 287.3 million euros, which is a fall of 68.0% compared to the previous year. The COVID-19 pandemic significantly affected both of the company's business areas and led to falls of 71.8% in the aviation business and 57.8% in the extra-aeronautical activities.

ANA, S.A.'s contribution to group turnover, not excluding intragroup operations in the form of the invoicing of the Portway, S.A. subsidiary, was 262.4 million euros, a drop of 69.0% compared to 2019.

Tabela 6. **ANA Group turnover** (2018-2020; thousands of euros)

ANA Group	2020	2019	2018	Δ% 2020/2019
ANA, S.A.	262.419	847.077	781.627	-69,0%
Portway, S.A.	40.607	83.321	78.685	-51,3%
Intra-group operations	(15.770)	(31.933)	(30.092)	-50,6%
ANA Group	**287.256**	**898.465**	**830.220**	**-68,0%**

As a result of this situation, which affected the entire aviation sector, the Group's EBITDA without construction contracts came to 35.3 million euros in 2020, a significant year-on-year drop. This result translates into an EBITDA margin without construction contracts of 12.3%, 52.8 p.p. below that of the previous year.

The ANA Group's net loss amounted to 79.7 million euros, which contrasts with the growth trend seen over recent years.

This performance was mainly driven by revenue performance, which showed a decreased of 578.7 million euros compared to the previous year, as detailed in chapter 4 of this report.

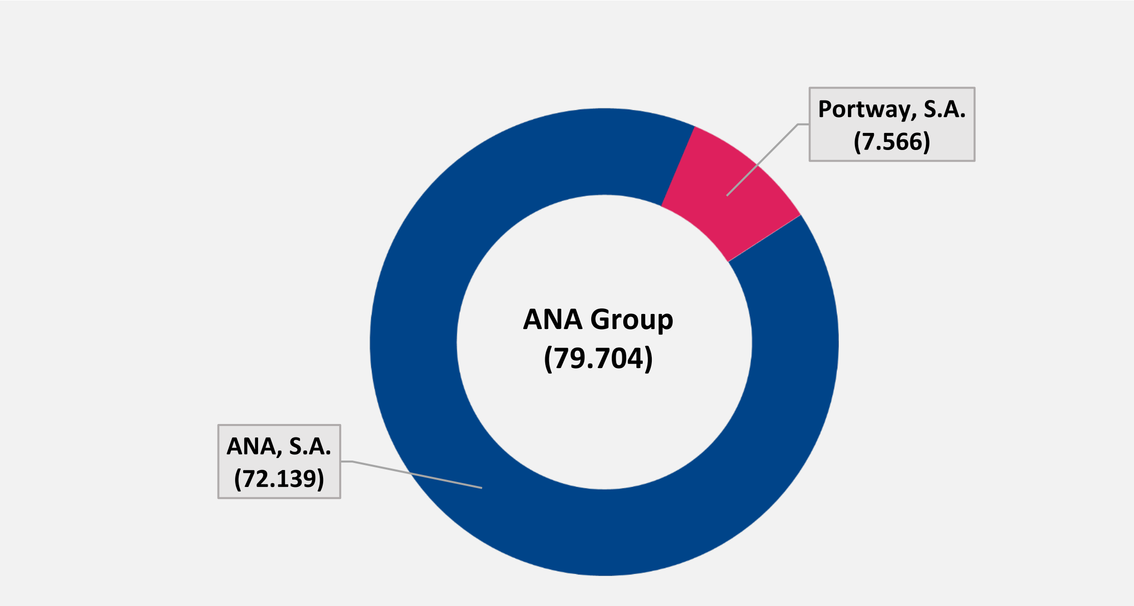
External supplies and services, amounting to 180.1 million euros in the ANA Group, including the 52.4 million euro impact of IFRIC 12 of, registered a decrease of 17.9%.

Staff costs decreased by 16.7%, compared to 2019, reflecting the agreement to reduce the normal working period by 20%.

With respect to financial income, the near 6.4% drop in year-on-year borrowing costs in 2020 is the result of lower charges, which, in turn, are due to a reduction in debt principals following the loan repayments made in 2020.

The following graph shows the breakdown of net profits for each Group company in 2020:

Graph 3. **Breakdown of the net profits of the ANA Group companies (2020; thousand of euros)**



6.2. FINANCIAL SITUATION

At the end of 2020, the capital invested in the ANA Group totalled more than 1.8 thousand million euros.

The change in the value of the fixed tangible and intangible assets is the result from the combined effect of the investments made and the amortisations and depreciations for the year.

The change in net borrowing is essentially related to the reduction of debt owed by and to third parties, a result of the downtown in the ANA Group's business activity.

With regard to financing, the change in equity reflects the booking of the net loss recorded for 2020.

The fall in debt results from the loan repayment made in 2020 (60 million euros).

The net debt to other entities reflects a reduction of the outstanding debt to the EIB, following the repayment of loans (57.7 million euros), and is also influenced by the excess liquidity achieved as at the end of 2020 (259 million euros).

Table 7. **Financial situation in the ANA Group** (2018-2020; thousand of euros)

ANA, S.A.				ANA Group		
2020	2019	2018		2020	2019	2018
187 993	209 256	230 062	Tangible Fixed Assets (net of subsidies)	192 722	214 272	233 878
1 731 866	1 717 830	1 738 852	Intangible Assets (net of subsidies)	1 733 296	1 719 260	1 740 282
69 085	51 802	46 425	(+) Deferred tax assets	71 352	52 048	46 477
486	401	365	(+) Inventories	1 201	1 159	1 096
79 111	87 624	81 646	(+) Third party debt	80 427	92 324	85 043
(259.834)	(277.147)	(241.032)	(+) Debt to third parties and other liabilities	(276.222)	(293.615)	(255.810)
1.808.707	1.789.766	1.856.318	**(=) Net use of capital**	1.802.777	1.785.448	1.850.966
5 655	5 395	5 755	(+) Financial investments	1 299	821	1 181
1.814.361	1.795.161	1.862.073	**(=) Total use of capital**	1.804.075	1.786.269	1.852.147
673 357	744 990	643 603	Equity	672 466	751 664	648 706
1 272 200	1 332 200	1 332 200	(+) Debt to shareholder	1 272 200	1 332 200	1 332 200
(131 196)	(282 029)	(113 730)	(+) Net debt to other entities[1]	(140 591)	(297 595)	(128 760)
1.814.361	1.795.161	1.862.073	**(=) Capital employed**	1.804.075	1.786.269	1.852.147

[1] Includes other loans and derivative financial instruments, less cash and cash equivalents.

6.3. RISK MANAGEMENT

Risk management in the ANA Group is an integral part of the organisation's processes and is based on the principle that the "owners" of the various risks are responsible for managing them, under the supervision of senior management.

The ANA Group presents its main risks into five main categories:

- strategic - dependent on external forces that can impact the Group's strategy, performance, operations and organisation in the mid to long term;
- operational - arising from the engagement in the business activities and from the Group's internal processes;
- financial - associated with the Group's financial performance. The financial risk management policy for the ANA Group is detailed in the Notes to the Financial Statements, in points 2.20. Hedging Policy and 3. Management of Financial Risk;
- conformity - pertaining to compliance with the domestic and international legislation and regulations that govern the Group's business activity;
- fraud - associated with deliberate misconduct, whether originating inside or outside the Group.

The different risks that are identified are prioritised based on their inherent risk (probability / impact) and the respective mitigation measures (limit, control or balance).

7. INVESTMENTS

Despite the crisis, ANA, S.A. invested 76.2 million euros in the ten airports it manages in 2020, which was 64% lower than the planned amount. This cut was in line with the fall-off in traffic, (about 70% compared to the previous year) that followed the outbreak of the COVID-19 pandemic.

Of this total, around 73% was invested to expand our installed capacity. The remainder was absorbed by maintenance, conservation and replacement projects for the existing infrastructures and equipment.

Geographically speaking, the investment programme focused on the mainland airports (Lisbon, Porto and Faro), totaling 60.3 million euros, corresponding to 79% of the investment and 83% of the capacity development effort. The island airports (Madeira and the Azores) accounted for 3.3 million euros (equivalent to 4% of the total investment), particularly in the conservation and replacement of infrastructures and equipment.

The following investments are also worth mentioning, due to their size and materiality:

- at Lisbon airport, the main investments were aimed at increasing capacity. These comprised the extension of the T2 international area - phase 1, the RAC park - increase in the number of parking spaces, the investment in the conservation and repair of the roofs, façades, accessibilities, thermal insulation and waterproofing of the roof of the south hall and also the conservation work in the VIP lounge;
- at Montijo airport, the main investment focus was on airport development, in the form of technical studies, technical assistance, general expenses, traffic studies and accessibility, among others. Investments totalled 9 million euros in 2020. It is worth noting that, to date, around 16 million euros have already been invested in the development of this airport;
- at Porto airport, the main investment was in the FOX taxiway - extension + light and control command signalling;
- at Faro airport, investments were made in the conservation and remodelling of transformer station 1 and the upgrading of floor -1/Cv.

A total of 1.4 million euros was invested at Portway, S.A.. Most of this amount was accounted for by on airport support equipment (loaders – 0.5M€, push back – 0.2M€, stairs – 0,2M€, other equipment – 0.4M€), security and surveillance equipment, furniture and administrative and transportation equipment.

7.1. IMPROVED OPERATIONAL CAPACITY AT LISBON AIRPORT

Given the significant growth in air traffic in recent years and in order to meet the demands generated by this growth, ANA, S.A. and the Portuguese State signed an agreement, in 2019, for the development of the Lisbon Airport expansion plan. This plan provides for a dual solution comprising a new civil airport at Military Base No. 6 in Montijo and the progressive adaptation of the current Lisbon Airport.

Montijo Airport will serve medium-haul point-to-point connections with short turnaround times. Lisbon Airport will mostly operate in hub and spoke mode.

The following points cover the main work carried out in 2020, as well as the main initiatives planned for this expansion.

7.2. MONTIJO AIRPORT

The DIA was obtained on 21 January 2020. It contained a conditionally favourable decision and marked a relevant step forward in the development of the expansion project.

Following this decision, ANA, S.A. has put much effort into the initiatives set out in the expansion plan, notwithstanding the difficulties caused by the COVID-19 pandemic. In 2020, this work focused on project planning, adaptation to the DIA requirements and the coordination that was, as a consequence, required with the main stakeholders.

In compliance with obligations established in the DIA report, work on the environmental side has also been ongoing. This has involved a range of specific studies, including noise environment, ecology, water resources, mobility and resilience to climate change, as well as the preparation of the environmental compensation measures stipulated in the DIA.

At the end of 2020, the Portuguese State announced its intention to conduct a strategic environmental assessment for the new Lisbon Airport. The conclusions of this assessment may well condition the development of the planned expansion project, as well as its timing.

At the start of 2021, ANA, S.A. was still waiting for more detailed information from the Portuguese State on the methods and deadlines that would apply to this strategic environmental assessment. This has rescheduling implications for the next stages of the technical development of the expansion project, specifically the construction project, and also for the stakeholder-oriented administrative procedures involved.

7.3. LISBON AIRPORT

The Lisbon airport expansion plan provides for a phased development of the passenger terminal and airside infrastructures (taxiways and aircraft parking facilities). The operational use of existing areas will be optimised, thus minimising the need to intervene in areas that lie outside the current airport boundaries.

In 2020, the following studies and projects were carried out under the operational improvement plan:

The completion, on schedule, of the work on 2 fast runway exits on runways 03 and 21. Entry into operation is pending the finalisation of administrative procedures and ANAC authorisations;

7.3.1. TERMINAL 2

The rapid expansion of passenger traffic prior to the pandemic led to operational constraints at Terminal 2. These were mostly concentrated in the boarding areas, particularly international boarding.

The aim of the international area extension project, therefore, is to expand the boarding area and improve passenger boarding conditions as a result. It will also alleviate the "strain" on the "Schengen" boarding area, which is located upstream, and will, thus, benefit passenger flow management.

An area of almost 1,200 m^2 was remodelled on floor -1 (basement) and the ground floor was extended to the east to give an extra 1,030 m^2. As a result of this extension, around 450 m^2 of contiguous areas in the existing building were also remodelled. A new infrastructure was built on the ground floor and abutting the aircraft parking apron. Its purpose is to serve as a pilot project to test "Seamless Flow" efficiency. This new system, which is currently being studied and evaluated, is designed to make the control of both boarding and emigration procedures considerably simpler than is the case under the traditional system.

Given that this was a lengthy project, it was divided into two phases. The first of these started in February 2020 and the second in July 2020.

7.3.2. OTHER DEVELOPMENTS

At the same time, ANA, S.A. moved ahead with the studies and projects for phase 1 of the operational improvements of Lisbon Airport, namely:

- Enlargement of Terminal 1 to the South:
- The terminal's main block is to be extended to the south (south pier with a total area of about 28,000 m^2);
- Partial rearrangement of the main block of the current terminal, adjacent to the new south pier, involving an area of some 8,000 m^2 spread over 3 levels.

New aircraft parking facilities:

- New South apron: 12 code C (narrow-body aircraft) positions, 10 of which are contact (south pier) and 2 remote.

New aircraft taxiways:

- Extension of the uniform taxiway to the north, with multiple entry points along runway 21;
- Construction of a new taxiway section parallel to the runway (outer taxiway).

8. MEASURES IMPLEMENTED TO ADDRESS COVID-19

The COVID-19 pandemic did not simply impact the various business areas in a unilateral manner. The impact on airports was of such an order and severity that wide-ranging contingency and mitigation measures had to be put in place, in order to control the effects of the successive challenges that emerged and to ensure the continuity of the company's business operations.

Some of the key measures implemented in this regard were:

8.1. REVIEW OF THE OPERATIONAL CONTINUITY PLAN

The company responded to the pandemic by reviewing its operational continuity plan, so it would be in a position to address the new challenges and ensure business operations would recover.

This plan underpins the organisation's business continuity and the timely recovery of its business activity, in the event of an occurrence that may disrupt the normal course of business.

An internal task force was set up to coordinate the execution of the plan. Contagion-related risk mitigation measures were established for the critical areas of airport service provision and the critical tasks required to ensure the operational continuity were identified.

8.2. BUSINESS CONTINUITY

In view of the circumstances ensuing from the pandemic, and the fact that ANA, S.A. is in a challenging situation, due to having incurred significant economic losses and consumed substantial amounts of cash, the following measures were implemented as of March 2020:

- suspension of most external consultancy work;
- hiring freeze and non-renewal of most fixed-term contracts;
- suspension or renegotiation of contracts with suppliers;
- postponement of preventive maintenance tasks for non-critical infrastructures and equipment;
- partial or total closure of some terminals. Operations were suspended at Terminal 2 of Lisbon airport and operations from this terminal were reorganised and transferred to Terminal 1 of the same airport;
- implementation of compulsory teleworking for all functions, where this was allowed during the state of emergency;
- voluntary redundancy plan

The pandemic led the company to rethink its structure and reassess of the number of employees assigned to carry out each function. As a result, the company has been working with its employees to establish a series of agreements that will feed into a voluntary redundancy programme that will run through to 2024.

By the end of 2020, the company had entered into 125 voluntary redundancy agreements.

	2020	2021	2022	2023	2024	Total
Total exits	65	25	19	12	4	125

- reduction of the normal working hours for all employees, including the Executive Committee - As from April, agreements to reduce the normal working hours by 20% were established. Up until June, the 20% reduction in working hours resulted in an equivalent reduction in salary. From July to December, the 20% reduction in working hours was maintained but salaries were only reduced by 10%. It is also worth noting that most ANA, S.A. employees signed up to this initiative.

8.3. AMOUNTS SPENT IN ADDRESSING COVID-19

In dealing with the COVID-19 pandemic, ANA, S.A. incurred direct expenses of some 1.8 million euros. Most of this expenditure was related, quite naturally, to meeting the public health requirements that were introduced and involved the purchase of masks, gloves, visors, thermometers, disinfectants and cameras for measuring passenger temperatures.

9. OTHER EVENTS

9.1. TRANSFER OF THE SLOT COORDINATION WORK

Between 2003 and 2020, ANA, S.A. was slot coordinator for airports designated as coordinated, in accordance with the provisions of Decree-Law no. 52/2003, of 25 March, and Decree-Law no. 109/2008, of 26 June. This responsibility was discharged through the setting up of a specialised, autonomous and technically independent structure assigned to airport infrastructure management operations.

Decree-Law no. 96/2018, of 23 November stipulated that a new entity should be appointed to coordinate this work. The aforementioned management of this service provision was transferred to NAV Portugal E.P.E. by means of Decree-Law no. 7/2020, of 3 March.

The technical and human resources allocated to the specialised structure operating out of ANA, S.A. were all transferred, with the employees concerned retaining full employment rights. The aforesaid law provides for the payment of compensation to ANA, S.A., to cover the coordination-related running and investment costs incurred by the company from the privatisation date until the date on which NAV, E.P.E. took over the role.

10. SUBSEQUENT EVENTS

In January 2021, under a collective dismissal process, ANA, reached an agreement with 5 employees to terminate their employment contract. These employees worked as baggage deposit assistants at Lisbon airport. The luggage storage service is now provided by automatic lockers.

Starting in February 2021, ANA, S.A. joined the gradual recovery support mechanism of companies in a crisis period with temporary reduction of the normal working hours by means of Decree-Law no. 46-A/2020 of 30 June.

In accordance with the provisions of articles 4 and 5 of Decree-Law 186/2007 of 10 May, as amended by Decree-Law 55/2010 of 31 May, ANA, S.A. submitted an application to ANAC for a prior assessment of the feasibility of building the complementary airport in Montijo.

It is ANAC's interpretation of the legislation in force that the absence of a favourable opinion from all the municipal councils of the potentially affected municipalities constitutes grounds for a preliminary refusal.

In the light of the unfavourable opinions of Moita and Seixal Municipal Councils, issued on 2 March 2021, ANAC decided to preliminarily reject the request for prior assessment of the feasibility of building the Complementary Airport in Montijo submitted by ANA, S.A.

In response, the Government confirmed that it would launch a strategic environmental assessment of the location of the new Lisbon airport. The project that ANA, S.A. developed in collaboration with the state in 2017, which is referred to in this management report and accounts, may be modified as a result of this process.

As it is generally known, SPdH, Serviços Portugueses de Handling, S.A., (hereinafter “Groundforce”) is in a fragile situation from the financial standpoint, and its business continuity is being discussed.

Groundforce is one of the main business partners of ANA, S.A. in what regards handling which renders services in the airports of Lisbon, Porto, Faro and Madeira. Among other business airlines, it is worth mentioning the services provided to companies belonging to the Star Alliance, including, for example, TAP.

A possible scenario of a significant reformulation of Groundforce’s activity (or even bankruptcy) would tend to have a relevant impact at the level of ANA, S.A., due to the potential operational constraints.

The contract entered by ANA, S.A. and LFP – Lojas Francas Portuguesas, S.A. with regard to the occupancy and operating license of the stores located in the airports’ network (commonly known as duty free) will expire on the 28/02/2022. Accordingly, ANA, S.A. is preparing the terms and conditions for the tender of the future contract. In light of the traffic evolution since March 2020, the sales arising from this activity registered a substantial decrease, which may, therefore, have an impact at the level of the license currently in force.

11. 2021 OUTLOOK

The significant worsening of the pandemic in Portugal in January 2021, with record numbers of infections and deaths, the new general lockdown and the closing of borders, maps out a pessimistic scenario for tourism and airport traffic growth in 2021 and indicates that traffic is only likely to return to 2019 levels after 2024.

Given the Portuguese economy’s dependence on tourism, the potential of the aviation sector will have to be leveraged if economic growth is to be achieved. Naturally, ANA, S.A., as concessionaire for the national airports, is going to play a key role in helping the economy to get back on its feet.

2020 was a very difficult year for the ANA Group, which experienced a 70% drop in traffic. The company’s main clients and partners were also significantly affected, but contingency measures and partnerships were set up to help address and overcome the difficulties.

It is also of note that, looking beyond the pandemic, the State Budget for 2021 includes provisions for a carbon tax on air, sea and river travel, to be introduced as of 2021. This tax is levied when commercial passenger air transport tickets for flights departing from airports and aerodromes in Portugal are issued.

In this demanding context, the ANA Group will continue to work together with operators and other stakeholders to minimise the effects of the pandemic and to adopt the health measures that will allow passengers to travel in safety. This approach will help stimulate the gradual resumption of inbound passenger traffic at all Portuguese airports.

With regard to the extra-aeronautical activities, the work being done to consolidate the layout and offer in shopping areas will be continued, in such a way as to both meet the interests of our passengers and drive up revenues.

12. PROPOSED ALLOCATION OF NET PROFIT

ANA, S.A. closed out the 2020 financial year with a negative net result of 72,138,697.75 euros.

The Board of Directors proposes that the net profits for the year be appropriated in the following manner:

Retained earnings: (72,138,697.75) euros

Lisbon, 16th of April 2021

Board of Directors

Chairman:

____

José Luís Fazenda Arnaut Duarte

Member of the Board and Chairman of the Executive Committee:

____

Thierry Franck Dominique Ligonnière

Members of the Board:

____

Nicolas Dominique Notebaert

____

Raphaël Alain Louis Pourny

____

Olivier Patrick Jacques Mathieu

____

Chloé Anne Cecile Tanguy Lapeyre

____

Remi Guy Ferdinand Maumon-Falcon de Longevialle

____

António dos Santos Morgado

____

Eric Marc Jacques Delobel

____

Francisco José Simões Crespo Vieira Pita

____

Carlos Filipe Pires de Gouveia Correia de Lacerda

____

Miguel Frutuoso Lopo Hipólito Pires Mateus

____

Luís Manuel dos Santos Silva Patrão

II. FINANCIAL STATEMENTS

Annual Report 2020

STATEMENT OF FINANCIAL POSITION SEPARATE AND CONSOLIDATED

(thousand euros)

ANA, S.A. 2020	ANA, S.A. 2019	Description	Notes	ANA Group 2020	ANA Group 2019
		ASSETS			
		Non-Current			
		Tangible fixed assets			
71,259	77,577	State property acquired	6	71,259	77,577
104,327	124,633	Company assets	6	108,215	129,066
21,667	18,623	Fixed assets in progress	6	22,384	19,002
2,597	2,869	Right-of-use asset	7	2,722	3,072
-	-	Goodwill	9	1,430	1,430
1,729,160	1,715,308	Concession right	8	1,729,160	1,715,308
2,706	2,522	Other intangible assets	8	2,706	2,522
4,574	4,574	Investment in subsidiaries and associates	10	-	-
1,081	821	Financial investments	12	1,299	821
-	35	Derivatives financial assets	13	-	35
986	2,290	Receivables and others	14	986	2,290
70,491	53,273	Deferred tax assets	15	72,758	53,519
2,008,848	2,002,525			2,012,919	2,004,642
		Current			
486	401	Inventories	16	1,201	1,159
51,673	94,416	Receivables and others	17	53,845	100,267
29,823	-	Current tax	20	29,827	-
258,393	475,327	Cash and cash equivalents	21	259,117	475,628
340,375	570,144			343,990	577,054
2,349,223	2,572,669	Total assets		2,356,909	2,581,696
		EQUITY			
200,000	200,000	Share capital	22	200,000	200,000
82,521	82,132	Reserves	23	82,521	83,093
462,975	160,994	Retained earnings	24	469,649	165,136
(72,139)	301,864	Net profit		(79,704)	303,435
673,357	744,990		25	672,466	751,664
673,357	744,990	Total equity		672,466	751,664
		LIABILITIES			
		Non-Current			
1,355,008	1,429,176	Loans	26	1,355,008	1,429,176
1,440	1,678	Lease liabilities	27	1,523	1,813.00
1,497	1,863	Derivatives financial liabilities	28	1,497	1,863
10,190	8,194	Provisions	29	12,307	9,892
1,623	1,879	Retirement benefits obligations	19	1,623	1,879
1,406	1,471	Deferred tax liabilities	15	1,406	1,471
101,926	102,675	Payables and other liabilities	30	102,322	103,044
1,473,090	1,546,936			1,475,686	1,549,138
		Current			
40,325	91,667	Loans	26	31,520	76,198
1,127	1,150	Lease liabilities	27	1,179	1,218
161,324	162,888	Payables and other liabilities	31	176,058	178,428
-	25,038	Current tax	20	-	25,050
202,776	280,743			208,757	280,894
1,675,866	1,827,679	Total liabilities		1,684,443	1,830,032
2,349,223	2,572,669	Total of equity and liabilities		2,356,909	2,581,696

The notes are part of the financial position at the end of 31 December 2020.

INCOME STATEMENT SEPARATE AND CONSOLIDATED

(thousand euros)

ANA, S.A. 2020	ANA, S.A. 2019	Description	Notes	ANA Group 2020	ANA Group 2019
318,589	871,230	Revenue	32	342,610	921,312
763	690	Work executed by the entity and capitalised	6	763	690
(1,334)	(2,522)	Goods sold and materials consumed	33	(2,010)	(3,937)
(184,764)	(199,481)	External supplies and services	34	(180,126)	(185,891)
(77,586)	(84,594)	Personnel expenses	35	(115,001)	(138,041)
(16,707)	(11,437)	Impairment in receivables and other assets	18	(17,119)	(11,367)
(1,996)	(4,142)	Provisions	29	(2,479)	(5,442)
302	346	Other income	36	2,844	342
(3,010)	(4,042)	Other expenses	37	(3,030)	(4,478)
2,364	2,552	Investment subsidies	31	2,364	2,552
(84,962)	(87,456)	Amortisation and depreciation	38	(86,628)	(89,006)
(48,341)	481,144	**Operating results**		(57,812)	486,734
(43,459)	(46,408)	Finance costs	39	(43,462)	(46,410)
70	2,786	Share in the results of associates and others	40	70	14
716	(120)	Other financial results	41	652	(113)
(42,673)	(43,742)	**Financial results**		(42,740)	(46,509)
(91,014)	437,402	Results before income tax		(100,552)	440,225
18,875	(135,538)	Corporate income tax expenditure	42	20,848	(136,790)
(72,139)	301,864	**Net profit**		(79,704)	303,435
		Earnings per share (euros)	43		
(1.80)	7.55	Basic earnings per share		(1.99)	7.59
(1.80)	7.55	Diluted earnings per share		(1.99)	7.59

The notes are part of the income statement at the end of 31 December 2020.

COMPREHENSIVE INCOME STATEMENT SEPARATE AND CONSOLIDATED

(thousand euros)

ANA, S.A. 2020	ANA, S.A. 2019	Description	Notes	ANA Group 2020	ANA Group 2019
(72,139)	301,864	Net profit		(79,704)	303,435
		Other income not qualified as results			
259	(581)	Remeasurements	19	259	(581)
(141)	182	Deferred tax	15	(141)	182
		Other income qualified as results			
367	276	Fair value variation of swaps coverage	28	367	276
163	(390)	Fair value variation of assets available-for-sale	12	163	(390)
(141)	35	Deferred tax	15	(141)	35
(71,632)	301,387	**Total comprehensive income**		(79,198)	302,957
		Net profit			
(72,139)	301,864	Allocated to shareholders		(79,704)	303,435
(72,139)	301,864			(79,704)	303,435
		Total comprehensive income			
(71,632)	301,387	Allocated to shareholders		(79,198)	302,957
(71,632)	301,387			(79,198)	302,957

The notes are part of the comprehensive income statement at the end of 31 December 2020.

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

(thousand euros)

Description	Notes	Allocated to shareholders				Total Group
		Capital	Reserves	Retained earnings	Net profit	
Balance as of 1 January 2019		200,000	83,171	81,421	284,114	648,706
Application of the result of the previous year	24	-	-	284,114	(284,114)	-
Dividends	44	-	-	(200,000)	-	(200,000)
Total income in the period		-	(78)	(399)	303,435	302,958
Balance as of 31 December 2019	25	200,000	83,093	165,136	303,435	751,664
Balance as of 1 January 2020		200,000	83,093	165,136	303,435	751,664
Application of the result of the previous year	24	-	-	303,435	(303,435)	-
Other movements in equity	23/24	-	(961)	961	-	-
Total income in the period		-	389	116	(79,704)	(79,199)
Balance as of 31 December 2020	25	200,000	82,521	469,649	(79,704)	672,466

The notes are part of the statement of consolidated changes in equity at the end of 31 December 2020.

STATEMENT OF SEPARATE CHANGES IN EQUITY

(thousand euros)

Description	Notes	Allocated to shareholders				Total ANA
		Capital	Reserves	Retained earnings	Net profit	
Balance as of 1 January 2019		200,000	82,211	79,137	282,255	643,603
Application of the result of the previous year	24	-	-	282,255	(282,255)	-
Dividends	44	-	-	(200,000)	-	(200,000)
Total income in the period		-	(79)	(398)	301,864	301,387
Balance as of 31 December 2019		200,000	82,132	160,994	301,864	744,990
Balance as of 1 January 2020		200,000	82,132	160,994	301,864	744,990
Application of the result of the previous year	24	-	-	301,864	(301,864)	-
Total income in the period		-	389	117	(72,139)	(71,633)
Balance as of 31 December 2020		200,000	82,521	462,975	(72,139)	673,357

The notes are part of the statement of separate changes in equity at the end of 31 December 2020.

Direct method

CASH FLOW STATEMENT SEPARATE AND CONSOLIDATED

(thousand euros)

ANA, S.A. 2020	ANA, S.A. 2019		Notes	ANA Group 2020	ANA Group 2019
		Operating activities			
339,143	924,614	Receipts from customers		368,574	970,387
(160,359)	(207,295)	Payments to suppliers		(162,063)	(199,023)
(76,170)	(83,858)	Payments to personnel		(110,800)	(126,926)
(54,384)	(150,768)	Payments and receipts of income tax		(54,987)	(152,328)
(11,770)	(30,736)	Other operating payments and receipts		(8,728)	(33,187)
36,460	451,957	**Operating cash flows**		31,996	458,923
		Investment activities			
		Receipts from:			
22	10	Tangible fixed assets		22	10
258	109	Investment subsidies		258	109
70	2,786	Dividends		70	14
		Payments regarding:			
(28)		Financial investments		(28)	
(83,810)	(38,388)	Tangible fixed assets and intangible assets		(85,480)	(41,749)
(83,488)	(35,483)	**Investments cash flows**		(85,158)	(41,616)
		Financing activities			
		Receipts from:			
45	53	Interest and similar income	26	45	53
-	679	Other financing operations (Cash Pooling)	26	-	-
-	-	Other financing operations		1	-
		Payments regarding:			
(117,725)	(20,265)	Loans	26	(117,725)	(20,265)
(1,215)	(1,105)	Lease liabilities	26/27	(1,323)	(1,198)
(44,347)	(46,761)	Interest and similar costs	26	(44,347)	(46,762)
-	(200,000)	Dividends	44	-	(200,000)
(6,664)	-	Other financing operations (Cash Pooling)	26	-	-
(169,906)	(267,399)	**Financing cash flows**		(163,349)	(268,172)
(216,934)	149,075	Variation of cash and equivalents		(216,511)	149,135
475,327	326,252	Cash and equivalents at the beginning of the period	21	475,625	326,490
258,393	475,327	Cash and equivalents at the end of the period	21	259,114	475,625

The notes are part of the cash flow statement at the end of 31 December 2020.

III. NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2020

CONTENTS

PRELIMINARY NOTE

ANA, S.A. was set up by Decree-Law no. 404/1998, of 18 December. This law transformed the former Empresa Pública Aeroportos e Navegação Aérea, ANA, E.P., itself set up by Decree-Law no. 246/1979, of 25 July, into a legal person under private law, with the status of a public limited liability company.

The Company is governed by its articles of association, by the regulatory standards applicable to limited liability companies, by the Concession Contracts to which it is party and also by the special regulations applicable because of the Company's specific business activity.

ANA - Aeroportos de Portugal, S.A. is currently the concessionaire for the provision of public airport services in support of civil aviation operations at ten national airports. These are located in continental Portugal (Lisbon, Porto, Faro and Beja), in the Autonomous Region of the Azores (Ponta Delgada, Santa Maria, Horta and Flores) and in the Autonomous Region of Madeira (Madeira and Porto Santo).

The legal framework for these concessions is set out in decree-Law no. 254/2012, of 28 November, and in the amendments to this introduced by Decree-Law no. 108/2013, of 31 July, which brings the airports in the Autonomous Region of Madeira into the airport network managed by ANA, S.A.

This legal framework is completed by the Concession Contracts for the provision of public airport services in support of civil aviation operations at national airports: (i) in continental Portugal and the Azores, through the contract signed by ANA, S.A. and the Portuguese State on 14 December 2012, and (ii) in the airports in the Autonomous Region of Madeira, accordingly to the contract signed on 10 September 2013. Under this latter contract, ANA, S.A. succeeded to ANAM, S.A. as concessionaire, as from October 2014, when ANAM, S.A. was incorporated by merger into ANA, S.A.

ANA, S.A. has its registered office at Rua D, Edifício 120, Lisbon Airport, and is the “parent company” of the ANA Group. The shareholder structure and business purpose are described in the following points.

The Financial Statements given refer to the individual financial statements for ANA, S.A. and the consolidated financial statements for the ANA Group.

All values are expressed in thousands of euros, unless otherwise indicated.

Some of the monetary figures referred to in these Notes may slightly differ from the sum of their parts or from amounts stated in other points. This is due to the automatic rounding up or down of such figures.

1. ACTIVITY

1.1. GROUP STRUCTURE AND FRAMEWORK OF ACTIVITY

SHAREHOLDER:

On December 31, 2020, ANA, S.A. was 100% owned by VINCI Airports, SAS.

GROUP COMPANIES:

ANA, S.A., the parent company, is the sole owner of Portway, S.A., its handling subsidiary.

The main business purpose of ANA, S.A. is to operate public airport services, as a concession, in support of civil aviation in Portugal. Additionally, the Company may carry out business activities and commercial or financial operations that are directly or indirectly related, wholly or partially, to the main purpose, or that may help or ease the achievement of this main purpose.

1.2. CONCESSION OF PUBLIC AIRPORT SERVICES CONTRACTS

ANA, S.A. is a concessionaire of the public airport service in support of aviation at eight national airports in mainland Portugal (Lisbon, Porto, Faro and Beja) and in the Autonomous Region of Azores (Ponta Delgada, Santa Maria, Horta and Flores), under the Concession Contract signed with the Portuguese State on 14 December 2012.

Following the merger by incorporation of ANAM, S.A., ANA, S.A. succeeded ANAM, S.A. as contract concession holder for the provision of public airport services in support of aviation at the two airports in the Autonomous Region of Madeira (Madeira and Porto Santo), as provided for under the contract signed by ANAM, S.A. and the Portuguese State on 10 September 2013 (clause 43.4).

Thus, ANA, S.A. has been the concession holder under two Concession Contracts since October 2014. Although these contracts are independent, the grantor is the same and the form of the contracts is entirely identical.

SERVICES PROVIDED BY THE CONCESSIONAIRE

The aim of public airport services contracts is the management, the operation and provision of airport activities and services, as well as obligations related with the maintenance of assets and the development of airports.

The main activities are:

a) Airport activities and services – directly provided by the Concessionaire and for which it provides airport infrastructures detailed in Annexe 1 of the concession contracts, being the most significant associated with:

1. The availability of airport infrastructures consisting of runways, taxiways and aprons;
2. The availability of airport infrastructures necessary for air traffic control;
3. The parking of aircraft on the aprons, as well as their shelter in hangars, when applicable;
4. The safety of airport operations within the entire airport perimeter;
5. The provision of emergency, rescue and firefighting services;

6. The availability of areas specifically designed for the embarking, disembarking, transfer or transit of passengers, cargo and mail;
7. The availability of airport infrastructures for the provision of assistance services to aircraft, passengers, cargo and mail, including the supply of fuel, oil and meals (catering);
8. The supply, operation and maintenance of equipment for embarking and disembarking passengers and equipment for remote embarking of persons with reduced mobility, as well as supply of energy to aircraft;
9. The availability of passenger check-in counters or any other infrastructure associated with the processing of passengers, including common use computer platforms;
10. The supply, operation and maintenance of infrastructures for the reception, treatment, handling and collection of baggage;
11. The availability of car parks with public access to airports;
12. General maintenance and upkeep of airport infrastructures.

b) The provision of activities for design, projects, construction, strengthening, reconstruction, expansion, deactivation and closing of airports, under the terms of the contract;

c) The carrying out of business activities that may be performed in airports or other areas affected by the concession.

CONCESSION ASSETS AND ASSOCIATED OBLIGATIONS

The Concession Contract was awarded for a period of 50 years, from the date of the signing of the contract (14 December 2012) for the airports in mainland Portugal and in the Autonomous Region of Azores. The contract signed with the Autonomous Region of Madeira has the same term.

In return for being granted this concession, ANA, S.A. paid the grantor the amount of 1,200 million euros, maintaining the right of use over all the airport infrastructures that make up the concession and assuming the responsibilities inherent in the maintenance of airport infrastructures according to the parameters of service quality set forth in the contract.

In addition to the initial payment of 1,200 million euros, ANA, S.A. is obligated to share with the grantor, in two equal annual payments (31 March and 30 September) between the 10th and 50th years of the concession, an amount corresponding to a percentage of the gross income from the concession, which varies between 1 and 10% according to the defined time intervals. Under IFRIC 12 these variable remunerations will be recognized in the income statement at the moment of its occurrence due to its contingent nature.

The establishment of the concession includes all the assets allocated to the concession, regardless of their ownership, which includes: (i) buildings and land; (ii) other tangible assets; and (iii) intangible assets.

Under the Concession Contract, ANA, S.A. assumes specific obligations for development, including the maintenance of the airports in good operating conditions, assuming the total and exclusive responsibility for the operation, repair, replacement, maintenance and management of airports, and in particular to:

a) Maintain the runways, aprons, taxiways and cargo and mail infrastructures, as well as all the areas of the airport essential to the secure access to air transports, in conditions that are at least equal to those at the date of the contract;

b) Maintain all the passenger terminals at a C service level, according to the IATA manual;

c) Keep airports free from any environmental damage resulting from the concession activity;

d) Guarantee, on the expiration date of the contract, the delivery of the assets allocated to the concession in operating conditions that meet the minimum reversion conditions.

At the end of the concession, all the concession assets revert to the grantor, with the concessionaire retaining no rights of indemnification, except for investments greater than 30 million euros made in the last five years of the Concession Contract with the approval of the grantor. In these cases, the grantor shall pay the residual amount of the assets or extend the concession period.

NEW AIRPORT FOR LISBON

The Concession Contract grants the exclusive right to the Concessionaire to present a proposal for the design, construction, financing and/or operation and management of the NAL.

Under Clause 42.3 of the Concession Contract, the Concessionaire is also entitled to present alternatives that it believes are more efficient and less costly for the Concession Grantor than the development of the NAL. In this context, the Concessionaire submitted to the Concession Grantor a set of technical studies on a solution to expand airport capacity in the Lisbon region, based on the operational improvement of the Lisbon airport and the development of supplementary airport capacity at Air Base no. 6 in Montijo.

The DIA was obtained on 21 January 2020. This marked a significant step forward in the development of the expansion project.

At the end of 2020, the Portuguese State announced its intention to conduct a strategic environmental assessment for the new Lisbon Airport. The conclusions of this assessment may well have an effect on the development and timing of the planned expansion project.

FINANCING

As concessionaire, ANA, S.A. assumes full financing of the concession, although this may be renegotiated, provided that the debt servicing coverage ratio stipulated in the Concession Contract is maintained.

INCOME AND REBALANCING OF THE CONCESSION

The concession income consists of proceeds from charges issued by the concessionaire in return for providing airport activities and services and includes income from commercial or other activities related to the management of the concession.

The charges under the provision of public service are regulated by ANAC, which sets the maximum values that can be put into practice.

The concessionaire assumes complete responsibility for all the risks inherent in the concession, rebalancing only being permitted in those cases expressly provided for in the contract. Rebalancing can take one or more forms:

a) Change in the charges subject to economic regulation;

b) Attribution of co-payment or direct compensation by the grantor;

c) Extension of the concession period; or

d) Any other form agreed upon between parties.

1.3. ECONOMIC REGULATION LEGAL FRAMEWORK

- Decree-Law no. 254/2012 approved the rules applicable to the airport sector. The aforesaid Decree-Law regulates: (i) the licensing regime for the private use of airport assets in the public domain and the performance of activities and services in airports and national public aerodromes, as well as the fees related to these activities; (ii) a set of fees applied to all airports and aerodromes located in Portuguese territory, specifically the security fee due on the number of passengers boarded; (iii) the conditions for applying the juridical regime related to the rights of passengers with disabilities and passengers with reduced mobility; (iv) the rules and common principles applicable to the fees subject to economic regulation and setting the indicators of quality in service, to be followed at airports and aerodromes located in Portuguese territory;
- Under article 49 of Decree-Law no. 254/2012, the security fee consists of two distinct components. One part covers the charges levied by ANAC and the security forces. The other part covers the costs incurred by the airport management bodies in providing civil aviation security services and also in installing, operating and maintaining the systems for screening all hold baggage. The part of the charge pertaining to this second component is fixed by ministerial order issued by the members of the government responsible for finance, internal administration and the economy. Prior to this, the airport management body makes a proposal that has been guided by the opinions of airport users, or their representatives, and is based on the costs of the security services provided, as per no. 2 of article 52 of the same Decree-Law;
- In order to cover the costs inherent to providing assistance to persons with reduced mobility, a fee was created that came into effect in December 2008, complying with Regulation no. 1107/2006, of 5 July. This fee is paid by the airlines using airports or aerodromes in Portugal. The amount is fixed, per passenger embarked, by decision of the administrative board of ANAC. Prior to this, the airport management body makes a proposal that has been guided by the opinions of airport users, or their representatives, or users' associations, as per nos. 1 and 3 of article 61 of Decree-Law no. 254/2012.

1.3.1. ECONOMIC REGULATION ESTABLISHED IN THE CONCESSION CONTRACTS

The economic regulation, detailed in Annexe 12 of the Concession Contracts, defines the principles and rules applicable to the charges paid by airport customers for the use of available facilities and for services provided by the airport operator related to the landing, take-off, lighting and parking of aircraft and for the processing of passengers, cargo and mail.

The Concession Contracts for the provision of public airport services in support of aviation at the national airports in mainland Portugal, the Azores and Madeira specify the economic regulation applicable to the business carried out at these airports, through a common and materially standardised model.

In terms of the regulation model adopted, the activities provided by the airport managing entity are divided into:

a) Regulated activities: i) directly related to aircraft operations; ii) related to the processing and assistance to passengers, on arrival, departure and in transfer; and

b) Monitored activities: i) the commercial activities on the airside not included in the "airside retail activities"; ii) availability of ticket sale counters or for support of the airline operations;

iii) activities for supplying fuel and catering to aircraft and other categories of assistance during stopover; and iv) activities related to flights exclusively operated by cargo planes.

The economic regulation is based on the Maximum Regulated revenue per passenger.

The setting of the income per terminal passenger is made by airport or set of airports,

i) Lisbon group [Lisbon, Azores, Madeira (Madeira and Porto Santo) and Beja Civilian Terminal

ii) Porto and

iii) Faro,

the concessionaire being free to set the structure and amounts of the charges owed, as long as the limits established for the Regulated Price Cap are observed.

A regulatory description of rates due for using the airport facilities and services and for operating commercial activities can be found in the 'Regulated Charges Guide' available online at ANA, S.A.'s official website (www.ana.pt).

1.3.2. GROUND HANDLING SERVICES

Via Portway, S.A., the Group is involved in the activity of providing the aircraft that use Lisbon, Porto, Faro, Madeira, Porto Santo and Ponta Delgada airports with assistance during stopovers, as defined by Decree-Law no. 275/99 dated 23 July, under licence from ANAC for the following activities:

- Administrative assistance on the ground and supervision;
- Assistance to passengers;
- Assistance with baggage;
- Assistance for cargo and mail;
- Assistance for runway operations;
- Assistance for cleaning and servicing aircraft;
- Assistance for air operations and crew management;
- Assistance for ground transport.

2. ACCOUNTING POLICIES

The main accounting policies applied while preparing these financial results are described below. These policies were applied consistently to all the years presented herein, unless otherwise indicated.

2.1. BASIS FOR THE PRESENTATION

These financial statements sheets were prepared according to the IFRS adopted by the European Union, issued and in force at 31 December 2020.

Financial assets and liabilities are recognized in the balance sheet when the Company becomes part of the corresponding contractual provisions.

The preparation of the financial statements in accordance with the IFRS requires the use of some important estimates that affect the amounts of assets and liabilities as well as the amounts of income and costs during the reported period. These estimates and assumptions are derived from a better knowledge of management with regard to current events and activities. However, it is not expected that significant adjustments of the values of assets and liabilities in future years will result from these estimates. The areas that involve a greater degree of judgement or where the estimates are more significant for the financial statements are described in note 4.

The Board of Directors assessed the capacity of the Company regarding its going concern, based on all relevant information, facts and circumstances of financial, commercial or other nature, including events occurred after the reference date of the financial statements, available on the future, namely the impact of COVID-19 (which is not yet possible to estimate). As a result of the assessment made, the Board of Directors concluded that the Company has appropriate resources to keep its business and has no intention to cease it in the short term.

The Board of Directors assessed the company's ability to continue operating as a going concern. This assessment was based on all relevant information, facts and circumstances of a financial, commercial or other nature, including events subsequent to the reference date for the financial statements, as revealed through consultation.

There continues to be significant uncertainty about the end of the pandemic and the normalisation of the world economy, particularly in the aviation sector, given (i) the company's liquidity position and (ii) the management measures that have been implemented (postponement of investments, renegotiation of supplier contracts, closure of non-critical airport areas, reduction in normal working hours, etc.). Despite this, the Board of Directors believes that the company has sufficient resources to allow it to continue in business in 2021 and there is no intention of halting its business activity in the short term. Therefore, the Board of Directors reiterates its opinion that it is appropriate to apply the going concern assumption in the preparation of the attached consolidated financial statements.

2.2. IFRS DISCLOSURES – NEW RULES

2.2.1. STANDARDS AND INTERPRETATIONS THAT CAME INTO FORCE ON JANUARY 1, 2020, AND THAT THE GROUP APPLIED IN PREPARING ITS FINANCIAL STATEMENTS

As at the date of approval of these financial statements, the following accounting standards, interpretations, amendments and revisions have been endorsed by the European Union. Application of these was mandatory as of the fiscal year beginning 1 January 2020:

- **Amendments to references to the Conceptual Structure in the IFRS Standards.** This pertains to the amendments made to various standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) regarding references to the Structural Concept revised in March 2018. This revision includes the updated definitions of an asset and a liability and new guidelines on the measurement, derecognition, presentation and disclosure of the same.
- **IAS 1 and IAS 8 (Amendment) – Definition of material.** These amendments clarify the definition of materiality in IAS 1. The definition of materiality in IAS 8 now references that in IAS 1. The amendment changes the definition in other standards, so as to ensure consistency. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.
- **IFRS 3 (Amendment) – Definition of a business.** This amendment revises the definition of a business and aims to clarify the distinction between the acquisition of a business and the acquisition of a group of assets. The revised definition also clarifies the definition of the output of a business as being the supply of goods or services to customers. The amendments include examples that illustrate the acquisition of a business.
- **IFRS 9, IAS 39 and IFRS 7 (Amendment) – Interest rate benchmark reform (IBOR Reform).** The amendments to the IFRS 9, IAS 39 and IFRS 7 standards relate to the interest rate benchmark reform (or “IBOR reform”) project. They will reduce the potential impact of any changes to benchmark interest rates in the financial report, particularly as regards hedge accounting.
- **IFRS 16 (amendment) - Leases – “Covid 19 Related Rent Concessions”.** This amendment introduces an optional practical expedient by which lessees are exempted from analysing whether Covid-19 related rent concessions, typically rent suspensions or rent reductions, correspond to contractual modifications.

The adoption of the amendments referred above had not significant effects on the Group's financial statements for the year ended December 31, 2020.

2.2.2. STANDARDS, CHANGES AND INTERPRETATIONS ISSUED AND ENDORSED BY THE EUROPEAN UNION. APPLICATION OF THESE WILL BE MANDATORY IN FUTURE YEARS

- **IFRS 9, IAS 39 and IFRS 7 (amendment) – Phase 2 - Benchmark Interest Rate Reform (IBOR Reform).** These amendments to the IFRS 9, IAS 39 and IFRS 7 standards, issued on 27 August 2020, relate to the second phase of the interest rate benchmark reform (or “IBOR reform”) project. This addresses changes in reference interest rates and the impacts in terms of modifications to financial assets, financial and lease liabilities, hedge accounting and disclosures. This amendment will not have a significant impact on the Group's financial statements.
- **Amendment to IFRS 4 - Insurance Contracts - Deferral of IFRS 9.** This amendment to IFRS 4 extends the deferral of the application of IFRS 9 to initial years starting on or after 1 January 2023. This amendment will not have a significant impact on the Group's financial statements.

2.2.3. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN PUBLISHED BUT HAVE NOT YET BEEN ENDORSED BY THE EUROPEAN UNION

As at 31 December 2020, the IASB had issued the following standards and interpretations that have not yet been endorsed by the European Union:

- **IFRS 17 – Insurance contracts.** This standard establishes the principles underpinning the recognition, measurement, presentation and disclosure of insurance contracts that fall within its scope. This standard replaces IFRS 4 – Insurance contracts. The future adoption of this standard will have no impact on the Group's financial statements.
- **Amendment to IAS 1 Presentation of Financial Statements - Classification of liabilities as current or non-current.** This amendment published by the IASB clarifies the classification of liabilities as current or non-current through analysis of the contractual conditions existing at the reporting date. The future adoption of this standard will have no impact on the Group's financial statements.
- **Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020.** These amendments are updates of the various standards mentioned, namely: (i) IFRS 3 - update of the reference to the 2018 conceptual framework; additional requirements for analysing liabilities under IAS 37 or IFRIC 21 at the acquisition date; and explicit clarification that contingent assets are not recognised in a business combination. (ii) IAS 16 - prohibition on deducting any income accruing from the sale of products from the cost of a tangible asset before the asset is available for use. (iii) IAS 37 - clarification that costs of fulfilling a contract correspond to costs directly related to the contract. (iv) Annual improvements 2018-2020, which essentially comprise amendments to 4 standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41. These amendments are not expected to have a significant impact on the Group’s financial statements.

2.3. CONSOLIDATION

SUBSIDIARIES

The financial holdings in companies over which the Group exercises control are consolidated by means of the full consolidation method. The method is applied from the date on which the Group gains control over the financial and operational activities of the subsidiary and until the date on which it relinquishes such control.

The Group is presumed to have control when it is exposed, or is entitled, to variable returns arising from its involvement in the holding and where it is able to influence such returns through the power it exercises over the holding, irrespective of the percentage of equity that it owns.

On an individual basis, investments in financial holdings that are not classified as non-current assets held for sale or included in a disposal Group that is classified as non-current assets held for sale are recognised at acquisition cost. They are also subject to periodic impairment tests, whenever there are signs that a given financial holding may be impaired.

Business combinations are measured using the purchase method. The cost of an acquisition is assessed by the fair value of the goods handed over, capital instruments issued and liabilities incurred or undertaken on the date of the acquisition. The transaction costs are recorded as expenses when incurred, in accordance with IFRS 3.

The identifiable assets that were acquired and the liabilities and contingent liabilities undertaken in a merger have initially been measured at the fair value on the date of the acquisition, irrespective of the existence of non-controlled interests. The surplus cost of acquisition with regard to the fair value of the Group’s share of the identifiable assets that have been recorded has been recorded as goodwill. If the cost of the acquisition was lower than the fair value of the Group’s share of the net assets of the subsidiary that has been acquired, the difference is recorded directly on the income statement.

Internal transactions, balances and unrealised gains in transactions between Group companies have been eliminated. Unrealised losses have also been eliminated, except in cases where the transaction proves to be evidence of the impairment of a transferred asset. The accounting policies of subsidiaries are altered whenever necessary, so as to ensure consistency with the policies adopted by the Group.

Investments in companies over which the Group exercises control, shown in the separate financial statements of ANA, S.A., are measured at acquisition cost, less any impairment losses.

2.4. REPORT PER SEGMENT

An operating segment is a component of an entity:

a) Which develops business activities from which revenues can be obtained and expenditure can be incurred (including revenues and expenditure related to transactions with other components of the same entity);

b) Whose operating results are regularly reviewed by the main body responsible for making operating decisions for the entity, for the purpose of making decisions about the allocation of resources to the segment and for assessing its performance; and

c) With regard to which separate financial information is available.

The ANA Group has identified the Executive Committee as being responsible for making operating decisions. This is the body that reviews internal information that has been prepared so as to assess the performance of the activities of the Group and the allocation of resources. The operating segments were defined on the basis of the information that is analysed by the Executive Committee.

The operating segments of the ANA Group are Airports and Handling:

- Airports – includes all activities related to the provision of public service support to civil aviation as well includes all activities relating to the areas of retail, real estate, parking, rent-a-car, publicity and other services;
- Handling – includes all the activities provided by Portway, S.A. in support of aircraft, passenger, baggage and air freight in the airports of ANA, S.A.

2.5. FOREIGN EXCHANGE CONVERSIONS

A. Operating currency

The figures in the financial statements are expressed in thousands of euros (the currency of the economic environment in which the ANA Group operates).

B. Transactions and balances

Transactions in currencies other than the euro have been converted into the operational currency using the exchange rates in effect on the date of the transaction.

The differences in exchange rates during the financial year, as well as those that were not realised, identified regarding the monetary assets and liabilities that existed on the date of the balance sheet, at the exchange rates in effect on that date, have been included in the income statement.

The following exchange rates with regard to the Euro were used for the conversion of monetary assets and liabilities in foreign currencies, which existed on the date of the balance sheet:

Currency	2020	2019
USD	1.2271	1.1234
GBP	0.8990	0.8508

2.6. CONCESSIONS ASSETS

The concessions granted to ANA, S.A. include the following concession assets.

2.6.1. FIXED TANGIBLE ASSETS

The fixed tangible assets include the State property and Company assets:

a) State property – includes all assets acquired by the Group companies that are implanted on lands in the public domain and attributable to the activities of providing public service;

b) Patrimony:

- ✓ Property assigned to the concession – includes all the assets used in providing the public service and, thus, assigned to the operation of the concession but which are, in substance, controlled by the concessionaire;
- ✓ Others – remaining assets not used in providing the public service, but which have been acquired by Group companies.

The concession operator is deemed to have substantial control over the concession assets when it can independently, and without prior authorisation from the grantor, make decisions on the timing of the replacement of such assets, the size of the investment to be made and the specifications of the equipment to be procured (see note 2.6.2).

Fixed tangible assets are recorded at the value of the initial exchange paid and are subject to legal revaluations, within the scope of the former standards, which constitutes the presumed cost at the date of transition. The fixed tangible assets are being amortised by the respective estimated useful life, the linear method.

Subsequent expenditure is included in the sum recorded on the amount of the property or shown as separate assets, when appropriate, only when it is likely that the future outflow of the economic benefits for the companies and the cost can be reliably measured. Other expenditure related to repairs and maintenance has been shown as an expense during the period in which it was incurred.

The costs incurred with loans obtained for the construction of qualifiable assets have been capitalised during the period required to complete and prepare the asset for its intended use. Other costs with loans have been shown as expenditure for the period.

Direct costs related to the technical areas involved in constructing the Group's assets are likewise capitalised into tangible assets. This capitalisation is carried out according to the internal resources used and the time spent, as a counterpart to the heading of work executed by the entity and capitalised.

The gains or losses derived from the sale or writing off of assets are determined by the difference between the receipts from the sale and the sum recorded on the amount of the asset and is shown as income or expenses on the income statement.

The period of useful life of the main fixed tangible assets can be summarised as follows:

Buildings	10 to 50 years
Other constructions	10 to 50 years
Basic equipment	3 to 20 years
Transport equipment	4 to 7 years
Administrative equipment	4 to 10 years

Amortisation for the period is calculated using the linear method.

2.6.2. INTANGIBLE ASSETS – CONCESSION RIGHT

In accordance with the Concession Contracts of ANA, S.A. and the economic regulation established in those instruments, as described in note 1.3, the model for recording the concession assets as applied under IFRIC 12 is that of intangible asset, since there is no unconditional right to receive fixed or determinable amounts associated with public service provided. There is only the right to charge the airport users, while the concessionaire is exposed to the risk of demand.

In determining the property to be classified as assets comprising the concession right, the classes associated to the various activities carried out were identified, being considered as assets integrating the concession right those that are related to the services/activities in which:

i) the grantor controls or regulates:

a) which services are to be provided – the concessionaire is obligated to provide the services set forth in the Concession Contract;

b) the users – the concessionaire is obligated to provide access to the public service to all users indiscriminately; and

c) the price – the concessionaire is obligated to practice the prices established by the grantor or other equivalent entity (e.g., the regulator);

ii) concession grantor substantially controls any significant interest in the infrastructure and the concessionaire cannot make free use of the assets without permission from the grantor.

The value of subsidies received for these investments was deducted from the total of these assets, the net amounts invested in the concession right being presented in the accounts, according to the policy defined for the ANA Group.

The concession right presented on the statement of the financial position includes the increased amounts agreed to with the grantor for the construction/acquisition of assets for the establishment of the concession that consist of investments for the expansion or renewal of infrastructures (see note 1.2).

The concession right is amortised over the period of the concession (50 years), up to 2062, by the linear method.

2.7. OTHER INTANGIBLE ASSETS

Other intangible assets are valued at the cost of acquisition less accumulated amortisation and impairment losses.

Intangible assets are only recognised if identifiable and if it is likely that they will result in future economic benefits controlled by the Group and can be reliably measured.

Other intangible assets refer to goodwill, research expenses and software.

Goodwill

Goodwill represents the surplus of the cost of acquisition as compared to the fair value of the identifiable assets and liabilities of the subsidiary/associate at the date of acquisition. In the individual accounts, goodwill is included in investments in associates and is measured at the initial value less any accumulated impairment losses. Gains or losses arising from the sale of an entity include the goodwill value of this entity.

The goodwill is allocated to the units that generate the cash flows for purposes of conducting impairment tests. The tests are conducted at least once a year with reference to the financial reporting date.

RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research carried out while pursuing new technical or scientific knowledge, or a quest for alternative solutions, is shown in the results when incurred.

The expenditure incurred on account of development is capitalised when it is proved that the product or process being developed can be executed in technical terms and that the Group has the intention and the capacity to complete its development and begin its use or sale.

Software

The costs incurred with the acquisition of software are capitalised whenever it is expected that they will be used by the Group, with an estimated 3-year lifetime.

2.8. IMPAIRMENT OF NON-FINANCIAL ASSETS

The assets of the ANA Group are analysed during each report period so as to detect possible losses due to impairment.

The determination of the value recoverable is made considering the following operating segments:

- The airport activity managed by ANA, S.A.;
- The handling activity developed by Portway, S.A..

2.9. FINANCIAL ASSETS

The Group determines the classification of its financial assets on the date that the asset is first shown in accordance with the objective of its purchase, re-evaluating this classification on the date of each report.

Financial assets can be classified as:

- Assets measured at amortised cost – this includes non-derivative financial assets, the business model of which involves holding financial assets in order to receive contractual cash flows, where such flows are solely repayments of capital and the payment of interest on the outstanding capital.

- Financial assets at fair value through other comprehensive income – these assets are classified at fair value through other comprehensive income if they are held under a business model objective of which is attained by collecting contractual cash flows and selling financial assets, where the contractual terms of the financial asset result in specifically dated cash flows that are solely repayments of capital and the payment of interest on the outstanding capital.
- Financial instruments classified at fair value through profit or loss – the assets classified in this category are derivative financial instruments and capital instruments that the company has not classified, on initial recognition, as financial assets through other comprehensive income. This category also covers all financial instruments contractual cash flows of which do not solely comprise capital and interest.

Financial assets are removed when the rights to receive the monetary flows created by these investments expire or are transferred, along with all the risks and benefits associated with their possession.

2.10. INVENTORIES

Inventories are valued as the lesser of the cost of acquisition or the net sale value. Inventories essentially refer to fuels, spare parts and other materials. Inventories are initially shown at the cost of acquisition, which includes all the expenses associated with the purchase. The cost is determined using the pondered average cost method.

2.11. CASH AND CASH EQUIVALENTS

The cash and cash equivalents item includes: cash, bank deposits, other short-term investments with high levels of liquidity, insignificant risk of changes in value and with an initial maturity of up to 3 months and bank overdrafts.

It also includes the cash pooling figure, as the ANA Group is now part of the VINCI Group cash pooling mechanism. Cash pooling qualifies as being a cash equivalent because there are no restrictions on the way it is used, it is immediately available because it meets all the other pertinent criteria.

Bank overdrafts are shown on the statements of the financial position, in current liabilities under the loans item. For the purposes of cash flow statements, the bank overdrafts are included in the cash and cash equivalents item.

2.12. DIVIDENDS

Dividends are shown as a liability whenever approved by Shareholders General Meeting.

2.13. FINANCIAL LIABILITIES

The IFRS 9 classifies financial liabilities into two categories:

- Financial liabilities at amortized cost;
- Financial liabilities at fair value.

Financial liabilities at amortized cost include Loans obtained (note 2.14) and Payables and other liabilities (note 2.15).

Financial liabilities at fair value refer to derivative financial instruments contracted within the scope of managing the Group's financial risks.

Derivative financial instruments are shown on the date they are contracted at their fair value. Subsequently, the fair value of the derivative financial instruments is regularly evaluated. The gains or losses resulting from this evaluation are shown directly in the results for the period or in coverage reserves, in equity, in situations that these gains or losses qualify for cash flow hedge accounting (note 3.3).

The financial liabilities are removed when the underlying obligations are eliminated by payment or are cancelled or expire.

2.14. LOANS OBTAINED

A financial instrument is classified as a financial liability when the issuer is contractually obliged to pay back the capital and/or interest by disbursing money or handing over some other financial asset, irrespective of its legal form. Financial liabilities are recognised (i) initially, at fair value, less the transaction costs incurred and (ii) subsequently, at amortised cost, which is calculated using the effective rate method.

They are classified as current liabilities, except if the Group has an unconditional right to defer the liquidation of the liability for, at least, 12 months after the date of the balance sheet. In this case they are classified as non-current liabilities.

2.15. PAYABLES AND OTHER LIABILITIES

The balances of suppliers and other payables are initially shown at the fair value and are subsequently measured at the amortised cost in accordance with the effective interest rate method.

2.16. RETIREMENT BENEFITS

The parent company has responsibilities with complementary retirement benefits.

ANA, S.A. has a Complementary Pension Fund, managed by an autonomous entity, which includes two plans:

- Defined contribution plan – covers all employees, contributions for this plan are shown as a cost, in the financial year in which they occur;
- Defined benefits plan – covers only the employees who had already retired before 1 January 2004 (the date the defined benefits fund was changed to the defined contributions fund). The actuarial calculation of the Company's responsibilities is carried out annually using the immediate annuity method. The actuarial differences (re-measurements) are recognised immediately and only in 'Other comprehensive income'. The financial cost of funded plans is calculated on the basis of the net non-funded liability.

2.17. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are shown when:

- There is a legal, contractual or a constructive obligation, as a result of past events;
- It is likely that an outflow of resources will be necessary to satisfy the obligation; and

- A reliable estimate of the amount of the obligation can be made.

When there are similar obligations, the probability of generating an outflow of resources is determined together. The provision is shown even if the likelihood of an outflow owing to one element included in the same class of obligations might be lower.

Provisions are reviewed at each reporting date and are adjusted so that they reflect the best estimate. Provisions are measured based on their nominal value, plus any legally applicable interest, so that the outflow of resources arising from the liability is duly accounted for.

For ongoing legal cases, management bases its judgement on external legal advice in conjunction with the assessment of the internal Legal and Litigation Office.

Those situations in which there is a present obligation resulting from a past event but for which there is unlikely to be an outflow of resources or any situations that cannot be reliably estimated are classified as contingent liabilities. Such liabilities are disclosed in the financial statements, unless the possibility of any outflow is remote (note 47.2).

Contingent assets are not recognised in the financial statements but are only disclosed whenever it is likely that there will be a future economic inflow of resources (note 47.1).

2.18. SUBSIDIES

Subsidies are shown at their fair value when there is a reasonable assurance that they will be received and that the Group will fulfil the inherent obligations.

Subsidies received for financing acquisitions of tangible fixed assets are recorded under liabilities and shown in the results, in proportion to the amortisation of the subsidised assets.

The subsidies granted under the public service activities are deducted from the value of construction contracts provided in concession right by constituting reimbursement of certain expenses incurred.

Subsidies concerning expenses are deferred and recognised in the balance sheet for the period necessary to balance them with the expenses that they are meant to compensate.

Subsidies are classified as non-current liabilities, under the Accounts payable and other liabilities item, when the period of deferral is greater than 12 months. The remaining balance is classified under current Accounts payable and other liabilities.

2.19. LEASING

The Group classifies leases in accordance with IFRS 16.

IFRS 16 establishes the principles that apply to the recognition, measurement, presentation and disclosure of leasing contracts. Its main objective is to ensure that the information provided by lessees and lessors accurately reflects their lease-related transactions.

The Group carries the right-of-use asset and the lease liability in separate items on the statement of financial position.

A lease is defined as a contract that confers the right to control the use of an identifiable asset over a fixed period of time, in exchange for a specified payment.

The Group assesses whether or not each contract equates to a leasing contract, or if it contains a lease, as at its start date. If it does, a right-of-use asset and a lease liability are recognised.

The right-of-use asset is measured at the initial value of the lease liability, adjusted for any payments made at or before the start date, initial direct costs incurred, estimated decommissioning and restoration costs (if applicable) and deducted of any incentives obtained.

The lease liability is valued at the current value of the lease payments that have not been made to date, discounted using the interest rate implicit in the lease or, if this cannot be easily identified, the Group's incremental borrowing rate.

The lease term is also a factor in calculating the value of the lease asset and liability. It is defined as the non-cancellable part of the contract term plus any extension options and less any lease rescission, where these are reasonably certain.

The Group subsequently measures right-of-use assets at cost less amortisations and impairment losses. The lease liability is subsequently measured on the basis of its amortised cost.

The value of the lease liability increases to account for the interest on the liability and decreases as a function of lease payments made during the period.

The lease liability may also be remeasured if there are any changes to future payments. The Group will recognise such amounts as adjustments to the right-of-use asset. If the book value of the right-of-use asset is reduced to zero, the remaining remeasurement amount must be recognised in the income statement.

2.20. HEDGING POLICY

The ANA Group follows a policy of resorting to derivative financial instruments which comply with the provisions of IFRS 9, with a view to covering the financial risks to which it is exposed, resulting from variations in interest rates.

Derivative financial instruments are shown on their trade date, at their fair value. Subsequently, the fair value of the derivative financial instruments is regularly re-evaluated, the resulting gains or losses of this re-evaluation are shown directly in the results for the period, except in cases that refer to cash flow coverage derivatives. The recognition of the variations of the fair value of the coverage derivatives depends on the nature of the risk covered and the model of coverage used.

COVERAGE ACCOUNTING

Derivative financial instruments used for purposes of coverage can be classified in accounting terms as coverage as long as they fulfil, cumulatively, the following conditions:

i) On the date the transaction is initiated, the coverage relation has been identified and formally documented, including the identification of the covered item, the coverage instrument and an evaluation of the effectiveness of the coverage;

ii) There is an expectation that the coverage relation will be highly effective, at the date the transaction is initiated and over the life of the operation;

iii) The effectiveness of the coverage can be reliably measured at the date the transaction is initiated and over the life of the operation;

iv) For cash flow coverage operations, there must be a high probability that they will occur.

INTEREST RATE RISK (COVERAGE OF FAIR VALUE)

Coverage instruments that are designated and qualify as fair value coverage are shown in the statement of financial position at their fair value. Simultaneously, the change in the fair value of the hedged instruments, in the component that is being covered, is adjusted as a counterpart to results. Consequently, any ineffectiveness of the coverages is immediately shown in the results.

If the coverage ceases to comply with the criteria required for coverage accounting, the derivative financial instrument is transferred to the trading portfolio and the coverage accounting is prospectively discontinued.

INTEREST RATE RISK (CASH FLOW COVERAGE)

The operations that qualify as coverage instruments with regard to cash flow coverage are shown in the statement of financial position at their fair value and, insofar as they are considered to be effective coverages, the variations in the fair value of the instruments are initially shown as a counterpart to equity and are later reclassified under the finance costs item.

If the coverage operations are ineffective, this is directly shown in the results. Thus, in net terms, the flows associated with covered operations are accrued at the rate inherent to the contracted coverage operation.

When a coverage instrument expires or is sold, or when the coverage ceases to comply with the criteria required for coverage accounting, the variations of the fair value of the derivative accumulated in reserves are shown under results when the covered operation also shows results.

2.21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

While determining the fair value of a financial asset or liability, if there is an active market, the market quotation is used. This constitutes level 1 of the fair value hierarchy.

In case there is no active market, which is the case for some financial assets and liabilities, valuation techniques that are generally accepted by the market are used, based on market assumptions. This constitutes level 2 of the fair value hierarchy.

The Group uses valuation techniques for non-quoted financial instruments, such as derivatives, fair value financial instruments by means of results and for financial assets available for sale. The valuation models that are used most frequently are discounted cash flow models and options evaluation models that incorporate, for example, interest rate curves and market volatility.

For financial assets and liabilities for which there is no market data or equivalent, more advanced valuation models are used containing assumptions and data that are not directly observable in the market, for which the Group uses internal estimates and assumptions. This constitutes level 3 of the fair value hierarchy.

2.22. INCOME TAX AND DEFERRED TAX

In 2017, VINCI, S.A. opted to apply the RETGS to an extended number of companies that have their registered offices in Portugal and meet the conditions set out in article 69-A of the CIRC.

ANA, S.A. was named the designated controlled company by VINCI, S.A. and, as a result, bears the responsibility for compliance with all the obligations incumbent on the controlling company, in the terms of no. 3 of article 69-A of the CIRC.

In 2020, the RETGS covered 10 companies, including ANA, S.A. (see note 20).

Income comprises current tax and deferred tax. Current tax is calculated on the basis of net book profit/loss, adjusted in line with the applicable tax legislation.

Deferred taxes, calculated using the balance sheet liability method, reflect the temporary differences between consolidated asset and liability values for accounts reporting purposes and the respective values for tax purposes.

However, if the deferred tax ensues from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the transaction date, does not affect either the book result or the tax result, it is not recognised.

Deferred tax assets and liabilities are determined and annually evaluated at the tax rates in force or announced at the balance sheet date and expected to be applicable in the period in which the deferred tax asset or the settlement of the deferred tax liability occurs.

Deferred tax assets are recognised to the extent that it is likely that future taxable profits will allow the company to make use of the temporary difference.

Deferred taxes are carried on the income statement, unless they result from amounts recognised directly in equity, in which case the tax is carried in the same equity item.

2.23. INCOME

IFRS 15 is based on the principle that the revenue from the sale of goods and the provision of services is recognised on the date on which control is transferred to the customer. The transaction price is allocated to the various performance obligations agreed with the customer and subject to adjustment on measurement, whenever the consideration is variable or subject to a significant financial effect.

The standard’s revenue recognition model is based on a five-step analysis that determines when the revenue should be recognised and what the amount of this revenue is:

a. Identify the contract with the customer;
b. Identify the performance obligations;
c. Determine the transaction price;
d. Allocate the transaction price;
e. Recognition of the revenue.

Recognition of the revenue depends on whether the performance obligations are fulfilled over time or whether, on the contrary, control over the good or service is transferred to the customer at a given time. Revenue is measured as the amount that the entity expects to receive.

SALES

Sales of merchandise are recognised in the accounting period in which the Group transfers control over the same to the purchaser and comprise the fair sale value of the goods, net of taxes and discounts. The new model did not result in any change in the recognition of sales revenue, as the performance obligation is discharged at the time that the entity hands over the good to the customer.

SERVICES

The providing of services essentially encompasses charges for services in the areas of traffic, security, PMR, handling services, rents, exploitation and other commercial rates, as foreseen in economic regulation.

Under IFRS 15, the revenue is only recognised at the time at which the performance obligation is discharged. The Group's performance obligations for service provisions are discharged at the time that the following services are duly provided:

- Traffic, handling, security and PMR charges are recognised in the reporting period in which the services are provided. They are carried as the fair value of the service provision, net of taxes and the air traffic development incentives paid to airlines;
- Rents are recognised by the linear method over the period of the occupancy licence;
- Exploitation charges have a fixed component and/or a variable component. The fixed component is recognised by the linear method over the licence period. The variable component is arrived at by applying a set percentage to the concessionaire's revenues. This amount is recognised in the period in which the concessionaire earns these revenues. Moreover, most of the operating licences incorporate a minimum guaranteed earnings component.

Other business charges are recognised in the period in which the services are provided.

CONSTRUCTION CONTRACTS

The construction contracts item refers to the carrying of construction contracts associated with the Concession Contracts. The Group carries the costs associated with the acquisition/construction of expansion assets or the upgrade of concession infrastructures in the income statement, recognising the revenue of the corresponding construction. The calculation of construction contracts income also takes into account the direct costs of the technical areas involved in the construction of the expansion assets.

OTHER EARNINGS

The other earnings item mainly comprises services debited to Portway, S.A., the Company's handling subsidiary. These services are: technical and management services, staff secondments, occupational health, maintenance of information systems and others.

3. MANAGEMENT OF FINANCIAL RISK

3.1. FACTORS FOR FINANCIAL RISK

The Group's activities are exposed to a variety of financial risk factors: credit risk, liquidity risk and cash flow risk associated to interest rates.

The Group has a risk management programme that seeks to minimize potential adverse effects, using the appropriate instruments to cover certain risks to which it is exposed.

A. CREDIT RISK

Credit risk may result from counterpart risk, risk of cash balances and cash equivalents, deposits and derivative financial instruments in financial institutions, as well as the credit risk related to receivables from clients and other debtors.

The table below summarises the credit quality of the deposits and applications at financial institutions, in terms of counterpart risk. It should be noted that the Group places its excess liquidity with institutions that have an Aa3 level of risk.

Rating	Balances 2020	Balances 2019
Cash equivalents		
Aa3	257,704	474,467
A3	1	2
Baa1	773	354
Baa2	45	46
Ba3	21	41
B1	522	672
	259,067	475,582

Rating assigned by Moody's at 31.12.2020.

The ANA Group is exposed to the risk inherent in the credit extended to its portfolio of customers. The Group assesses the credit risk of its customers by evaluating the impact any potential default could have on the group’s financial situation.

The assessment of this risk, which underpins the credit decision, involves combining in-house information on the client with information provided by a specialist risk management company.

Credit risk is monitored systematically and the Group has adopted a set of credit risk mitigation measures. These include the provision of guarantees, as a function of the loan amount, and a review of the credit limits allowed to each client.

This credit risk oversight was particularly important in 2020, given that the credit situation of the ANA Group's client portfolio deteriorated as a result of the negative impact of the COVID-19 pandemic. This made it was necessary to monitor the client credit situation more closely and to adjust the credit measures for a number of clients as a function of the new estimated risk parameters.

B. LIQUIDITY RISK

The management of liquidity risk implies the maintenance, at a sufficient level, of availability of cash and its equivalents, the consolidation of floating debt, via an adequate amount of credit facilities, and the ability to liquidate market positions.

Through the cash pooling mechanism established with the VINCI Group, the ANA Group has unconditional access to short-term cash funds, up to an amount equivalent to 2 months of sales. This has allowed the Group to manage its floating debt in a much more flexible manner.

The table below details the Group's liabilities by maturity intervals:

2020	0 - 6 Months	6 - 12 Months	1 - 5 Years	> 5 Years
Accounts payable - current	11,909	-	-	-
Accounts payable - investments	17,892	-	-	-
Lease liabilities [1]	642	571	1,552	-
Other creditors	3,338	-	-	-
Guarantees by third parties	132	159	4,646	836
Bank loans [1]	22,297	34,092	1,367,660	34,680
Bank overdrafts	3	-	-	-
Derivatives	233	215	996	55
Contractual liabilities [2]	4,103	6,477	66,686	489,892
Accrual of costs, except banking interest and contractual liabilities	74,863	-	-	-
	135,412	41,514	1,441,539	525,463

(1) Include interests until the end of the financing
(2) Contractual liabilities with substitution/ replacement

The bank loans (1 to 5 year terms) item includes loans in the amount of 1,272,200 thousand euros, as at 31 December 2020, that mature in 2022. This funding will be refinanced.

2019	0 - 6 Months	6 - 12 Months	1 - 5 Years	> 5 Years
Accounts payable - current	15,935	-	-	-
Accounts payable - investments	14,561	-	-	-
Lease liabilities [1]	675	600	1,857	-
Other creditors	16,648	-	-	-
Guarantees by third parties	74	111	4,798	330
Bank loans [1]	64,951	37,593	1,481,048	42,323
Bank overdrafts	3	-	-	-
Derivatives	263	244	1,222	163
Contractual liabilities [2]	943	3,366	54,867	421,216
Accrual of costs, except banking interest and contractual liabilities	102,418	-	-	-
	216,471	41,914	1,543,792	464,032

(1) Include interests until the end of the financing
(2) Contractual liabilities with substitution/ replacement

C. CASH FLOW RISKS AND FAIR VALUE RISKS ASSOCIATED TO INTEREST RATES

The Group's operating cash flows are independent of changes in market interest rates.

The Group's risk associated to interest rates is derived from long term loans that have been obtained. Such loans that have been issued with floating interest rates are exposed to cash flow risks associated to interest rates and those issued with fixed rates are exposed to the fair value risk of the debt.

The prevailing interest rates at 31 December 2020, plus a stress factor of +0.20% to -0.20%, were used in analysing sensitivity to changes in interest rates, as a way of estimating the impact on results for the 12-month period ending on 31 December 2021.

This analysis of sensitivity to interest rate changes shows the following likely impacts on results:

2020	Scenario at present rate *	Scenario +0.20%	Scenario -0.20%
Loans at variable rate	(40,752)	(1,323)	1,323
Loans at fixed	(895)	-	-
Financial leasing interest	(61)	-	-
Approximate impact on results/ present rate scenario		(1,323)	1,323

* Estimated cost of interest in 2021

3.2. CAPITAL RISK MANAGEMENT

The Group's objective with regard to the management of capital is:

- To safeguard the Group's capacity to continue its activities and carry out the necessary investments to pursue the object of the concession;
- Maintain the debt ratio within the limits established in the Concession Contract (see note 26);
- To create value in the long term for the shareholder.

The gearing ratios as of 31 December 2020 and 2019 were as follows:

	ANA Group	
	2020	2019
Total loans	1,386,527	1,505,373
Lease liabilities	2,701	3,031
Cash pooling [1]	(11,519)	(5,469)
Cash and cash equivalents	(247,598)	(470,159)
Net debt	1,130,112	1,032,776
Equity	672,466	751,664
Total capital	**1,802,578**	**1,784,440**
Gearing (%)	*62.7*	*57.9*

[1] Cash pooling is included in the cash and cash equivalents item in the statement of financial position

The change in the ratio is mainly the result of an overall reduction in borrowing, following capital repayments made in 2020, a year-on-year fall in the liquidity surplus generated over the year and a decrease in equity resulting from the net loss booked for 2020.

3.3. DERIVATIVE FINANCIAL INSTRUMENTS ACCOUNTING

As at 31 December 2020, the Group has one active derivative financial instrument, held for the purposes of hedging interest rate risk.

The Group also had another derivative instrument that matured on 15 September 2020, at the same time that the borrowing that it covered came to term.

The method used to recognise the changes in fair value depends on whether or not the instrument is classified as a hedge and the nature of the item that is covered.

The fair value of the interest rate swap contract incorporates the ANA Group's credit risk.

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on past experiences and other factors, including expectations about future events that are reasonable in the existing circumstances.

The intrinsic nature of the estimates may differ in the future from the amounts originally estimated.

4.1. ASSET IMPAIRMENT

Whenever the accounting value of a set of assets that constitute a cash generating unit exceeds the recoverable quantity, corresponding to the highest value between the value in use and fair value less costs to sell, it is reduced to the recoverable amount and this impairment loss is recognized in the results of the financial year.

4.2. ESTIMATE OF THE FAIR VALUE OF FINANCIAL ASSETS

Whenever the financial assets available for sale are not quoted on the market, their fair value is estimated.

This estimate is carried out on the basis of the discounted cash flow method, and the best management estimate with regard to profitability, growth and discount rate, which may occur in the future.

4.3. ESTIMATE OF THE FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of financial instruments is determined based on the interest rate curves estimated in the medium term, resulting from market transactions stated for those maturities and the credit risk rating for the ANA Group.

4.4. RENOVATION/REPLACEMENT RESPONSIBILITIES

The accrued costs for the responsibilities of renovation and replacement associated with the concession are calculated according to the quality parameters required for concession infrastructures and estimated wear, considering their state of repair and usage.

This liability is evaluated annually, both in regard to the amount and the date of occurrence, the accrued costs being entered at the current value of the best estimate of liability assumed at each date of the financial report.

The calculated liabilities result from the assessment by the technical team of the periodicity, the working periods and the amounts to be disbursed. These liabilities were discounted using the discount rates estimated for each period, based on a “basket” of risk-free interest rates from eurozone countries.

4.5. IMPAIRMENT OF ACCOUNTS RECEIVABLE

IFRS 9 establishes a new impairment model based on expected losses.

Under this standard, in those situations in which the credit risk of a given financial asset has not increased significantly since it was initially recognised, an accumulated impairment equal to the loss that is judged likely to be incurred over the next 12 months should be recognised. If the credit risk has increased significantly, the accumulated impairment to be recognised should be equal to the expected loss that is judged likely to be incurred through to the maturity of the asset in question.

With respect to expected losses, this standard cover both financial assets measured at amortised cost and those measured at fair value through other comprehensive income. Investments in capital instruments, commitments with loans made that are measured at fair value and other financial instruments measured at fair value are all excluded from the scope of this standard.

The Group applies the expected losses impairment model to contracts covered by IFRS 9. Expected losses through to maturity are carried on the basis of actual loss experience and the specific characteristics of the underlying credit risk.

The Group opted to take a simplified approach to the calculation and recognised of impairments (switching from the incurred loss model to expected loss) that was underpinned by a risk table aligned with the company’s risk management policy. This approach involves taking the following main steps:

1. The identification of commercial debts, stratified into current debt and non-current debt, net of guarantees given (sureties and bank guarantees);
2. Estimate of the customer default risk, based on the information provided by a specialist risk management company, and the customer’s transaction record with ANA, S.A..

In this context, current debt credit risk is stratified into four levels, from one to four, with four representing the highest default risk.

A default risk percentage of 100% is attributed to all debt that is over one year old and has been deemed hard to collect. If the debt is between 6 months and 1 year old, a default risk percentage of 50% is attributed.

5. INFORMATION BY SEGMENTS

ANA Group has identified two segments of core businesses: Airports and Handling.

	2020		
	Airports	Handling	ANA Group
Services			
Aviation	142,453	31,599	174,052
Security	17,039	-	17,039
Passengers with reduced mobility	3,950	-	3,950
Non-aviation	101,691	-	101,691
Construction contracts	52,365	-	52,365
Traffic incentives	(9,476)	-	(9,476)
Other revenue and operating earnings	3,989	2,607	6,596
Operating costs	(276,388)	(43,377)	(319,765)
Investment subsidies	2,364	-	2,364
Depreciations/ Amortisations	(84,962)	(1,666)	(86,628)
Operating result	(46,974)	(10,837)	(57,812)
Finance costs			(43,462)
Share in the results of associates and others			70
Other financial results			652
Corporate income tax expenditure			20,848
Activities result			(79,704)
Net profit			(79,704)
Assets and investment			
Tangible fixed assets	197,253	4,605	201,858
Right-of-use assets	2,597	125	2,722
Concession right	1,729,160	-	1,729,160
Intangible assets	2,706	-	2,706
Investments	75,090	1,383	76,473

	2019		
	Airports	Handling	ANA Group
Services			
Aviation	551,576	63,206	614,782
Security	56,338	-	56,338
Passengers with reduced mobility	11,893	-	11,893
Non-aviation	241,182	-	241,182
Construction contracts	19,627	-	19,627
Traffic incentives	(25,729)	-	(25,729)
Other revenue and operating earnings	4,136	115	4,251
Operating costs	(286,102)	(63,054)	(349,156)
Investment subsidies	2,552	-	2,552
Depreciations/ Amortisations	(87,456)	(1,550)	(89,006)
Operating result	488,016	(1,283)	486,734
Finance costs			(46,410)
Share in the results of associates and others			14
Other financial results			(113)
Corporate income tax expenditure			(136,790)
Activities result			303,435
Net profit			303,435
Assets and investment			
Tangible fixed assets	220,832	4,812	225,644
Right-of-use assets	2,869	203	3,072
Concession right	1,715,308	-	1,715,308
Intangible assets	2,522	-	2,522
Investments	42,817	2,631	45,448

Tests were carried out to determine the recoverability of the tangible and intangible fixed assets, including the concession right. These did not result in the need to recognise any impairments.

6. FIXED TANGIBLE ASSETS

ANA, S.A. State	ANA, S.A. Patrimony	ANA, S.A. In progress	ANA, S.A. Advances	ANA, S.A. Total		ANA Group State	ANA Group Patrimony	ANA Group In progress	ANA Group Advances	ANA Group Total
					Gross value					
351,727	812,963	18,618	5	1,183,313	Balance 01-January-2020	351,727	842,137	18,997	5	1,212,866
-	1,518	17,193	-	18,710	Increases	-	2,216	17,876	-	20,092
-	-	763	-	763	Capitalised work	-	-	763	-	763
4,250	11,524	(14,906)	-	868	Transfers	4,250	11,868	(15,252)	-	866
-	(356)	-	(5)	(361)	Write-offs	-	(202)	-	(5)	(207)
-	(808)	-	-	(808)	Sales	-	(1,363)	-	-	(1,363)
355,977	824,840	21,667	-	1,202,485	Balance 31-December-2020	355,977	854,656	22,384	-	1,233,017
					Accumulated depreciations					
274,150	688,330	-	-	962,480	Balance 01-January-2020	274,150	713,071	-	-	987,221
10,568	33,151	-	-	43,719	Reinforcements	10,568	34,740	-	-	45,308
-	185	-	-	185	Transfers	-	185	-	-	185
-	(354)	-	-	(354)	Write-offs	-	(200)	-	-	(200)
-	(799)	-	-	(799)	Sales	-	(1,355)	-	-	(1,355)
284,718	720,513	-	-	1,005,231	Balance 31-December-2020	284,718	746,441	-	-	1,031,159
					Net value					
77,577	124,633	18,618	5	220,833	Balance 01-January-2020	77,577	129,066	18,997	5	225,645
71,259	104,327	21,667	-	197,253	Balance 31-December-2020	71,259	108,215	22,384	-	201,858

Major investments in 2020 included (i) an increased number of parking spaces - RAC auto silo and (ii) the reformulation of the departures curbside, both at Lisbon Airport; and (iii) the conservation and remodelling of transformer station 1 at Faro Airport.

ANA, S.A. State	ANA, S.A. Patrimony	ANA, S.A. In progress	ANA, S.A. Advances	ANA, S.A. Total		ANA Group State	ANA Group Patrimony	ANA Group In progress	ANA Group Advances	ANA Group Total
					Gross value					
351,002	804,975	12,341	-	1,168,318	Balance 01-January-2019	351,002	832,529	12,579	-	1,196,110
-	(2,551)	(200)	-	(2,751)	Transfers -IFRS 16	-	(2,551)	(200)	-	(2,751)
39	2,152	16,859	221	19,271	Increases	39	4,362	17,138	221	21,760
-	-	690	-	690	Capitalised work	-	-	690	-	690
717	13,479	(11,071)	(216)	2,908	Transfers	718	13,617	(11,210)	(216)	2,909
(32)	(4,558)	-	-	(4,590)	Write-offs	(32)	(5,171)	-	-	(5,203)
-	(533)	-	-	(533)	Sales	-	(649)	-	-	(649)
351,727	812,963	18,618	5	1,183,313	Balance 31-December-2019	351,727	842,137	18,997	5	1,212,866
					Accumulated depreciations					
262,549	659,151	-	-	921,700	Balance 01-January-2019	262,548	683,127	-	-	945,675
-	(1,034)	-		(1,034)	Transfers -IFRS 16	-	(1,034)	-	-	(1,034)
11,634	34,979	-	-	46,613	Reinforcements	11,634	36,471	-	-	48,105
-	302	-	-	302	Transfers	-	302	-	-	302
(32)	(4,536)	-	-	(4,568)	Write-offs	(32)	(5,147)	-	-	(5,179)
-	(532)	-	-	(532)	Sales	-	(648)	-	-	(648)
274,150	688,330	-	-	962,481	Balance 31-December-2019	274,150	713,071	-	-	987,221
					Net value					
88,454	145,824	12,341	-	246,618	Balance 01-January-2019	88,454	149,402	12,579	-	250,435
77,576	124,633	18,618	5	220,832	Balance 31-December-2019	77,577	129,066	18,997	5	225,645

In what regards investments made in 2019, mention should be made to the acquisition of equipment related to (i) the baggage transport system and (ii) the Fox Taxyway – extension, lit signage and command control - both at Porto Airport.

In accordance with the policy outlined in point 2.6, the direct costs pertaining to technical areas involved in constructing Group assets have been capitalised under tangible assets in the 2020 period.

The capitalised amounts are as follows:

	2020	2019
Goods sold and consumable materials	2	1
Supplies and external services	59	69
Personnel costs	702	620
	763	690

7. RIGHT OF USE ASSET

The right-of-use assets item breaks down as follows:

ANA, S.A.					ANA Group			
Vehicles	Administrative equipment	Other equipments	Total		Vehicles	Administrative equipment	Other equipments	Total
				Gross value				
823	3,623	23	4,469	Balance 01-January-2020	1,082	3,623	23	4,728
588	369	-	958	Increases	590	369	-	960
-	(185)	-	(185)	Transfers	-	(185)	-	(185)
(114)	-	-	(114)	Write-offs	(120)	-	-	(120)
1,297	3,808	23	5,128	Balance 31-December-2020	1,552	3,808	23	5,383
				Accumulated depreciations				
278	1,315	7	1,600	Balance 01-January-2020	334	1,315	7	1,656
301	921	7	1,229	Reinforcements	378	921	7	1,306
-	(185)	-	(185)	Transfers	-	(185)	-	(185)
(114)	-	-	(114)	Write-offs	(117)	-	-	(117)
465	2,052	14	2,531	Balance 31-December-2020	595	2,052	14	2,661
				Net value				
545	2,308	16	2,869	Balance 01-January-2020	748	2,308	16	3,072
832	1,756	9	2,597	Balance 31-December-2020	957	1,756	9	2,722

The increases are due to new leasing contracts for: (i) servers and (ii) vehicles, carried under IFRS 16.

ANA, S.A.					ANA Group			
Vehicles	Administrative equipment	Other equipments	Total		Vehicles	Administrative equipment	Other equipments	Total
				Gross value				
-	2,751	-	2,751	Balance 01-January-2019	-	2,751	-	2,751
591	88	23	702	Initial recognition - IFRS 16	714	88	23	825
232	1,268	-	1,501	Increases	373	1,268	-	1,642
-	(267)	-	(267)	Transfers	-	(267)	-	(267)
-	(217)	-	(217)	Write-offs	(5)	(217)	-	(222)
823	3,623	23	4,469	Balance 31-December-2019	1,082	3,623	23	4,728
				Accumulated depreciations				
-	1,034	-	1,034	Balance 01-January-2019	-	1,034	-	1,034
278	765	7	1,050	Reinforcements	335	765	7	1,108
-	(267)	-	(267)	Transfers	-	(267)	-	(267)
-	(217)	-	(217)	Write-offs	(1)	(217)	-	(218)
278	1,315	7	1,600	Balance 31-December-2019	334	1,315	7	1,656
				Net value				
-	1,717	-	1,717	Balance 01-January-2019	-	1,717	-	1,717
545	2,308	16	2,869	Balance 31-December-2019	748	2,308	16	3,072

8. CONCESSION RIGHT AND OTHER INTANGIBLE ASSETS

The amounts carried in the concession right item refer to the amounts invested in respect of the management/ operation of the Portuguese airports covered by the concession contracts.

The figures for the concession right and other intangible assets have the following detail:

ANA, S.A.			ANA Group					
Concession right	Other intangible assets		Concession right					Other intangible assets
			Assets	Subsidies	Advances	In progress	Total	
		Gross value						
2,387,624	33,951	Balance 01-January-2020	2,619,646	(273,011)	18	40,971	2,387,624	33,951
54,672	74	Increases	-	-	130	54,542	54,672	74
(1,386)	817	Transfers	21,219	-	-	(22,605)	(1,386)	817
(129)	(205)	Write-offs	-	-	(129)	-	(129)	(205)
2,440,781	34,637	Balance 31-December-2020	2,640,865	(273,011)	19	72,908	2,440,781	34,637
		Accumulated depreciations						
672,316	31,429	Balance 01-January-2020	793,745	(121,429)	-	-	672,316	31,429
39,306	707	Reinforcements	42,838	(3,532)	-	-	39,306	707
-	(205)	Write-offs	-	-	-	-	-	(205)
711,622	31,931	Balance 31-December-2020	836,583	(124,961)	-	-	711,622	31,931
		Net value						
1,715,308	2,522	Balance 01-January-2020	1,825,901	(151,582)	18	40,971	1,715,308	2,522
1,729,160	2,706	Balance 31-December-2020	1,804,282	(148,050)	19	72,908	1,729,160	2,706

The main investments made in 2020 were as follows: (i) capacity expansion at Lisbon Airport; (ii) extension of the FOX taxiway at Porto Airport; and (iii) those relating to the development of Montijo Airport, in the amount of 9 million euros. A total of 16 million euros has now been invested in Montijo Airport.

ANA, S.A.			ANA Group					
			Concession right					Other
Concession right	Other intangible assets		Assets	Subsidies	Advances	In progress	Total	intangible assets
		Gross value						
2,369,260	33,629	Balance 01-January-2019	2,613,457	(272,999)	113	28,689	2,369,260	33,629
21,602	75	Increases	-	-	-	21,602	21,602	75
(3,238)	274	Transfers	6,189	(12)	(95)	(9,320)	(3,238)	274
-	(27)	Write-offs	-	-	-	-	-	(27)
2,387,624	33,951	Balance 31-December-2019	2,619,646	(273,011)	18	40,971	2,387,624	33,951
		Accumulated depreciations						
633,324	30,713	Balance 01-January-2019	751,221	(117,897)	-	-	633,324	30,713
38,992	778	Reinforcements	42,524	(3,532)	-	-	38,992	778
-	(35)	Transfers	-	-	-	-	-	(35)
-	(27)	Write-offs	-	-	-	-	-	(27)
672,316	31,429	Balance 31-December-2019	793,745	(121,429)	-	-	672,316	31,429
		Net value						
1,735,936	2,916	Balance 01-January-2019	1,862,236	(155,102)	113	28,689	1,735,936	2,916
1,715,308	2,522	Balance 31-December-2019	1,825,901	(151,582)	18	40,971	1,715,308	2,522

The main expansion investments in 2019 were: (i) extension of the FOX taxiway at Porto airport; and (ii) extension of the NaveSul roof at Lisbon airport.

Initial investments for the development of Montijo airport were also made in 2019.

The amortisations for the period were calculated using the linear method over the concession term.

9. GOODWILL

The goodwill can be summarised in the following manner:

	2020	2019
Acquisition of 40% of Portway, S.A. in 2006	1,430	1,430

The goodwill ascertained with reference to Portway, S.A. was generated in January 2006, when ANA, S.A. acquired the entire stake that Fraport held in this company, thus becoming the sole shareholder. The capital stake acquired, 40%, was assessed at 2,704 thousand euros, a sum paid in cash by ANA, S.A. Taking into consideration Portway, S.A.'s equity as of 1 January 2006, the goodwill was ascertained at the sum of 1,430 thousand euros.

According to the policies defined by the Management, an impairment test was carried out for this goodwill at the end of the year.

The main assumptions used in carrying out the impairment test were as follows:

CALCULATION OF THE RECOVERABLE VALUE

The recoverable value was determined by the value of use, as there was no fair value established under the terms provided for in IAS 36.

The assumptions applied were underpinned by the Portway, S.A. budget for 2021. Cash flows have been projected through to the end of the concession, by using the discounted cash flows method.

The discount rate used was 10.55%.

No impairment loss was identified.

SENSITIVITY ANALYSIS OF THESE ASSUMPTIONS

The sensitivity analyses carried out took into account the prevailing conditions in the financial markets, the situation of the Portuguese market for ground handling, as well as Portway, S.A.'s competitive position.

This sensitivity test did not result in any potential impairment loss.

10. INVESTMENTS IN SUBSIDIARIES

The following investments were made in ANA subsidiaries and associates:

	Head office	% Held	Share capital
Portway - Handling de Portugal, S.A.	Lisbon	100	4,500

	ANA, S.A.	
	2020	2019
Portway- Handling de Portugal, S.A.	4,574	4,574

There were no entries in the investments in subsidiaries item for 2019 or for 2020.

11. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The breakdown of assets and liabilities of the Group by category is as follows:

2020	Financial assets at amortized cost	Assets at fair value via other comprehensive income	Assets at fair value via results	Cover liabilities at fair value	Financial liabilities at amortized cost	Non financial assets/ liabilities	Total
Assets							
Financial investments	-	888	411	-	-	-	1,299
Customers and other receivables (1)	49,655	-	-	-	-	-	49,655
Other assets	-	-	-	-	-	5,176	5,176
Cash and cash equivalents	259,117	-	-	-	-	-	259,117
	308,772	888	411	-	-	5,176	315,247
Liabilities							
Loans obtained	-	-	-	-	1,386,527	-	1,386,527
Lease liabilities	-	-	-	-	2,701	-	2,701
Derivative instruments	-	-	-	1,497	-	-	1,497
Suppliers and other payables	-	-	-	-	41,853	-	41,853
Other liabilities	-	-	-	-	-	236,529	236,529
	-	-	-	1,497	1,431,081	236,529	1,669,107

(1) The amount of customers and other receivables is deducted from impairment losses.

2019	Financial assets at amortized cost	Assets at fair value via other comprehensive income	Assets at fair value via results	Cover liabilities at fair value	Financial liabilities at amortized cost	Non financial assets/ liabilities	Total
Assets							
Financial investments	-	725	96	-	-	-	821
Derivative instruments	-	-	35	-	-	-	35
Customers and other receivables (1)	92,324	-	-	-	-	-	92,324
Other assets	-	-	-	-	-	10,234	10,234
Cash and cash equivalents	475,628	-	-	-	-	-	475,628
	567,952	725	131	-	-	10,234	579,041
Liabilities							
Loans obtained	-	-	-	-	1,505,373	-	1,505,373
Lease liabilities	-	-	-	-	3,031	-	3,031
Derivative instruments	-	-	-	1,863	-	-	1,863
Suppliers and other payables	-	-	-	-	60,887	-	60,887
Other liabilities	-	-	-	-	-	220,586	220,586
	-	-	-	1,863	1,569,291	220,586	1,791,740

(1) The amount of customers and other receivables is deducted from impairment losses.

The fair value hierarchy used in measuring assets and liabilities of the Group (note 2.21) is as follows:

2020	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value via results	411	-	-	411
Assets at fair value via other comprehensive income (1)	-	-	888	888
	411	-	888	1,299
Financial liabilities				
Covering financial liabilities	-	(1,497)	-	(1,497)
	-	(1,497)	-	(1,497)

(1) The disclosures demanded on measurable assets at level 3 fair value are included in note 12 - Financial Investments

2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value via results	96	-	-	96
Assets at fair value via other comprehensive income [1]	-	-	725	725
Covering financial assets	-	35	-	35
	96	35	725	855
Financial liabilities				
Covering financial liabilities	-	(1,863)	-	(1,863)
	-	(1,863)	-	(1,863)

[1] The disclosures demanded on measurable assets at level 3 fair value are included in note 12 - Financial Investments

12. FINANCIAL INVESTMENTS

	2020	2019
Assets at fair value via other comprehensive income		
Capital shares - Futuro	888	725
Financial assets at fair value via results		
Reserve fund	115	96
Labour compensation fund	296	-
	1,299	821

FUTURO

The financial assets at fair value through other comprehensive income item pertains to the 3.89% holding in Futuro - Sociedade Gestora de Fundos de Pensões, S.A..

The fair value of the stake in Futuro is estimated considering perpetuity for the evolution of the cash flow released, adjusted to the opportunity cost of the capital (6.07%).

	Futuro
Balance as of 1 January 2019	1,115
Variation in fair value	(390)
Balance as of 31 December 2019	725
Variation in fair value	163
Balance as of 31 December 2020	888

The fair value sensitivity analysis, with growth rates varying between plus 10 base points and minus 10 base points and the cost of capital varying between plus 100 basis points and minus 100 basis points, resulted in the following:

	Futuro	Growth rate		
		0.40%	0.50%	0.60%
Cost of capital	5.07%	998	1,014	1,030
	6.07%	877	888	899
	7.07%	792	800	808

RESERVE FUND E AND WORK COMPENSATION FUND

The financial assets at fair value through profit or loss only concern the Reserve Fund and to the Work Compensation Fund (FCT), established by Law No. 70/2013, of 30 August.

The Reserve Fund corresponds to the overfunding existing in the Pensions Fund – ANA Complements.

The fair value of these investments is assessed based on market quotations.

	Reserve fund
Balance as of 1 January 2019	66
Variation in fair value	30
Balance as of 31 December 2019	96
Variation in fair value	19
Balance as of 31 December 2020	115

As at 31 December 2020, the Work Compensation Fund had the following composition:

	Work Compensation Fund
ANA, S.A.	78
PORTWAY, S.A.	218
Balance as of 31 December 2020	296

13. DERIVATIVE FINANCIAL ASSETS

In 2015, the ANA Group contracted a derivative financial instrument (interest rate) with a notional value of 14 million euros.

This derivative was intended to cover the fair value of the debt. The objective is to hedge the risk inherent in the interest rate applied to EIB loans, after this rate was changed to a revisable fixed rate up to 2020. The instrument will cover the volatility in the fair value of the debt.

This derivative instrument matured on 15 September 2020, at the same time that the borrowing that it covered came to term.

The main conditions of the hedged instrument and the hedge instrument in place until September 2020 were as follows:

HEDGED INSTRUMENT

Cash flows for the loans taken out with the EIB:

Notional	14 million euros (see note 26)
Issue date	15 September 2015
Maturity date	15 September 2020
Interest rate	0.357%
Payment dates	Yearly

HEDGE INSTRUMENT

ANA, S.A. negotiated an interest rate swap with the following features:

Type	Interest Rate Swap
Counterparty	Banco Santander Totta
Notional	14 million euros (amortising)
Transaction date	7 August 2015
Start date	15 September 2015
Maturity date	15 September 2020
Underlying	ANA, S.A. receives 0.357% and pays Euribor 3M + 0.121%

The figures for 2020 and 2019 are as follows:

	2020		2019	
	Notional	Fair Value	Notional	Fair Value
Designated as cash flow coverage				
Interest rate swap	-	-	7,813	35
Total derivatives	-	-	7,813	35

Powered by

14. RECEIVABLES AND OTHERS – NON-CURRENT

Non-current commercial and other debts receivable breakdown as follows:

ANA, S.A.			ANA Group	
2020	2019		2020	2019
41	37	Guarantees to third parties	41	37
-	1,074	Subsidies receivable	-	1,074
946	1,179	Accrual and deferred	946	1,179
986	2,290		986	2,290

15. ASSETS AND LIABILITIES FOR DEFERRED TAXES

For purposes of assessing assets and liabilities for deferred taxes the following rates of taxation were used:

	2020	2019
ANA, S.A.	29.59%	31.13%
Portway, S.A.	22.50%	24.70%

In 2020, the rates used for calculating deferred tax took into account the corporate income tax (IRC) rate estimated for 2021.

The breakdown of deferred tax assets and liabilities, as a function of the temporary differences that generate these, is as follows:

	ANA Group								
	2019		Movements 2020					2020	
				Impact on results		Impact on equity			
	Base	Deferred tax	Rate	Rate change	Results movement	Rate change	Equity movement	Base	Deferred tax
Assets due to deferred taxes									
Provisions not accepted for tax purposes	14,464	4,502	29.59%	(223)	5,412	-	-	32,752	9,691
Contributions not accepted for tax purposes	5,209	1,622	29.59%	(81)	-	-	-	5,209	1,541
Retirement benefits	2,310	718	29.59%	29	76	(64)	(77)	2,305	682
Derivative instruments	1,856	578	29.59%	(34)	1	6	(109)	1,494	442
Amortisation not accepted for tax purposes	13,356	4,158	29.59%	(206)	(476)	-	-	11,747	3,476
Contractual liabilities - Concession	133,936	41,695	29.59%	(2,063)	1,461	-	-	138,875	41,093
Tax losses	-	-	21.00%	-	13,566	-	-	64,599	13,566
Total ANA	171,131	53,273		(2,578)	20,040	(58)	(186)	256,981	70,491
Provisions not accepted for tax purposes	995	246	22.50%	(22)	5	-	-	1,017	229
Tax losses	-	-	21.00%	-	2,038	-	-	9,705	2,038
Total subsidiaries	995	246		(22)	2,043	-	-	10,722	2,267
ANA- Assets due to deferred taxes	171,131	53,273		(2,578)	20,040	(58)	(186)	256,981	70,491
Group ANA- Assets due to deferred taxes	172,126	53,519		(2,600)	22,083	(58)	(186)	267,703	72,758
Liabilities due to deferred taxes									
Re-evaluations of fixed assets	3,947	1,229	29.59%	(61)	(33)	-	-	3,836	1,135
Derivative instruments	43	14	29.59%	(1)	(13)	-	-	-	-
Financial assets	734	228	29.59%	(1)	6	(10)	48	916	271
Total ANA	4,724	1,471		(63)	(40)	(10)	48	4,752	1,406
ANA- Liabilities due to deferred taxes	4,724	1,471		(63)	(40)	(10)	48	4,752	1,406
Group ANA- Liabilities due to deferred taxes	4,724	1,471		(63)	(40)	(10)	48	4,752	1,406

	ANA Group								
	2018		Movements 2019					2019	
				Impact on results		Impact on equity			
	Base	Deferred tax	Rate	Rate change	Results movement	Rate change	Equity movement	Base	Deferred tax
Assets due to deferred taxes									
Provisions not accepted for tax purposes	4,422	1,374	31.13%	2	3,126	-	-	14,464	4,502
Contributions not accepted for tax purposes	5,209	1,620	31.13%	2	-	-	-	5,209	1,622
Retirement benefits	2,161	671	31.13%	-	(135)	1	181	2,310	718
Derivative instruments	2,138	665	31.13%	1	(2)	-	(86)	1,856	578
Amortisation not accepted for tax purposes	14,973	4,655	31.13%	6	(503)	-	-	13,356	4,158
Contractual liabilities - Concession	125,642	39,063	31.13%	50	2,582	-	-	133,936	41,695
Total ANA	154,545	48,048		61	5,068	1	95	171,131	53,273
Provisions not accepted for tax purposes	230	51	24.70%	5	189	-	-	995	246
Total subsidiaries	230	51		5	189	-	-	995	246
ANA- Assets due to deferred taxes	154,545	48,048		61	5,068	1	95	171,131	53,273
Group ANA- Assets due to deferred taxes	154,775	48,099		66	5,257	1	95	172,126	53,519
Liabilities due to deferred taxes									
Re-evaluations of fixed assets	4,050	1,259	31.13%	2	(32)	-	-	3,947	1,229
Derivative instruments	73	23	31.13%	-	(9)	-	-	43	14
Financial assets	1,094	341	31.13%	-	9	(1)	(121)	734	228
Total ANA	5,217	1,623		2	(32)	(1)	(121)	4,724	1,471
ANA- Liabilities due to deferred taxes	5,217	1,623		2	(32)	(1)	(121)	4,724	1,471
Group ANA- Liabilities due to deferred taxes	5,217	1,623		2	(32)	(1)	(121)	4,724	1,471

16. INVENTORIES

Inventories have the following breakdown:

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
67	124	Goods	782	882
419	277	Raw, subsidiary and consumable materials	419	277
486	401		1,201	1,159

17. RECEIVABLES AND OTHERS – CURRENT

The breakdown for the Commercial Debts and Other Receivables – Current item is as follows:

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
72,614	98,338	Customers	76,235	105,389
3,285	30	VAT receivable	3,654	560
10,001	9,852	Debtors and other receivables	10,422	9,657
-	2,436	Accrued income	25	2,752
1,310	493	Subsidies receivable	1,310	493
3,372	5,470	Advanced payments	4,206	6,303
90,582	116,619		95,852	125,154
(35,281)	(18,572)	Losses due to impairment of customers debts(1)	(38,317)	(21,256)
(3,628)	(3,631)	Losses due to impairment of third party debts(1)	(3,690)	(3,631)
(38,909)	(22,203)		(42,007)	(24,887)
51,673	94,416		53,845	100,267

(1) See note 18

The book value deducted from impairment losses of commercial debts is approximately its fair value.

The change in the customers item is largely accounted for by invoicing of customers for amounts that were not paid in 2020. The decrease in this item, compared to 2019, is related to the drop in billing volumes, which were severely affected by the COVID-19 related fall-off in business activity.

The change in the debtors and other receivables item is largely attributable to the increase in the amount receivable from companies belonging to the Tax Group taxed under the RETGS.

The accrued income item basically corresponds to the estimated amounts for which customers will be invoiced next year. As the billing estimate was lower than the amount billed in 2020, the difference from the estimate was not booked as an accrual of income but as deferred income.

The Advanced payments item is essentially related to Supplies of external services that have already been paid for but whose cost has not yet become effective due to respecting the subsequent periods.

The increase in the losses due to the impairment of client debts is largely attributable to the pandemic, which has had a significant impact on client liquidity.

The antiquity of receivables in the Group is as follows:

	Debt not due	Arrears			Total
		0 - 6 months	6 - 12 months	> 12 months	
Customers	16,749	27,090	11,753	20,643	76,235
Debtors and other receivables	1,734	3,187	-	5,501	10,422

Credit risk is managed as described in note 3.1.

18. LOSSES DUE TO ASSET IMPAIRMENT

The impairment losses ascertained during the financial year were shown as expenses in the income statement. In the same manner, the reversal of impairment losses has been recognised as income in the financial statements.

The movements shown under the impairment losses item are as follows:

	2020			
		Impact on results		
	Opening Balance	Increase	Reversal	Closing Balance
Losses due to impairment of customers' debts				
ANA, S.A.	18,572	18,005	(1,296)	35,281
Portway, S.A.	2,684	354	(4)	3,034
	21,256	18,360	(1,300)	38,317
Losses due to impairment of other third party debts				
ANA, S.A.	3,631	-	(2)	3,629
Portway, S.A.	-	62	-	62
	3,631	62	(2)	3,690
	24,887	18,421	(1,302)	42,007

The impairment losses carried reflect the risk management policy described in note 3 and were based on the present value of the cash flows for debt receivables.

The increase in impairment losses in 2020 is essentially attributable to the COVID-19 pandemic, which has affected the liquidity position of the ANA Group's clients.

	2019				
		Impact on results			
	Opening Balance	Increase	Reversal	Derecognition on balance sheet	Closing Balance
Losses due to impairment of customers' debts					
ANA, S.A.	7,318	11,739	(299)	(186)	18,572
Portway, S.A.	2,754	31	(101)	-	2,684
	10,071	11,770	(400)	(186)	21,256
Losses due to impairment of other third party debts					
ANA, S.A.	3,634	-	(3)	-	3,631
	3,634	-	(3)	-	3,631
	13,706	11,770	(403)	(186)	24,887

The increase in impairment losses in 2019 is essentially accounted for by the credit extended to a customer that is not complying with its payment plan.

In 2019, ANA derecognised 186 thousand euros in non-performing loans from the balance sheet, in accordance with the tax file on this matter issued by the Tax Office.

19. OBLIGATIONS ON ACCOUNT OF RETIREMENT BENEFITS

These obligations only concern ANA, S.A. as mentioned in note 2.16. The Complementary Pension Fund has two associated plans, one of which is a defined benefits plan.

DEFINED BENEFITS PLAN

Actuarial calculations using the immediate annuity method were carried out to ascertain the responsibilities with services of the Defined Benefits Plan, which only covers a population of pensioners.

The actuarial assumptions used to ascertain responsibilities with past services of the Defined Benefits Plan were as follows:

	2020	2019
Mortality table	TV 88/90	TV 88/90
Technical rate	0.80%	0.60%
Pension growth rate (CGA)	1.50%	1.50%
Pension growth rate (SS)	1.50%	1.50%

Based on actuarial studies, the following values were ascertained:

	2020	2019	2018	2017	2016
Fund patrimony	3,345	3,618	3,751	4,024	3,938
Responsibilities undertaken	4,968	5,497	5,196	5,249	5,487
(Insufficiency)/Surplus	(1,623)	(1,879)	(1,445)	(1,225)	(1,549)

The Fund presents financing gap. The respective responsibility is registered by the Company.

After carrying out a sensitivity analysis for the amounts as of 31 December 2020, varying the technical rate by plus 50 bp and minus 50 bp, the actuarial results are as follows:

Technical rate	0.30%	1.30%
Fund patrimony	3,345	3,345
Responsibilities undertaken	5,183	4,769
(Insufficiency)/Surplus	(1,838)	(1,424)

The Fund patrimony demonstrated the following average proportions by financial asset class:

	2020	2019
Shares	21.40%	20.00%
Bonds	55.70%	58.60%
Real estate	3.10%	3.10%
Other funds	16.80%	15.30%
Liquidity	3.20%	3.00%
	100%	100%

An analysis of the composition of the portfolio allows one to conclude that there is sufficient diversification with regard to the various financial products and it is in accordance with the need for liquidity to pay pensions.

The movements that occurred in the fund's patrimony are as follows:

	2020	2019
Initial balance	3,618	3,751
Pensions paid	(439)	(513)
Contributions	9	176
Fund revenue	157	204
Final balance	3,345	3,618

The movements in the liabilities of the plan were as follows:

	2020	2019
Opening balance	5,497	5,196
Current services expenses	(41)	20
Net interest [1]	31	84
Remeasurements - financial assumptions	(84)	482
Remeasurements - adjusting experience	4	228
Paid benefits	(439)	(513)
Final balance	4,968	5,497

[1] Net interest effect on the liabilities of the plan as of January 1st

The changes in the liabilities plan – impacts on staff costs and the statement of comprehensive income and the statement of financial position, present the following breakdown:

	Income Statement	Comprehensive Income Statement	Statement of Financial Position
Balance as of 1 January 2019			(1,445)
Cost of the year 2019			
Net interest	(29)		
	(29)		
Contributions			176
Remeasurements			
Return on assets		148	
Gains/ (losses) financial assumption variation		(482)	
Gains/ (losses) experience adjustments		(228)	
Gains/ (losses) of benfits		(19)	
		(581)	
Balance as of 31 December 2019			(1,879)
Cost of the year 2020			
Net interest	(12)		
	(12)		
Contributions			9
Remeasurements			
Return on assets		137	
Gains/ (losses) financial assumption variation		84	
Gains/ (losses) experience adjustments		(4)	
Gains/ (losses) of benfits		42	
		259	
Balance as of 31 December 2020			(1,623)

DEFINED CONTRIBUTION PLAN

The defined contribution plan encompasses all workers of ANA, S.A. As at 31 December 2020, the company's contribution is made in line with the following criteria:

- 2.8% of the reference salary, in case the worker does not provide own contributions;
- 3.5% of the reference salary, in case the worker chooses to make a contribution of, at least, 1%.

The value of the contributions made by ANA, S.A. to this fund during the year 2020 rose to 1,527 thousand euros (1,652 thousand euros in 2019).

20. CURRENT TAX

The current tax item breaks down as follows:

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
		Liabilities		
-	141,767	Tax provision	-	141,779
-	(9,008)	Withholding taxes by third parties	-	(9,008)
-	(107,721)	Payments on account	-	(107,721)
-	25,038	Payable income tax	-	25,050
		Assets		
(1,200)	-	Tax provision	(1,196)	-
6,432	-	Withholding taxes by third parties	6,432	-
24,591	-	Payments on account	24,591	-
29,823	-	Receivable income tax	29,827	-

Like all the 10 Portuguese companies that fall within the perimeter of the VINCI Group for 2020, the ANA Group is taxed under the RETGS scheme (see note 2.22). The calculated taxable income for each of these companies is carried on the books of ANA, S.A.. In the year ending 31 December 2020, the amounts payable to and receivable from these companies was 16 thousand euros (Portway, S.A.) and 1,921 thousand euros (all the other companies), respectively, as detailed in note 48.

The following companies fall within this RETGS perimeter:

Company	Year of integration in the RETGS
ANA, S.A.	2017
Portway, S.A.	2017
Vinci Energies Portugal, S.A.	2017
Sotécnica, S.A.	2017
Sotécnica Açores, Lda.	2017
Cegelec, Lda.	2017
Rodio Portugal, S.A.	2017
Sixense Portugal, Lda.	2017
Freyssinet, Lda.	2018
Axianseu, S.A.	2019

With reference to the fiscal year 2020, ANA, S.A. intends to apply, in 2021, to the tax incentives resulting from SIFIDE - System of tax incentives to corporate R&D, for research and development activities.

In 2019, ANA, S.A. benefited from tax incentives for the company's research and development work, in the amount of 332 thousand euros.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were as follows, at 31 December 2020 and 2019:

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
		Cash		
29	28	Cash	50	46
		Cash equivalents		
246,846	469,830	Bank deposits - account	247,548	470,113
11,519	5,469	Cash pooling	11,519	5,469
258,393	475,327	**Cash and cash equivalents in the statement of financial position**	259,117	475,628
-	-	Bank overdrafts - Portway (note 26)	(3)	(3)
258,393	475,327	**Cash and cash equivalents in the cash flow statement**	259,114	475,625

Financial applications in the form of deposits or cash pooling mechanisms are remunerated at market rates.

22. SHARE CAPITAL

The share capital is represented by 40,000,000 shares with a face value of 5 euros each, which are registered and follow the regime of nominal shares. The share capital is entirely subscribed and realised.

On December 31, 2020, ANA, S.A. was 100% owned by the VINCI Airports, SAS (see note 1.1).

23. RESERVES

Reserves showed the following movements:

ANA, S.A.	Not distributable			Distributable			Total
	Legal	Others	Total	Free	Others	Total	
Balance as of 1 January 2019	40,000	1,444	41,444	40,703	64	40,767	82,211
Others movements	-	-	-	-	190	190	190
Change in fair value of financial assets and liabilities	-	(269)	(269)	-	-	-	(269)
Balance as of 31 December 2019	40,000	1,175	41,175	40,703	254	40,957	82,132
Balance as of 1 January 2020	40,000	1,175	41,175	40,703	254	40,957	82,132
Others movements	-	-	-	-	264	264	264
Change in fair value of financial assets and liabilities	-	125	125	-	-	-	125
Balance as of 31 December 2020	40,000	1,300	41,300	40,703	518	41,221	82,521

ANA Group	Not distributable			Distributable			Total
	Legal	Others	Total	Free	Others	Total	
Balance as of 1 January 2019	40,944	1,445	42,389	40,720	62	40,782	83,171
Others movements	-	-	-	-	191	191	191
Change in fair value of financial assets and liabilities	-	(269)	(269)	-	-	-	(269)
Balance as of 31 December 2019	40,944	1,176	42,120	40,720	253	40,973	83,093
Balance as of 1 January 2020	40,944	1,176	42,120	40,720	253	40,973	83,093
Subsidiary reserves	(944)		(944)	(17)	-	(17)	(961)
Others movements	-	-	-	-	264	264	264
Change in fair value of financial assets and liabilities	-	125	125	-	-	-	125
Balance as of 31 December 2020	40,000	1,301	41,301	40,703	517	41,220	82,521

As from the year ending 31 December 2020, the group's reserves are presented on the basis of ANA, S.A.'s individual position. The reserves relating to the subsidiary are included in retained earnings (see note 24).

24. RETAINED EARNINGS

Retained earnings breakdown as follows:

ANA, S.A.				ANA Group		
Not distributable	Distributable	Total		Not distributable	Distributable	Total
20,003	59,134	79,137	Balance as of 1 January 2019	20,003	61,418	81,421
-	282,255	282,255	Application of results	-	284,114	284,114
-	(200,000)	(200,000)	Distribution of dividends	-	(200,000)	(200,000)
-	(398)	(398)	Retirement benefits	-	(399)	(399)
20,003	140,991	160,994	Balance as of 31 December 2019	20,003	145,133	165,136
20,003	140,991	160,994	Balance as of 1 January 2020	20,003	145,133	165,136
-	301,864	301,864	Application of results	-	303,435	303,435
-	-	-	Subsidiary reserves	944	17	961
-	117	117	Retirement benefits	-	116	116
20,003	442,972	462,975	Balance as of 31 December 2020	20,947	448,701	469,648

The Retained earnings item includes an amount of 20,003 thousand euros pertaining to legal revaluations. As established in the relevant legislation, this reserve can only be used to cover losses or to increase the company's share capital.

As from the year ending 31 December 2020, the retained earnings figure includes the subsidiary's reserves (see note 23).

25. CONCILIATION BETWEEN INDIVIDUAL EQUITY AND CONSOLIDATED EQUITY

The changes to individual and consolidated equity were as follows:

2020	Equity before net profit for the year	Net profit	Equity after net profit for the year
ANA, S.A.	745,496	(72,139)	673,357
Impact of Subsidiaries and Associates			
Equity	9,819	(7,566)	2,253
Elimination of financial investment	(4,574)	-	(4,574)
Goodwill	1,430	-	1,430
	752,171	(79,704)	672,466

2019		Equity before net profit for the year	Net profit	Equity after net profit for the year
ANA, S.A.		443,126	301,864	744,990
Pre-consolidation adjustments	*a)*	2,772	(2,772)	-
Impact of Subsidiaries and Associates				
Equity		5,475	4,343	9,818
Elimination of financial investment		(4,574)	-	(4,574)
Goodwill		1,430	-	1,430
		448,229	303,435	751,664

a) Refers to distributed dividends by Portway, S.A. eliminated in the consolidation process

26. LOANS

Loans have the following breakdown:

ANA, S.A. 2020	ANA, S.A. 2019	Non-current loans	ANA Group 2020	ANA Group 2019
1,355,008	1,429,141	Loans	1,355,008	1,429,141
-	35	Swap | Fair Value Hedge	-	35
1,355,008	1,429,176		1,355,008	1,429,176

ANA, S.A. 2020	ANA, S.A. 2019	Current loans	ANA Group 2020	ANA Group 2019
14,133	57,725	Loans	14,133	57,725
-	-	Bank overdraft	3	3
8,808	15,472	Portway, S.A. loans	-	-
17,384	18,470	Interest payable	17,384	18,470
40,325	91,667		31,520	76,198

The breakdown of the changes in funding liabilities is as follows:

	ANA, S.A.					
	Loans	Loan interest	Swap	Subtotal	Lease liabilities (note 27)	Total
Balance 01-January-2020	1,502,338	18,469	35	1,520,843	2,828	1,523,670
Changes due to cash flows						
Financial activities	(124,389)	(43,775)	(465)	(168,630)	(1,276)	(169,906)
Other movements through balance sheet	-	-	(41)	(41)	957	916
Other movements through results (note 39)	-	42,689	472	43,161	58	43,219
Balance 31-December-2020	1,377,949	17,384	-	1,395,333	2,567	1,397,900

	ANA Group					
	Loans	Loan interest	Swap	Subtotal	Lease liabilities (note 27)	Total
Balance 01-January-2020	1,486,869	18,471	35	1,505,374	3,031	1,508,405
Changes due to cash flows						
Financial activities	(117,725)	(43,775)	(465)	(161,966)	(1,383)	(163,349)
Other movements through balance sheet	-	-	(41)	(41)	994	953
Other movements through results (note 39)	-	42,688	472	43,160	61	43,221
Balance 31-December-2020	1,369,144	17,384	-	1,386,528	2,702	1,389,230

The loans have the following composition:

Contract		Interest Rate	Amount owed: Non-current 2020	Non-current 2019	Current 2020	Current 2019	Fair value 2020	Fair value 2019
EIB 97/98								
	E+F	Fixed	-	-	-	1,247	-	1,239
		Floating	-	-	-	1,247	-	1,247
EIB 02		Fixed	21,200	28,156	6,954	6,901	27,615	34,056
EIB 02		Floating + fixed spread	9,375	11,250	1,875	1,875	11,250	13,125
		Fixed	9,375	11,250	1,875	1,875	10,531	12,093
EIB 09		Revisable fixed	23,810	25,714	1,905	1,905	23,352	24,457
		Floating + fixed revisable spread	19,048	20,571	1,524	1,524	20,571	22,095
EIB 98/2000 - 2.		Floating	-	-	-	41,151	-	41,151
Bonds 2013/2022		Floating [a]	100,000	100,000	-	-	100,000	100,000
Bonds 2013/2022		Floating [a]	732,200	732,200	-	-	732,200	732,200
Credit Line		Floating [a]	440,000	500,000	-	-	440,000	500,000
			1,355,008	1,429,141	14,133	57,725	1,365,519	1,481,663

[a] Financing with Vinci, S.A. (see note 48)

No new loans were taken out in 2020. The capital repayments of loans taken out with the EIB totalled 57,725 thousand euros, which is in line with the debt service plan. At the start of the year, an extraordinary capital repayment, in the amount of 60,000 thousand euros, was made on the loans from the VINCI Group.

The market value of the Group's medium/long term loans, contracted at fixed and revisable fixed interest rates is calculated on the basis on future cash flows, discounted at interest rates estimated in the medium/long term (forward rates).

In the case of the revisable fixed rate loans, it has been assumed that they will switch to a floating rate during the next period when interest rates are revised.

Throughout 2020, interest rates remained close to zero, in line with the reference rates. This allowed the company to reduce the financial cost of loans contracted at floating interest rates.

Financial charges were also lower because the debt capital was reduced through repayments.

2020	First repayment	Last repayment	Interest rate	Interest payment period	Average interest rate (%)
ANA, S.A. Loans					
EIB 02					
A+B	15/09/2009	15/09/2024	Fixed	Tranche A1 - Annual [a)]	0.67%
			Fixed	Tranches A2, A3, A4 and B1 - Annual	0.89%
			Fixed	Tranche B2 - Annual	4.24%
C	15/09/2011	15/09/2026	Floating + fixed spread	Tranche C1 - Quarterly [b)]	0.47%
			Fixed	Tranche C2 - Annual	1.10%
EIB 09	15/12/2013	15/06/2034	Revisable fixed	Tranche D1 -Semiannual	1.41%
			Floating + fixed revisable spread	Tranche D2 - Semiannual	0.51%
Bonds 2013/2022	Bullet	31/07/2022	Floating	Semiannual	3.19%
Bonds 2013/2022	Bullet	31/07/2022	Floating	Semiannual	3.19%
Credit Line	Bullet	31/07/2022	Floating	Semiannual	3.19%

[a)] The company had a hedging instrument associated with this loan (see note 13), which matured on 15/09/2020.
[b)] The company has a hedging instrument associated with this loan (see note 28)

2019	First repayment	Last repayment	Interest rate	Interest payment period	Average interest rate (%)
ANA, S.A. Loans					
EIB 97/98					
E+F	15/12/2009	15/12/2020	Floating	Tranche E - Quarterly	0.27%
			Fixed	Tranche F - Annual	2.36%
EIB 02					
A+B	15/09/2009	15/09/2024	Revisable fixed	Tranche A1 - Annual [a)]	0.85%
			Fixed	Tranches A2, A3, A4 and B1 - Annual	0.89%
			Fixed	Tranche B2 - Annual	4.25%
C	15/09/2011	15/09/2026	Floating + fixed spread	Tranche C1 - Quarterly [b)]	0.56%
			Fixed	Tranche C2 - Annual	1.10%
EIB 09	15/12/2013	15/06/2034	Revisable fixed	Tranche D1 -Semiannual	1.41%
			Floating + fixed revisable spread	Tranche D2 - Semiannual	0.41%
EIB 98/2000 - 2.	15/03/2011	15/03/2020	Floating	Quarterly	0.27%
Bonds 2013/2022	Bullet	31/07/2022	Floating	Semiannual	3.26%
Bonds 2013/2022	Bullet	31/07/2022	Floating	Semiannual	3.26%
Credit Line	Bullet	31/07/2022	Floating	Semiannual	3.26%

[a)] The company has a hedging instrument associated with this loan (see note 13)
[b)] The company has a hedging instrument associated with this loan (see note 28)

GENERAL COVENANTS OF ANA GROUP LOANS

The financing contracts of the ANA Group companies include various covenants, of which we highlight:

- Financing contracts

Company	Financing Contracts	Contractual debt	Current debt 31/12/2020	Covenant	Limit	Covenant 31/12/2020
				Borrower shareholder control (VINCI, S.A.) [(1)]	> 50%	100%
ANA, S.A.	EIB Financing Contracts	329,784	96,941	**External indebtedness limit of Subsidiaries**	< 20% Senior consolidated gross debt [(2)]	0%
				Financial Ratios [(3)]:		
				Senior Net Debt / EBITDA	< 5x	-5.70
				EBITDA / Consolidated Net Financial Costs	> 4 x	15.60
				Access to Liquidity [(4)]	minimum of double of the monthly average of the consolidated revenue	100% (cash pooling)

[(1)] The EIB may require the early repayment of the loans, if: (i) there is an acquisition of a holding greater than 50% of the VINCI, S.A. share capital and/or of more than 50% of the voting rights in VINCI, S.A.; or (ii) VINCI, S.A. ceases to have a direct or indirect holding, of over 50% in the share capital of ANA, S.A. and/or 50% of the voting rights in ANA, S.A. .

[(2)] This percentage excludes financing or loans provided by the EIB to any Group companies; and financial debt not subject to appeal.

[(3)] The financial ratios have a dual function of covenant and as a basis for the application of an additional margin, to be applied during the term of each one of the loan contracts.

If, at any time, the net senior debt/EBITDA ratio and/or the EBITDA/net consolidated financial costs ratio exceed the stipulated limits, the bank may require that additional guarantees be provided or it may demand the early repayment of all EIB loans.

[(4)] ANA, S.A. must ensure that it will have unconditional access to short-term cash funds in an amount equivalent to twice its average consolidated monthly income, by means of: (i) revolving loan contracts provided by commercial banks or by VINCI Airports, SAS, under market conditions; or (ii) the VINCI Group cash pooling system.

Failure to adhere to these covenants will be interpreted as a mandatory early repayment trigger, affecting all EIB loans.

- Concession contract

The concession contract between ANA, S.A. and the Portuguese state, signed on 14 December 2012, stipulates that the maximum ratio for debt service coverage (ratio between the senior debt and the EBITDA, as defined in the concession contract) should be 6:1.

As at 31 December 2020, the Group was in compliance with the established covenant.

27. LEASE LIABILITIES

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
1,440	1,678	Lease liabilities non current	1,523	1,813
1,127	1,150	Lease liabilities current	1,179	1,218
2,567	2,827		2,702	3,031

Current lease liabilities include increases in lease interest costs in the amount of 10 thousand euros.

FINANCIAL LEASING CONTRACTS

The situations of the various ANA Group leasing contracts, as at 31 December 2020 are as follows:

	First Instalment	Last Instalment	Interest rate	Periodicity	Capital in debt at 31/12/2020
Leasing - ANA, S.A.					
	2017	2021	Fixed	Monthly	72
	2017	2021	Fixed	Quarterly	49
	2018	2022	Fixed	Monthy	91
	2018	2022	Fixed	Quarterly	473
	2018	2023	Fixed	Monthly	16
	2019	2022	Fixed	Quarterly	121
	2019	2023	Fixed	Monthly	162
	2019	2023	Fixed	Quarterly	691
	2020	2023	Fixed	Monthly	324
	2020	2024	Fixed	Monthly	206
	2020	2025	Fixed	Quarterly	351
					2,557
Leasing - Remaining values of the Group					
	2017	2021	Fixed	Monthly	10
	2018	2022	Fixed	Monthly	21
	2019	2023	Fixed	Monthly	56
	2019	2023	Floating	Monthly	47
					134

The following table details the responsibilities assumed under financial leases for temporary period:

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
		Property acquired through leasing		
848	537	Transport equipment	991	740
1,699	2,274	Administrative equipment	1,699	2,274
9	16	Other equipment	9	16
		Future minimum payments		
1,160	1,205	Up 1 year	1,213	1,276
1,467	1,718	From 1 year to 5 years	1,552	1,857
		Interest		
40	55	Up 1 year	42	58
30	40	From 1 year to 5 years	32	44
		Present value of minimum payments		
1,120	1,150	Up 1 year	1,171	1,218
1,437	1,677	From 1 year to 5 years	1,520	1,813

28. DERIVATIVE FINANCIAL LIABILITIES

	2020		2019	
	Notional	Fair Value	Notional	Fair Value
Designated as cash flow coverage				
Interest rate swap	11,250	(1,497)	13,125	(1,863)
Total derivatives	11,250	(1,497)	13,125	(1,863)

At 31 December 2020 the ANA Group had contracted a derivative financial instrument with a current notional of 11,250 thousand euros (initially 30 million euros) on the interest rate (interest rate swap).

This derivative was designated in a cash flow coverage report. The aim is to cover the interest rate risk associated with the floating interest rate payments on its financial liabilities, thus transforming the floating interest rate into a fixed one. The risk which is covered is the floating interest reference rate for the loans in question, but the credit risk is not covered.

The main conditions of the hedged instrument and the hedge instrument are given here:

HEDGED INSTRUMENT

Cash flows of the finance contracted with the EIB:

Notional	30 million euros (see note 26)
Date of issue	15 June 2005
Maturity date	15 September 2026
Interest rate	Eur 3M + spread of 0.415%
Liquidation date	Quarterly

HEDGE INSTRUMENT

ANA, S.A. negotiated an interest rate swap with the following characteristics:

Type	Interest Rate Swap
Counterpart	Deutsche Bank
Notional	30 million euros (amortising)
Transaction date	15 June 2005
Start date	15 June 2005
Maturity date	15 September 2026
Underlying	ANA, S.A. receives Euribor 3M, pays 3.55% (from 15 June 2010 onwards)

EFFECTIVENESS TESTS

The dollar offset method is used for the purposes of identifying effectiveness.

The test is carried out on each reporting date.

The movements in the year were as follows:

	Fair Value	Impact in net results		Impact in equity	Fair Value
	2019	Interest Paid	Interest costs		2020
Coverage	(1,863)	511	(511)	367	(1,497)

	Fair Value	Impact in net results		Impact in equity	Fair Value
	2018	Interest Paid	Interest costs		2019
Coverage	(2,140)	572	(572)	276	(1,863)

29. PROVISIONS

The provisions set aside are designed to cover any exposure ANA, S.A. may come to have in ongoing legal proceedings.

The provisions item changed in the following way:

	2020					
		Impact on balance sheet	Impact on results			Closing Balance
	Opening Balance		Increase	Reversal	Total	
ANA, S.A.	8,194	-	2,741	(745)	1,996	10,190
ANA Group	9,892	(64)	3,403	(924)	2,479	12,307

	2019						
	Opening Balance	Impact on balance sheet	Impact on results				Closing Balance
			Increase	Reversal	Used	Total	
ANA, S.A.	3,952	100	5,910	(1,537)	(231)	4,142	8,194
ANA Group	4,394	57	7,512	(1,840)	(231)	5,442	9,892

The year-on-year increase in 2020 largely pertains to the constitution of provisions for a number of operations and labour-related processes, in the amounts of 2,550 thousand euros and 853 thousand euros, respectively.

In 2020, and following an out-of-court settlement, the provision that had been set aside to cover a set of legal challenges to fees charged was reversed, in the total amount of 495 thousand euros.

Provisions pertaining to operations, in the amount of 222 thousand euros, and to labour, in the amount of 179 thousand euros, were also reversed. Other provisions pertaining to compensation cases, in the amount of 28 thousand euros, were similarly reversed.

In 2020, there were no significant developments in any of the legal proceedings that were carried over from 2019, apart from those mentioned above.

30. PAYABLES AND OTHER LIABILITIES – NON-CURRENT

Non-current debts payable and other liabilities have the following breakdown:

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
2,798	2,940	Deferred income	2,798	2,941
9,953	11,906	Investment subsidies	9,953	11,906
83,799	82,886	Contractual liabilities	83,799	82,886
5,377	4,944	Guarantees provided by third parties	5,773	5,312
101,926	102,676		102,323	103,045

Deferred income refers to the operating income from the operating rights leased to third parties for Group assets – fuel stations, the hotel unit and the construction of the cargo terminal.

Investment subsidies basically come from European Union funding. Portuguese funding accounts for the lesser part of this item.

The contractual liabilities refer to expenditure to be borne in the next cycle of renovation/replacement of the concession assets, under IFRIC 12, and the financial update of liabilities. The contractual liabilities are recorded at its present value.

Guarantees extended by third parties include:

i) guarantees extended by clients as surety (around 3,853 thousand euros), required depending on the assessed level of risk; and

ii) guarantees provided by investment suppliers (around 1,920 thousand euros), realised by means of withholdings on the payments made, required where no guarantee is offered. These withholdings vary between 5% and 10%, depending on the type of contract/service involved.

31. PAYABLES AND OTHER LIABILITIES – CURRENT

Current debts payable and other liabilities have the following breakdown:

ANA, S.A.			ANA Group	
2020	2019		2020	2019
11,983	16,152	Suppliers	11,909	15,936
17,685	14,554	Investment suppliers	17,892	14,561
		State and other public entities		
912	1,097	Tax withheld from third parties	1,150	1,394
1,188	1,409	Social expenses	1,777	2,206
-	5,268	Other taxes	13	4,832
921	14,937	Other creditors	3,338	16,647
		Accrued costs		
13,286	12,005	Personnel costs	23,849	23,089
22,277	32,227	External supplies and services	22,616	32,400
11,095	5,405	Contractual liabilities	11,095	5,405
25,550	42,240	Other accrued costs	26,792	45,071
54,520	15,054	Deferred earnings (advanced receipts)	53,721	14,350
1,906	2,539	Investment subsidies	1,906	2,539
161,323	162,888		176,059	178,428

The decrease in the other creditors item in 2020 relates to the sum of 11,500 thousand euros paid to the Portuguese State for the transfer of the assets at the Beja Civil Terminal.

The increases in the cost of external supplies and services is explained by services that have been provided but not yet billed.

The other accrued costs item largely pertains to air traffic incentives.

Regulated revenue was adjusted to take the effects of the pandemic into account. This resulted in a 70% reduction in regulated landing/take-off and ground handling fees. The deferred income item includes the amounts, totalling 36,268 thousand euros, to be credited to airlines and users in 2021, following the adjustment of the regulated revenue.

Current and non-current investment subsidies item includes the following transactions:

	2020	2019
Opening balance		
Non-current [1]	11,906	13,220
Current	2,539	3,337
	14,445	16,557
Subsidies granted in the period	-	699
Transfers to earnings in the year	(2,364)	(2,552)
Other transfers	(222)	(259)
Final balance		
Non-current [1]	9,953	11,906
Current	1,906	2,539
	11,859	14,445

[1] See note 30

The quantification of the contractual responsibilities with renovation/replacement and its use within the application of IFRIC 12, are detailed in the following table:

	2020	2019
Opening balance		
Non-current [1]	82,886	74,801
Current	5,405	4,327
	88,291	79,129
Year movement	7,167	10,619
Discounting effect	363	336
Use in the period	(1,039)	(1,793)
Reclassification	113	-
Final balance		
Non-current [1]	83,799	82,886
Current	11,095	5,405
	94,894	88,291

[1] See note 30

32. REVENUE

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
171,949	492,561	Traffic	171,949	492,561
47,819	154,884	Operation	47,819	154,884
33,468	38,129	Occupancy	30,139	34,694
20,989	68,230	Security charges and PRM	20,989	68,230
13,898	31,563	Parking facilities	13,344	30,897
12,947	33,198	Handling	42,838	91,003
8,060	18,760	Other commercial activities	7,810	18,479
4,271	8,690	Equipment	3,643	7,481
2,360	4,577	Advertising	2,360	4,577
1,049	2,375	Sales of goods	697	1,511
(54,392)	(5,889)	Regulated revenue adjustment	(54,332)	(5,851)
262,419	847,077	**Turnover**	287,256	898,465
54,515	21,501	Construction contracts (concession)	54,515	21,501
1,655	2,652	Other earnings	839	1,345
318,589	871,230		342,610	921,312

The construction contracts revenue recognised in the year ending 31 December 2020 was 54,515 thousand euros.

Construction contracts revenue includes the costs of acquiring/constructing expansion assets or upgrading concession infrastructures. It also includes the direct costs generated by the technical areas involved in the construction of the expansion assets.

The outbreak of the COVID-19 pandemic in March led to a sharp drop in traffic and a consequent overall reduction in revenue that impacted both the aviation and non-aviation businesses.

The amount carried in the traffic item is net of the traffic development incentives given to airlines to open up new routes and/or increase frequencies and, so, optimise the capacity offered by the Group's airports. In 2020, the group spent a total of 9,476 thousand euros on incentives of this type.

The adjustment to regulated revenue item includes these credits, which were issued between July and December 2020. They equate to 70% of regulated landing/take-off and ground handling fees and were seen as a way of bringing forward the refunding of excess 2020 regulated revenue to users.

33. GOODS SOLD AND MATERIALS CONSUMED

The cost of goods sold and materials consumed was as follows:

ANA, S.A.		ANA Group		
Total	Movements	Goods	Consumable materials	Total
	2020			
401	Inventories - opening balance	882	277	1,159
1,417	Purchases	1,747	348	2,096
2	Inventory adjustments	(42)	(2)	(44)
486	Inventories – closing balance	782	419	1,201
1,334	Costs in the financial year	1,806	205	2,010
	2019			
365	Inventories - opening balance	817	279	1,096
2,555	Purchases	3,729	242	3,971
3	Inventory adjustments	29	-	29
401	Inventories – closing balance	882	277	1,159
2,522	Costs in the financial year	3,694	243	3,937

34. EXTERNAL SUPPLIES AND SERVICES

The costs with external supplies and services were as follows:

ANA, S.A.			ANA Group	
2020	2019		2020	2019
27,490	41,427	Subcontracts	19,377	22,981
23,902	33,588	Surveillance and security	24,309	33,977
22,513	26,461	Repairs and maintenance	22,849	27,538
15,321	18,773	Water, electricity and fuel	15,389	18,919
13,533	15,932	Specialised work	14,045	16,405
9,043	10,438	Cleaning	9,279	10,744
7,280	10,619	Contractual liabilities	7,280	10,619
2,667	2,141	Insurance	3,100	2,432
847	1,184	Communications	909	1,232
609	1,177	Advertising	625	1,055
579	715	Rental costs	927	1,119
262	959	Travel	304	1,144
8,355	16,438	Other external supplies and services	9,367	18,099
132,399	179,852		127,762	166,263
52,365	19,627	Construction contracts costs	52,365	19,627
184,764	199,480		180,127	185,891

In 2020, the amounts carried in the construction contract costs item are largely accounted for by the investments made to expand capacity at Lisbon Airport, extend the FOX taxiway at Porto Airport and develop Montijo Airport.

The reduction in supplies and external services results from the decrease in the ANA Group's business activity and the renegotiation of some existing contracts. This item includes a total of 1,820 thousand euros that can be directly ascribed to the pandemic.

The other external supplies and services item includes the technical and management services that the shareholder provides to the ANA Group (see note 48).

35. PERSONNEL EXPENSES

Staff-related costs breakdown as follows:

ANA, S.A.			ANA Group	
2020	2019		2020	2019
53,939	58,658	Salaries	81,010	93,029
12,116	13,242	Charges on remunerations	16,854	21,154
5,584	6,462	Incentives/ indemnities	6,560	6,462
1,554	1,706	Pensions	1,560	1,706
4,393	4,525	Other costs	9,018	15,690
77,586	84,594		115,001	138,041

The amount recorded in the incentives/indemnities item is accounted for by the staff optimisation plan, which resulted in a number of retirements and voluntary redundancies.

On average, the Group had 2,921 and 3,405 employees in the years ending 31 December 2020 and 31 December 2019, respectively.

The decrease in labour costs reflects the effect of the reduction in hirings occasioned by the pandemic and the departure of Slots Coordination employees.

36. OTHER INCOME

ANA, S.A.			ANA Group	
2020	2019		2020	2019
-	-	Operating subsidies	2,525	-
14	9	Gains on tangible assets	53	13
288	337	Other unspecified income	267	329
302	346		2,844	342

The operating subsidies item pertains to lay-off subsidies provided by the Portuguese State. This government aid is designed to help the company cope with the lay-offs implemented as a result of the pandemic.

37. OTHER EXPENSES

ANA, S.A.			ANA Group	
2020	2019		2020	2019
849	1,642	Incentives	849	1,642
362	430	Donations	365	431
266	503	Taxes	273	404
251	459	Bank service costs	313	541
190	202	Contributions to business/ Professional asso	201	217
23	(3)	Fines and penalties	24	231
6	50	Bad Debts	6	51
1,063	760	Other costs	1,000	963
3,010	4,043		3,030	4,479

The incentives item only includes commercial incentives. The traffic incentives are deducted from revenue in the traffic item.

ANA, Vinci Energies Portugal and the Fondation Vinci pour la Cité have formed a non-profit association that will deliver a Vinci Group programme of support for social projects. ANA participates in the Vinci for Citizenship Programme and made donations in the amount of 149 thousand euros in 2020 (128 thousand euros in 2019).

38. AMORTISATIONS AND DEPRECIATIONS

ANA, S.A.			ANA Group	
2020	2019		2020	2019
84,960	87,433	Amortisations/ Depreciations in the financial year	86,626	88,983
2	23	Write-offs of fixed assets	2	23
84,962	87,456		86,628	89,006

39. COST OF GROSS FINANCIAL DEBT

Borrowing costs were as follows:

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
(42,689)	(45,630)	Interests on bank loans	(42,689)	(45,630)
(472)	(515)	Income from swaps	(472)	(515)
(240)	(201)	Stamp duty on bank loans	(240)	(201)
(58)	(62)	Financial effect of leasing	(61)	(64)
(43,459)	(46,408)		(43,462)	(46,410)

40. SHARE IN THE RESULTS OF ASSOCIATES AND OTHERS

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
-	2,772	Dividends received (Portway)	-	-
70	14	Dividends received (Futuro)	70	14
70	2,786		70	14

41. OTHER FINANCIAL RESULTS

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
		Expenses		
(363)	(336)	Financial effect of contractual liabilities	(363)	(336)
(2)	(9)	Foreign exchange losses	(4)	(15)
-	(135)	Interests paid	(65)	(135)
		Income		
1,023	330	Interest received	1,023	343
3	1	Foreign exchange gains	4	1
56	30	Other financial gains	56	30
716	(120)		652	(113)

The change in interest earned is largely accounted for by interest on arrears and compensatory and indemnity interest earned following the final favourable ruling in a lawsuit.

42. CORPORATE INCOME TAX EXPENDITURE

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
433	140,695	Current tax	483	142,134
(17,565)	(5,159)	Deferred tax[1]	(19,586)	(5,353)
(605)	2	(Over)/ Under estimation/ (Restitution)	(607)	9
(1,138)	-	Tax Group | Tax Credit	(1,138)	-
(18,875)	135,538		(20,848)	136,790

[1] See note 15

The conciliation between current taxation and effective taxation is as follows:

2020	ANA	PORTWAY	ANA Group
Current tax			
Tax for the year	433	50	483
(Over)/ Under estimation/ (Restitution)	(605)	(2)	(607)
Tax Group | Tax Credit	(1,138)	-	(1,138)
Deferred tax	(17,565)	(2,021)	(19,586)
Tax expenditure	(18,875)	(1,973)	(20,848)
Results before income tax	(91,014)	(9,538)	(100,552)
Rate of taxation	21.00%	21.00%	-
	(19,113)	(2,003)	(21,116)
Permanent differences	57	11	68
Temporary diferences	1,491	(29)	1,462
Tax Group | Tax Credit	(1,138)	-	(1,138)
Autonomous rate	433	50	483
(Over)/ Under estimation/ (Restitution)	(605)	(2)	(607)
Income tax	(18,875)	(1,973)	(20,848)
Effective tax rate	20.74%	20.69%	20.73%

2019	ANA	PORTWAY	Adjustment in consolidation	ANA Group
Current tax				
Tax for the year	140,695	1,439	-	142,134
(Over)/ Under estimation/ (Restitution)	2	7	-	9
Deferred tax	(5,159)	(194)	-	(5,353)
Tax expenditure	135,538	1,252	-	136,790
Results before income tax	437,402	5,595	(2,772)	440,225
Rate of taxation	31.12%	24.71%	31.12%	-
	136,123	1,383	(863)	136,643
Permanent differences	(768)	(3)	863	92
Temporary diferences	11	(163)	-	(152)
Tax benefits - SIFIDE	(268)	-	-	(268)
Autonomous rate	438	28	-	466
(Over)/ Under estimation/ (Restitution)	2	7	-	9
Income tax	135,538	1,252	-	136,790
Effective tax rate	30.99%	22.38%	-	31.07%

43. RESULT PER SHARE

The basic result per share is equal to the diluted result per share and is obtained by the quotient between the net profit of the financial year and the number of shares of ANA, S.A. (40 million shares).

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
(72,139)	301,864	Net profit of the period	(79,704)	303,435
40,000	40,000	Number of shares	40,000	40,000
		Net profit per share (in euros)		
(1.80)	7.55	Basic earnings	(1.99)	7.59
(1.80)	7.55	Diluted earnings	(1.99)	7.59

44. DIVIDENDS

No dividends were distributed in 2020.

In 2019 dividends were distributed in the amount of 200,000 thousand euros, as approved in the unanimous written decision of November 15, 2019.

45. COMMITMENTS UNDERTAKEN

Commitments made that are not shown in the Consolidated Statement of Financial Position are as follows:

ANA, S.A.			ANA Group	
2020	2019		2020	2019
152,642	255,130	Contracts signed and in progress	143,873	239,523

The commitments undertaken item includes amounts for investments and for costs.

An amount of 9,305 thousand euros in 2020 and 15,593 thousand euros in 2019 is included in the above figures for ANA, S.A. These amounts relate to service provision contracts signed with Portway, S.A.

The decrease in commitments was mainly due to two factors. The first was the completion of commitments carried over from contracts already in place in 2019. The second was the renegotiation of a number of contracts, with the aim of reducing both service levels and contract prices, due to the severe effect that the COVID-19 pandemic has had on the company's business activity.

46. GUARANTEES PROVIDED

ANA, S.A.			ANA Group	
2020	2019		2020	2019
53,520	52,926	Bank guarantees	55,286	54,692
550	492	Surety insurance	550	492
54,070	53,418		55,835	55,184

The purpose of the guarantees provided is to cover the following situations:

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
53,060	52,466	Compliance guarantee - Concession contract	53,060	52,466
916	916	Expropriation lawsuits	916	916
-	-	Customs licensed warehouses management	1,766	1,759
93	36	Others	93	43
54,070	53,418		55,835	55,184

As regards the compliance guarantee of the Concession Contract and as set out in point 28.1 thereof, ANA, S.A. lodged an unconditional, irrevocable first-demand bank guarantee with the grantor for the purposes of guaranteeing compliance with the commitments given in the Contract in question. This guarantee may be used in the same terms, and for the same purposes, in relation to the Concession Contract signed with the former ANAM, S.A. (clause 27).

The year-on-year increase in 2020 is due, in the main, to the updating of the value of this guarantee.

47. CONTINGENCIES

47.1. CONTINGENT ASSETS

As mentioned in note 1.3 – Legal regulatory framework, the application of the economic regulation schedule to the ANA, S.A. airports network may result in differences between the real total Regulated Price Cap per passenger and the amounts calculated for the reporting period.

The preliminary calculation of regulated activity revenues for 2020, the eighth year of economic regulation, does not indicate that there will be any negative differences to be recovered in future years (2022 and beyond). Therefore, and as at 31 December 2020, no contingent assets greater than those already existing prior to 2020 have been estimated.

47.2. CONTINGENT LIABILITIES

Outstanding litigation under way as of 31 December 2020, which is not expected to result in responsibilities for the Group, can be summed up as follows:

ANA, S.A. 2020	ANA, S.A. 2019		ANA Group 2020	ANA Group 2019
10,212	161	Operational suits	10,260	175
152	152	Expropriation suits	152	152
5,895	5,895	Public procurement suits	5,895	5,895
311	311	Litigation against traffic duties application	311	311
277	580	Damage compensation lawsuits	885	1,188
59	59	Litigation on handling rates	59	59
173	233	Other liabilities	183	243

The increase in the amount for operations-related lawsuits is essentially due to new lawsuits filed during the year ending on 31 December 2020.

The decrease in the amount for compensation-related lawsuits is explained by the closure of some proceedings, none of which resulted in any liability for the Group.

In one ongoing administrative lawsuit, ANA, S.A. is seeking a ruling of nullity or annulment of an administrative decision taken by ANAC as part of the 2020 tariff consultation process. ANAC decided to limit tariff growth at Lisbon Airport to the inflation rate, an approach that ANA, S.A. does not agree with, being ANA's understanding that no liability should arise from this lawsuit.

It should also be pointed out that the company does not agree with ANAC on its understanding of the method to be used to calculate the deviation of errors in the estimate of the regulated revenue with reference to 2019, as noted in Management Report, section 4.2.2.

48. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The balances and transactions with the subsidiary Portway may be summarised as follows:

	2020	2019
Assets balances		
Customers	1,956	1,091
Current Tax (RETGS)	-	521
Accrued income	-	93
	1,956	1,705
Liabilities balances		
Cash pooling	8,808	15,472
Accrued costs	592	1,559
Deferred earning	800	704
Suppliers	49	439
Current Tax (RETGS)	16	-
	10,265	18,174
Transactions		
External supplies and services	(9,008)	(20,115)
Income	7,618	13,229
Other income	24	15
	(1,367)	(6,871)

The balances and transactions between Group companies that fall within the consolidation perimeter relate to the following services: handling, other commercial charges (occupation of spaces, use of equipment, consumption of water and power), use of fuel, use of staff, subcontracts and other service provision. These balance and transactions are eliminated in the consolidation process.

Are considered related parties:

Shareholder:

- VINCI Airports, SAS.

The following VINCI holdings are also considered to be related parties:

- VINCI, S.A.;
- VINCI Concessions, SAS;
- VINCI Assurances, SAS;
- VINCI Mobility, S.A.;
- VINCI Construction Grands Projects, SAS;
- VINCI Energies Europe West, SAS;
- VINCI Energies Portugal, S.A.;
- Axianseu, S.A.;
- Cegelec, Lda.;
- Freyssinet, Lda.;
- LFP – Lojas Francas de Portugal, S.A.;
- Longo Plano, S.A.;
- Rodio Portugal, S.A.;
- Sixense Portugal, Lda.;
- Sotécnica, S.A.;
- Sotécnica Açores, Unipessoal, Lda..

Board of Directors:

The Board of Directors was treated as a related party of the Group, having received the following remunerations:

ANA, S.A.			ANA Group	
2020	2019		2020	2019
1,095	1,080	Remunerations	1,365	1,298

The amount reported for the Group in 2019 included 229 thousand euros of expenses related to the board of directors, namely payroll charges and others.

NATURE OF THE RELATIONSHIP BETWEEN THE RELATED PARTIES

The ANA Group provides the following services: operations, car parking, space rental, technical consultancy for international projects and others. It acquires the following services: management support, studies and projects, maintenance and repair of spaces and equipment, subcontracts, IT advisory services and others.

Thus, for the ANA Group:

i) Assets balances with related parties are as follows:

2020	Total	Current		
		Customers	Current tax	Cash pooling
		(Note 17)	(Note 20)	(Note 21)
Vinci Airports, SAS	11,668	149	-	11,519
LFP - Lojas Francas de Portugal,S.A	9,915	9,915	-	-
Axianseu, S.A.	1,161	-	1,161	-
Sotécnica, S.A.	510	5	505	-
Rodio Portugal, S.A.	135	-	135	-
Cegelec, Lda.	70	-	70	-
Vinci Energies Portugal, S.A.	26	-	26	-
Sotecnica Açores, Lda	22	1	21	-
Sixense Portugal, Lda.	2	-	2	-
Freyssinet, Lda.	1	-	1	-
	23,510	10,071	1,921	11,519

2019	Total	Current			
		Customers	Accrued income	Current tax	Cash pooling
		(Note 17)	(Note 17)	(Note 20)	(Note 21)
LFP - Lojas Francas de Portugal, S.A.	14,467	12,191	2,276	-	-
Vinci Airports, SAS	5,573	104	-	-	5,469
Axianseu, S.A.	487	-	-	487	-
Sotécnica, S.A.	97	4	-	93	-
Rodio Portugal, S.A.	34	-	-	34	-
Sotécnica Açores, Lda.	14	1	-	13	-
Cegelec, Lda.	11	-	-	11	-
Vinci Concessions, SAS	1	1	-	-	-
Sixense Portugal, Lda.	1	-	-	1	-
Freyssinet, Lda.	1	-	-	1	-
	20,686	12,301	2,276	640	5,469

ii) Liabilities balances with related parties are as follows:

2020	Total	Non Current Loans (Note 26)	Non Current Guaranties provide (Note 30)	Current Suppliers (Note 31)	Current Assets suppliers (Note 31)	Current Accrued costs (Note 31)	Current Deferred earning (Note 31)
Vinci Airports, SAS	1,294,620	1,272,200	-	5,303	-	17,117	-
Vinci Construction Grands Projects, SAS	3,830	-	-	-	3,830	-	-
Sotécnica, S.A.	1,507	-	-	446	-	1,061	-
Vinci Concessions, SAS	1,096	-	-	1,002	-	94	-
LFP - Lojas Francas de Portugal, S.A	549	-	-	-	-	-	549
Axianseu, S.A.	42	-	-	42	-	-	-
Cegelec, Lda.	37	-	-	-	-	37	-
Vinci Mobility, S.A	6	-	-	2	-	4	-
Longo Plano, S.A.	3	-	3	-	-	-	-
	1,301,690	1,272,200	3	6,796	3,830	18,313	549

2019	Total	Non Current Loans (Note 26)	Current Suppliers (Note 31)	Current Assets suppliers (Note 31)	Current Accrued costs (Note 31)	Current Current tax (Note 20)
Vinci Airports, SAS	1,362,975	1,332,200	12,309	-	18,466	-
Sotécnica, S.A.	750	-	474	276	-	-
Vinci Concessions, SAS	93	-	93	-	-	-
Vinci Energies Portugal, S.A.	75	-	-	-	-	75
Cegelec, Lda.	35	-	-	-	35	-
Rodio Portugal, S.A.	12	-	-	-	-	12
Vinci, S.A.	5	-	-	-	5	-
Vinci Mobility, S.A.	4	-	4	-	-	-
Freyssinet, Lda.	1	-	-	-	-	1
	1,363,950	1,332,200	12,880	276	18,506	88

iii) Transactions with related parties in the years ending 31 December 2019 and 2018 and carried on the separate income statement have the following breakdown:

2020	Income (Note 32)	External supplies and services (Note 34)	Personnel expenses (Note 35)	Other earnings (Note 36)	Other expenses (Note 37)	Costs of financing (Note 39)	other financial results (Note 41)
LFP - Lojas Francas de Portugal, S.A	27,183	-	-	-	-	-	48
Vinci Airports, SAS	120	5,063	504	-	-	41,426	-
Sotécnica, S.A.	51	5,015	-	-	-	-	-
Vinci Assurance, SAS	-	1,843	-	-	-	-	-
Vinci Energies Europe West, SAS	-	-	-	1	-	-	-
Longo Plano, SA	-	10	-	-	-	-	-
Vinci Concessions, SAS	-	-	113	-	373	-	-
Axianseu, S.A.	1	1,171	-	-	-	-	-
Cegelec, Lda.	1	172	-	-	-	-	-
Vinci Mobility, S.A.	-	49	-	-	-	-	-
Sotécnica Açores, Lda	15	-	-	-	-	-	-
Rodio Portugal, S.A.	1	-	-	-	-	-	-
Vinci Energies Portugal, S.A.	1	-	-	-	-	-	-
Sixense Portugal, Lda.	1	-	-	-	-	-	-
Freyssinet, Lda.	1	-	-	-	-	-	-
	-	-	-	-	-	-	-
	27,375	13,323	617	1	373	41,426	48

2019	Income	External supplies and services	Personnel expenses	Other expenses	Costs of financing
	(Note 32)	(Note 34)	(Note 35)	(Note 37)	(Note 39)
LFP - Lojas Francas de Portugal, S.A.	74,353	-	-	-	-
Vinci Airports, SAS	188	12,545	521	-	44,064
Sotécnica, S.A.	43	5,251	-	-	-
Vinci Assurance, SAS	-	1,433	-	-	-
Vinci Concessions, SAS	-	-	-	427	-
Cegelec, Lda.	2	143	-	-	-
Vinci Mobility, S.A.	-	127	-	-	-
Axianseu, S.A.	-	364	-	-	-
Vinci, S.A.	-	10	-	-	-
Sotécnica Açores, Lda.	13	-	-	-	-
Freyssinet, Lda.	1	-	-	-	-
Vinci Energies Portugal, S.A.	1	-	-	-	-
Sixense Portugal, Lda.	1	-	-	-	-
Rodio Portugal, S.A.	2	-	-	-	-
	74,604	19,873	521	427	44,064

iv) Transactions related to investments are as follows:

	2020	2019
Vinci Construction Grands Projects, SAS	6,127	1,532
Sotécnica, S.A.	4,555	1,976
Cegelec, Lda.	37	198
Axianseu, S.A.	35	530
	10,754	4,236

49. SUBSEQUENT EVENTS

In January 2021, under a collective dismissal process, ANA, reached an agreement with 5 employees to terminate their employment contract. These employees worked as baggage deposit assistants at Lisbon airport. The luggage storage service is now provided by automatic lockers.

Starting in February 2021, ANA, S.A. joined the gradual recovery support mechanism of companies in a crisis period with temporary reduction of the normal working hours by means of Decree-Law no. 46-A/2020 of 30 June.

In accordance with the provisions of articles 4 and 5 of Decree-Law 186/2007 of 10 May, as amended by Decree-Law 55/2010 of 31 May, ANA, S.A. submitted an application to ANAC for a prior assessment of the feasibility of building the complementary airport in Montijo.

It is ANAC's interpretation of the legislation in force that the absence of a favourable opinion from all the municipal councils of the potentially affected municipalities constitutes grounds for a preliminary refusal.

In the light of the unfavourable opinions of Moita and Seixal Municipal Councils, issued on 2 March 2021, ANAC decided to preliminarily reject the request for prior assessment of the feasibility of building the Complementary Airport in Montijo submitted by ANA, S.A.

In response, the Government confirmed that it would launch a strategic environmental assessment of the location of the new Lisbon airport. The project that ANA, S.A. developed in collaboration with the state in 2017, which is referred to in this management report and accounts, may be modified as a result of this process.

As it is generally known, SPdH, Serviços Portugueses de Handling, S.A., (hereinafter “Groundforce”) is in a fragile situation from the financial standpoint, and its business continuity is being discussed.

Groundforce is one of the main business partners of ANA, S.A. in what regards handling which renders services in the airports of Lisbon, Porto, Faro and Madeira. Among other business airlines, it is worth mentioning the services provided to companies belonging to the Star Alliance, including, for example, TAP.

A possible scenario of a significant reformulation of Groundforce’s activity (or even bankruptcy) would tend to have a relevant impact at the level of ANA, S.A., due to the potential operational constraints.

The contract entered by ANA, S.A. and LFP – Lojas Francas Portuguesas, S.A. with regard to the occupancy and operating license of the stores located in the airports’ network (commonly known as duty free) will expire on the 28/02/2022. Accordingly, ANA, S.A. is preparing the terms and conditions for the tender of the future contract. In light of the traffic evolution since March 2020, the sales arising from this activity registered a substantial decrease, which may, therefore, have an impact at the level of the license currently in force.

50. FINANCIAL STATEMENTS APPROVAL

These consolidated and separate financial statements were approved by the Board of Directors in the meeting on April 16, 2020. The Board of Directors believes that these financial statements are a true and appropriate representation of the Group's operations, as well as of its financial position and performance and cash flows.

Certified Accountant no. 7785

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Janete Hing Lee

Board of Directors
Chairman*:*

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José Luís Fazenda Arnaut Duarte

Member and Chairman of the Executive Committee*:*

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Thierry Franck Dominique Ligonnière

Members of the Board:

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Nicolas Dominique Notebaert

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Raphaël Alain Louis Pourny

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Olivier Patrick Jacques Mathieu

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Chloé Anne Cécile Tanguy Lapeyre

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Rémi Guy Ferdinand Maumon-Falcon de Longevialle

____

António dos Santos Morgado

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Éric Marc Jacques Delobel

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Francisco José Simões Crespo Vieira Pita

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Carlos Filipe Pires de Gouveia Correia de Lacerda

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Miguel Frutuoso Lopo Hipólito Pires Mateus

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Luís Manuel dos Santos Silva Patrão

IV. AUDIT, REPORTS AND OPINIONS

Annual Report 2020

REPORT AND OPINION OF THE SUPERVISORY BOARD ON THE MANAGEMENT REPORT AND THE 2020 ACCOUNTS
(Translated from the original in Portuguese)

Shareholders,

Under the terms of the mandate given to us and to comply with point g of paragraph 1 of article 420 of the Portuguese Companies Code we have prepared and issue our report on the management's report, the statement of the financial position, both on the separate and consolidated statements, the income statement and the comprehensive income statement, both separate and consolidated, the consolidated statement of changes in equity, the separate statement of changes in equity, the cash flow statement, separate and consolidated, and the respective annexes together with the notes to the financial statements, as well as the proposal for the application of the results presented by the Board of Directors of ANA – AEROPORTOS DE PORTUGAL, S.A. for the year ended 31st December 2020.

To carry out its mandate the Supervisory Board met with the Board of Directors of ANA and Senior Management, whenever it was felt necessary, to analyze management's performance and to discuss with its relevant matters resulting from the work we have performed.

In respect of its analysis and checks performed, the Supervisory Board requested and obtained documentation and clarifications to the various questions.

During the year the Supervisory Board met regularly with Deloitte both in their capacity as external auditors and also statutory auditors, acompanying their work and their independence. We became aware of their Statutory Audit Report (Certificação Legal das Contas), which includes an emphasis, which we approve, related with the consequences and operational and financial impacts of the pandemic of the new coronavirus on the company´s activity in 2020.

We also met the internal audit services with the main goal of taking knowledge of the main areas of audit, the compliance of the audit plans, the outcome of the audit tests performed and recommendations for the improvement of the systems and controls, having in mind to ensure the efficiency of the internal control systems and the matters related with risk management.

The Supervisory Board analyzed the report prepared by management as part of the closing of the year end accounts as well as the various documents related to the accounts as presented by the Board of Directors, performed the related checks and obtained clarifications as it deemed necessary.

The management report emphasized the most relevant aspects of the activity of the ANA group in 2020, which showed a turnover of approximately € 287 256 thousand, excluding construction works (IFRIC 12) and incentive discounts in respect of air traffic, representing a decrease of 68 % compared to the previous year, corresponding to a total volume of 18 million passengers which compares to 59 million in 2019.

The group's EBITDA totaled € 35 269 thousand (being ANA € 42 926 thousand), which represents a decrease of 94 % when compared to the previous year (being ANA 92.6%) and a net loss of € 79 704 thousand (being ANA a net loss of € 72 139 thousand) compared to a net profit of € 303 435 thousand (being ANA € 301 864 thousand) in 2019.

Therefore, ANA group presented losses and a significant decrease on the main performance indicators, as a consequence of the adverse situation caused by the sanitary and economic crisis, resulting from the pandemic .

Based on its analysis the Supervisory Board believes that the management report presented by the Board of Directors satisfies the requirements of the applicable laws and shows in a correct manner the growth of both ANA, S.A. and the group ANA's activities.

The various documents supporting the accounts were audited by the Statutory Auditor who issued its statutory audit opinion, with no qualifications, which the Supervisory Board agrees with, and which is in agreement with that required by no. 2 of Article 452 of the Portuguese Companies Code.

Based on the above we believe that the Shareholders may:

(a) Approve the management report, as well as the various documents making up both the individual and consolidated accounts of 2020 presented by the Board of Directors;

(b) Approve the Board of Directors proposal for the distribution of the results as set out in the management report;

(c) Express its approval for the Management and Supervision of the company as foreseen in article 455 of the Portuguese Companies Code.

The Supervisory Board wishes to thank the Board of Directors and the Financial Department of ANA, the internal auditors and remaining departments and respective staff, and also the External and Statutory Auditors, Deloitte, for their collaboration and support in carrying out our work.

Lisbon, 26 April 2021

THE SUPERVISORY BOARD

Dr. Jacques dos Santos - President

Dr. José Vitorino – Member

Dr. Gabriel Alves - Member

STATUTORY AUDITOR'S CERTIFICATION

(Free translation of a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of ANA - Aeroportos de Portugal, S.A. ("Entity") and its subsidiary ("Group"), which comprise the consolidated and separate statement of financial position as at December 31, 2020 (showing a total of 2,356,909 thousand Euros and 2,349,223 thousand Euros, respectively, and consolidated equity of 672,466 thousand Euros and separate equity of 673,357 thousand Euros, including a consolidated net loss attributable to Group of 79,704 thousand Euros and separate net loss of 72,139 thousand Euros), the consolidated and separate statement of profit and loss by nature, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and the accompanying notes to the consolidated and separate financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view, in all material respects, of the consolidated and separate financial position of ANA - Aeroportos de Portugal, S.A. as at December 31, 2020 and of its consolidated and separate financial performance and its consolidated an separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated and separate financial statements" section below. We are independent from the entities that are part of the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

In March 2020 was declared by the World Health Organization the pandemic resulting from the spread of the new disease ("COVID-19"). As a result, the competent local and international authorities have been establishing a set of exceptional and temporary measures in order to contain the spread of the disease. As mentioned in Note 2 of the notes to financial statements, although there is still existing a high uncertainty about the normalization of the global economy, taking into consideration the Entity's strategic position, liquidity level and management measures that have been implemented, the Board of Directors considers that the Entity owns the adequate resources to maintain the operations, with no intention to cease them in the short term. Additionally, based on the information available on the present date, the Board of Directors considers that the going concern assumption, used in the preparation of the Entity's financial statements as of December 31, 2020, is appropriate. Our opinion is not modified in respect to this matter.

Responsibilities of Management and supervisory body for the consolidated and separate financial statements

Management is responsible for:

- the preparation of consolidated and separate financial statements that give a true and fair view of the Entity and Group's financial position, consolidated and separate financial performance and consolidated and separate cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the preparation of the management report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity and Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity and Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing of the Entity and Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our responsibility is to obtain reasonable assurance on whether the consolidated and separate financial statements as a whole are free from material misstatements, 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and separate 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 Entity and Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- 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 Entity and Group'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 consolidated and separate 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 report. However, future events or conditions may cause the Entity or the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance 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.

Our responsibility also includes the verification that the information contained in the management report is consistent with the consolidated and separate financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management report

Pursuant to article 451.º, n.º 3 al. e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated and separate financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatements.

Lisbon, April 26, 2021

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Deloitte & Associados, SROC S.A.
Representada por Carlos Alberto Ferreira da Cruz, ROC

Management Report and Accounts 2020