

# Annual Report 2019



AEROPORTO G. MARCONI DI BOLOGNA S.P.A.



Consolidated Financial Statements of  
Aeroporto Guglielmo Marconi di Bologna Group and  
Financial Statements of  
Aeroporto G. Marconi di Bologna S.p.A.  
at December 31, 2019

## CONTENTS

Letter from the Chairman	3
Ownership of the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A.	5
Board of Directors	6
Board of Statutory Auditors	7
Auditing Firm	7
Directors' Report at December 31, 2019	8
Consolidated financial statements at December 31, 2019	52
• Statement of Consolidated Financial Position	54
• Consolidated Income Statement	55
• Consolidated Statement of Comprehensive Income	56
• Consolidated Cash Flow Statement	57
• Statement of Changes in Consolidated Shareholders' Equity	58
Notes to the Consolidated Financial Statements at December 31, 2019	59
Statement of the Consolidated Financial Statements pursuant to Article 154 <i>bis</i> of the CFA	126
Auditing firm report	127
Aeroporto G. Marconi di Bologna S.p.A. Financial Statements at December 31, 2019	133
• Statement of Financial Position	135
• Income Statement	136
• Statement of Comprehensive Income	137
• Cash Flow Statement	138
• Statement of Changes in Shareholders' Equity	139
Notes to the Financial Statements at December 31, 2019	140
Statement of the Financial Statements pursuant to Article 154 <i>bis</i> of the CFA	205
Report of the Board of Statutory Auditors	206
Auditing firm report	214

## Dear Shareholders,

Bologna Airport enjoyed another **record year** in terms of traffic and operating results in **2019**.

In a year in which passenger traffic increased by 4.2% at global and European level and by 4% at Italian level, Bologna Airport recorded a total of **9,405,920** passengers, up **10.6%** on 2018, thanks to the introduction of new routes – 120 compared to 114 in 2018 – and more routes in the legacy segment (+4.9%) and, above all, in the low-cost segment (+14.7%).

In particular, **legacy traffic** saw the introduction of new routes and the increased frequencies of flights by some of the major international airlines that were launched in 2018 and confirmed in 2019, among which the fifth daily flight to Frankfurt, operated by Lufthansa, and the fourth daily flight to Amsterdam, operated by KLM. In the **low-cost segment**, most airlines operating at the airport increased their operations, and in particular Ryanair and Wizzair, which in 2019 remained the top two carriers by number of passengers, followed by Alitalia, Air France, Lufthansa and British Airways. Overall, the total number of airlines operating out of Bologna were 57, eight more than in 2018.

Turning to **service quality**, in 2019 general satisfaction levels remained extremely positive, with the overall satisfaction index (**CSI – Customer Satisfaction Index**) coming to **98.3%** (98.5% in 2018), despite the pressures on infrastructural capacity from traffic growth, concentrated in particular in certain months of the year.

**Consolidated revenues** totalling Euro 125.1 million rose **9.7%**, driven by traffic growth positively impacting on revenues from aeronautical services (+12.3%) and revenues from non-aeronautical services (+7.6%).

**Consolidated costs** increased less proportionally than revenues (**6.4%**), primarily driven by service costs tied to the increase in traffic and personnel costs, in turn due to the higher average headcount of 28 required to meet the needs of the areas most affected by the increase in traffic, but also to enhance certain staff areas.

Net of revenues and costs from construction services, items related to the infrastructural investments, revenues rose 10.4% and costs 6.8% - demonstrating a positive divergence between revenue growth and the increase in traffic and cost containment.

Given the factors outlined above, **Group margins** report significant growth: **EBITDA** amounted to Euro 44.9 million, compared to Euro 38.7 million in 2018 (**+16.1%**), the **operating result** amounted to Euro 31.1 million, compared to Euro 25.2 million in 2018 (**+23.2%**) and the **result before taxes** amounted to Euro 30 million, compared to Euro 25 million in 2018 (**+20.5%**).

Group **consolidated net profit** in 2019 totalled Euro 20.9 million (**+16.3%**).

The Group **Net Financial Position** at December 31, 2019 was a cash position of Euro 10 million, compared to Euro 8 million at December 31, 2018. In 2019, investments were financed primarily in infrastructure for Euro 17.2 million, debt repayments totalled Euro 4.4 million and dividends distributed totalled Euro 16.2 million. At December 31, 2019, confirming the solid financial position of the Group, **Consolidated Shareholders' Equity** amounted to Euro 178.2 million (Euro 173.7 million at December 2018).

Shareholders, in presenting the strong results that we have achieved in 2019, a year that concludes continual growth spanning several years, I would like to extend my personal gratitude to all those who, in their respective roles and responsibilities, at all levels of the company, have contributed to a period of growth and development that knows few rivals in Italy's airport industry in recent years. The results achieved – not to be taken for granted – have been made possible by teamwork throughout the organisation, involving local stakeholders and shareholders, each to the extent of their roles and functions, in the growth and development measures taken.

After such a year of various records, we must turn to a discussion, in all its peculiar and exceptional character, of the dramatic halt which the Covid-19 pandemic is bringing the entire air transport sector, and with it Bologna Airport, in addition to the rest of Italy and indeed the world, as is plain for all to see.

Our airport is among the few in Italy to remain open and operational, as expressly directed by Decree No. 112 of March 12, 2020, issued by the Minister of Infrastructure and Transport in coordination with the Ministry of Health, despite the elimination of almost all traffic in mid-March. In addition to implementing exhaustive health and hygiene measures to prevent the spread of the virus among workers and in the airport community through social distancing by having non-operational employees work remotely, the Group is taking all possible steps to mitigate the economic impacts of the crisis, including recourse to the Extraordinary Temporary Redundancy Scheme with effect from March 21 for all workers of the Parent Company to protect current employment levels.

Shareholders, in this particularly adverse environment, I would like to reassure you all that the Group is constantly monitoring events as they unfold, with an eye to the challenging period that lies ahead of us, the length of which currently cannot be estimated. Nonetheless, the Group is bringing all its energy, knowledge and sense of responsibility to its response to this crisis.

In conclusion, the financial statements of the company Aeroporto Guglielmo Marconi di Bologna Spa, which we present for your approval, report a net profit of Euro 20,067,778.59. It is proposed that a prudent approach be taken to protect financial solidity and stem the future impacts on operating performance of the Covid-19 emergency, in a break from the practice of recent years, when the pay-out ratio was 95%, by allocating this net profit as follows:

- to the legal reserve 5% on the basis of the statutory provisions and Article 2430 of the Civil Code, for Euro 1,003,388.93;
- the residual of Euro 19,064,389.66 to the extraordinary reserve.

The Chairman of the Board of Directors  
(Enrico Postacchini)

Aeroporto Guglielmo Marconi di Bologna Spa  
Via Triumvirato, 84 - 40132 Bologna  
Bologna Economic and Administrative Register No.:268716  
Bologna Company Registration Office, Tax and VAT No.: 03145140376  
Share capital: Euro 90,314,162.00 fully paid-in

## Ownership of the Parent Company Aeroporto Guglielmo Marconi di Bologna Spa

According to the shareholder register and the notices received pursuant to Article 120 of Legislative Decree No. 58/98, the shareholders of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A., with holdings of more than 5% were as follows at December 31, 2019:

<b>SHAREHOLDER</b>	<b>% held</b>
BOLOGNA CHAMBER OF COMMERCE (*)	37.53%
ATLANTIA S.P.A. (EDIZIONE S.R.L.)	29.38%
F2I FONDI ITALIANI PER LE INFRASTRUTTURE SGR SPA	9.99%

(\*) On January 31, 2020, the Bologna Chamber of Commerce purchased 565,500 shares of the Company, increasing its stake from 37.53% to 39.098%.

The following have been considered in presenting the Parent Company's ownership structure:

- interests held by the party reporting the holding, or by the party at the head of the chain of control of the holding
- interests deriving from notices submitted by shareholders or notices relating to significant shareholdings pursuant to Article 152 of the CONSOB Issuers' Regulation.

Furthermore, on June 5, 2018 the Bologna Chamber of Commerce, Municipality of Bologna, Metropolitan City of Bologna, Region of Emilia-Romagna, Modena Chamber of Commerce, Ferrara Chamber of Commerce, Reggio Emilia Chamber of Commerce and Parma Chamber of Commerce (collectively, the "Public Shareholders") entered into a shareholders' agreement (the "Shareholders' Agreement") governing certain rights and obligations in respect of the shareholder structure and corporate governance of Aeroporto Guglielmo Marconi di Bologna S.p.A.. This Shareholders' Agreement, filed at the Bologna Companies Registration Office on June 8, 2018 and sent to Consob on June 9, 2018, includes provisions on voting and transfer restrictions, binding the following interests at the publication date of the Shareholders' Agreement:

<b>PUBLIC SHAREHOLDERS</b>	<b>% Share Capital subject to Voting Agreement</b>
BOLOGNA CHAMBER OF COMMERCE	37.53%
MUNICIPALITY OF BOLOGNA	3.88%
METROPOLITAN CITY OF BOLOGNA	2.31%
REGION OF EMILIA ROMAGNA	2.04%
MODENA CHAMBER OF COMMERCE	0.30%
FERRARA CHAMBER OF COMMERCE	0.22%

REGGIO EMILIA CHAMBER OF COMMERCE	0.15%
PARMA CHAMBER OF COMMERCE	0.11%

#### **PUBLIC SHAREHOLDERS**

	<b>% Share Capital subject to Transfer Restriction Agreement</b>
BOLOGNA CHAMBER OF COMMERCE	37.53%
MUNICIPALITY OF BOLOGNA	3.85%
METROPOLITAN CITY OF BOLOGNA	2.30%
REGION OF EMILIA ROMAGNA	2.02%
MODENA CHAMBER OF COMMERCE	0.08%
FERRARA CHAMBER OF COMMERCE	0.06%
REGGIO EMILIA CHAMBER OF COMMERCE	0.04%
PARMA CHAMBER OF COMMERCE	0.03%

### **Board of Directors**

The Board of Directors, appointed by the Shareholders' Meeting of April 29, 2019 and in office until the approval date of the financial statements as at December 31, 2021 are:

<b>Name</b>	<b>Office</b>
Enrico Postacchini	Chairman
Nazareno Ventola	Chief Executive Officer (*)
Silvia Giannini	Director (B)
Giada Grandi	Director (A)
Eugenio Sidoli	Director (A)
Valerio Veronesi	Director
Marco Troncone	Director (B)
Gennarino Tozzi	Director
Laura Pascotto	Director (A) (B)

(\*) confirmed Chief Executive Officer by the Board of Directors on May 6, 2019, maintaining the position of General Manager. He has also been appointed as Director responsible for the Internal Control and Risk Management System.

(A) Member of the Remuneration Committee (Chairman Eugenio Sidoli)

(B) Member of the Control & Risks Committee (Chairperson Silvia Giannini)

## Board of Statutory Auditors

The Board of Statutory Auditors, appointed by the Shareholders' Meeting of April 29, 2019 and in office until the approval date of the financial statements as at December 31, 2021 are:

<b>Name</b>	<b>Office</b>
Pietro Voci	Chairman
Samantha Gardin	Statutory Auditor
Alessandro Bonura	Statutory Auditor
Violetta Frasnedi	Alternate Auditor
Alessia Bastiani	Alternate Auditor

## Independent Audit Firm

EY S.p.a. was appointed as the independent audit firm by the Shareholders' Meeting of May 20, 2015 for the financial years 2015-2023.



# Directors' Report of the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group for year ended December 31, 2019

## Contents

<b>INTRODUCTION</b> .....	<b>11</b>
<b>1 STRATEGIES AND RESULTS</b> .....	<b>14</b>
1.1 AIR TRANSPORT GENERAL SECTOR AND PERFORMANCE: G. MARCONI AIRPORT OVERVIEW AND POSITIONING .	14
1.2 STRATEGIC OBJECTIVES .....	15
1.3 SHARE PERFORMANCE .....	16
<b>2. KEY OPERATING RESULTS ANALYSIS</b> .....	<b>17</b>
2.1 AVIATION STRATEGIC BUSINESS UNIT .....	17
2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA.....	17
2.1.2 AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS.....	21
2.2 NON-AVIATION STRATEGIC BUSINESS UNIT .....	22
2.2.1 NON-AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS.....	22
<b>3 ANALYSIS OF THE OPERATING RESULTS, FINANCIAL POSITION AND CASH FLOWS</b> .....	<b>23</b>
3.1 CONSOLIDATED OPERATING RESULTS ANALYSIS .....	23
3.2 CASH FLOW ANALYSIS.....	26
3.3 FINANCIAL POSITION ANALYSIS .....	28
3.4 KEY INDICATORS .....	29
3.5 INVESTMENTS.....	30
3.6 PERSONNEL.....	31
<b>4 MAIN NON-FINANCIAL RESULTS ANALYSIS</b> .....	<b>33</b>
4.1 THE ENVIRONMENT .....	33
4.1.1 AIRPORT INFRASTRUCTURE DEVELOPMENT.....	33
4.2 AIRPORT SECURITY.....	34
4.3 QUALITY .....	34
<b>5 REGULATORY FRAMEWORK</b> .....	<b>35</b>
5.1 REGULATORY AGREEMENT AND NEW TARIFF DYNAMIC 2020-2023 .....	35
5.2 REGULATIONS ON INCENTIVES AND SUBSIDIES PAID FROM AIRPORTS TO AIRLINES .....	36
5.3 FIRE PREVENTION FUND .....	36
5.4 BOARDING FEE MUNICIPAL SURTAX TO BE ALLOCATED TO INPS.....	37
5.5 THE ADMINISTRATIVE ACCOUNTABILITY OF LEGAL PERSONS .....	37
5.6 NEW “TERMINAL VALUE” REGULATION.....	38
5.7 NON-FINANCIAL INFORMATION REPORT .....	38
5.8 PRIVACY COMPLIANCE.....	38
5.9 CONTINUITY OF SERVICES PROVIDED BY ALITALIA IN EXTRAORDINARY ADMINISTRATION .....	39
5.10 IRESA.....	39

5.11 BREXIT .....	39
<b>6 DISPUTES .....</b>	<b>40</b>
<b>7 MAIN RISKS AND UNCERTAINTIES .....</b>	<b>41</b>
<b>8 OPERATING PERFORMANCE OF THE PARENT COMPANY .....</b>	<b>45</b>
8.1 PARENT COMPANY RESULTS .....	45
8.2.1 CASH FLOW STATEMENT OF THE PARENT COMPANY .....	46
8.3 PARENT COMPANY STATEMENT OF FINANCIAL POSITION .....	47
<b>9 STATEMENT OF RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND NET RESULT.....</b>	<b>48</b>
<b>10 TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND RELATED PARTIES.....</b>	<b>48</b>
<b>11 ALTERNATIVE PERFORMANCE INDICATORS .....</b>	<b>49</b>
<b>12 GUARANTEES PROVIDED .....</b>	<b>49</b>
<b>13 TREASURY SHARES IN PORTFOLIO .....</b>	<b>50</b>
<b>14. SHARES HELD BY DIRECTORS AND STATUTORY AUDITORS .....</b>	<b>50</b>
<b>15 OPT-OUT REGIMES.....</b>	<b>50</b>
<b>16 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK .....</b>	<b>50</b>

## INTRODUCTION

### Dear Shareholders,

this report, accompanying the Financial Statements of the Aeroporto Guglielmo Marconi di Bologna Spa Group (hereinafter also the “Airport Group” or “Airport”) for the year ended December 31, 2019, in presenting the Group's performance indirectly analyses also the performance of the Parent Company, Aeroporto Guglielmo Marconi di Bologna Spa (hereafter AdB or the Parent Company), the holder of the concession for the full management of Bologna Airport, i.e. Full Management Concession No. 98 of July 12, 2004 and subsequent Additional Deeds, approved by Decree of the Ministry of Transport and Infrastructure and of the Economy and Finance No. 7 of March 15, 2006, registered by the Court of Auditors on March 29, 2006 (Reg. 1, File 217) with a term of 40 years starting on December 28, 2004.

The Group's structure at December 31, 2019 and a brief description of the type and businesses of its subsidiaries and associates is presented below:



- Tag Bologna S.r.l. (hereinafter also “TAG”), formed in 2001 and operational since 2008, following the completion and opening of the General Aviation Terminal and hangar. In addition to managing the above infrastructure at Bologna airport, the company operates as a handler in the General Aviation sector; The Parent Company on October 2, 2018, taking the opportunity to better control the dedicated airside flight infrastructure, acquired 49% of TAG to gain full ownership;
- Fast Freight Marconi Spa (hereinafter also “FFM”), formed in 2008 by the former subsidiary Marconi Handling S.r.l. (GH Bologna Spa with effect from April 1, 2017), following the contribution of a cargo and mail handling business unit based out of Bologna airport. The Parent Company acquired a 100% interest in FFM in 2009;
- Ravenna Terminal Passeggeri S.r.l. (hereinafter also “RTP”), formed in 2009 together with various public and private shareholders operating in the cruise industry to carry out activities related to the concession for managing the Porto Corsini Maritime Station Service (Ravenna).

The amounts in the tables in this Directors’ Report are in thousands of Euro, whereas those in the comments are in millions of Euro, unless otherwise indicated. The data is from internal company sources unless otherwise indicated.

## Business Description

Airport business may be divided into aviation and non-aviation activities. Aviation activities primarily consist of managing, maintaining and developing airports, which also includes security checks and surveillance, as well as aviation services for passengers, other users and airport operators and marketing activities to develop passenger and cargo traffic. Non-aviation activities primarily consist of developing airport real estate and commercial potential.

Based on the nature of operations, the Group manages the airport through the following Strategic Business Units (SBU's):

- *Aviation Strategic Business Unit*
- *Non-Aviation Strategic Business Unit.*

### Aviation SBU

The Aviation SBU's main activities involve managing and developing airport infrastructure and in particular of:

- providing customers and operators with efficient access to all infrastructure, both land side (terminal, baggage sorting, car parking, traffic and cargo storage) and air side (aircraft runways and aprons);
- providing security services and services for passengers with reduced mobility (PRM's);
- informing the public and airport users;
- developing, revamping and expanding airport infrastructure, including installations and equipment, ensuring compliance with applicable legislation.

Consideration for such services takes the form of airport charges of the following types paid by airlines, airport operators and passengers:

- passenger service fees: these fees are due for the use of infrastructure, installations and common areas required for passenger boarding, disembarkation and hospitality and are based on the number of departing passengers, as well as whether they are bound for destinations within or outside the EU, with reductions for minors;
- take-off and landing fees: these fees are due for all aircraft that take off and land and are calculated on the basis of the aircraft's maximum authorised weight at take-off and the type of flight (commercial or general aviation);
- aircraft parking fees, calculated according to maximum weight at take-off;
- freight fees for boarding and disembarking cargos based on the weight of the cargo carried by aircraft;
- refuelling fees, assessed per cubic metre of fuel supplied to aircraft.

The Aviation SBU's other major revenue sources are:

- departing passenger security fees: these fees are due for providing security check services, including the personnel and equipment used by the manager to provide this service;
- checked baggage security fees: these fees are due for the equipment and personnel responsible for performing such checks;
- PRM fees: they include the fees paid for services for passengers with reduced mobility and are based on the number of departing passengers (PRM and otherwise);
- fees for the exclusive use of premises: they include fees for using airport infrastructure dedicated to individual carriers or operators (check-in desks, offices, operating premises), calculated according to the duration of use, floor area and/or location and type of the premises used;

- centralised infrastructure fees: these fees refer solely to aircraft de-icing services and are based on the number of winter flights.

### **Non-Aviation SBU**

The Non-Aviation SBU's main activities relate to parking management, retail sub-concessions, advertising, services for passengers and real estate management.

### **Parking**

Bologna airport's directly operated paid parking areas offer approximately 5,300 available car parking spaces, located in three parking areas: the first close to the terminal, the second close to airport grounds and the third located at approx. 1.5 KM away. The airport's increasing popularity in recent years has also driven a number of private companies to enter the market, creating competing parking lots in the vicinity of the airport, with shuttle bus services to the terminal.

### **Retail**

Bologna airport's retail offerings include internationally recognised brands with local ties and some of the leading local, domestic and international retail and catering chains. The shopping area extends over approximately 4,500 m<sup>2</sup> and includes 43 shops. The latest airport upgrade developed the Duty-free areas – one of the SBU's main revenue sources.

### **Advertising**

Advertising is managed using digital and large-format back-lit displays located in areas of the terminal's interior and exterior where the advertisements are highly visible. Campaigns involving the personalisation of particular areas or furnishings located in the airport are sometimes conducted.

### **Passenger services**

Passenger services include a business lounge operated directly by the Parent Company. The *Marconi Business Lounge* (MBL) is an exclusive, comfortable environment used mostly by business passengers travelling with the major legacy carriers. In addition, the "You First" service provides arriving and departing passengers with access to exclusive services such as check-in and baggage collection assistance, portage, gate assistance and priority boarding.

The other services available to passengers include car rentals. Nine rental companies are based at Bologna airport, offering a total of 17 specialised brands and 484 vehicles available at the airport.

### **Real Estate**

Real estate activity is divided into two general areas: sub-concession revenues for aviation-related commercial activities, above all express couriers, and sub-concession revenues for handling services, which are subject to regulated tariffs.

The total commercial premises under sub-concession extend to over 90,000 square metres, of which over 70,000 square metres of offices, warehouses, technical service areas and hangars and approximately 20,000 square metres of outdoor space used for parking operating vehicles, manoeuvring in loading and loading areas and aircraft refuelling vehicle areas.

# 1 STRATEGIES AND RESULTS

## 1.1 AIR TRANSPORT GENERAL SECTOR AND PERFORMANCE: G. MARCONI AIRPORT OVERVIEW AND POSITIONING

In 2019 global growth remained modest overall, and the international scenario at the beginning of 2020 continues to be characterised by cyclical weakness throughout all major economies and a high and rising level of uncertainty.

Despite the expansion of international trade in the third quarter of 2019 – a situation aided by the mitigation of risks linked to customs disputes between the United States and China and a "hard Brexit" – the consequences of the Covid-19 pandemic will have a significant impact on the future course of global economic performance in 2020.

According to projections published by the OECD last November, in 2019 global economic growth came to 2.9% (3.6% in 2018) and is expected to remain unchanged in 2020. However, in light of recent events, these estimates may be revised downwards, in view of, among other considerations, scenarios of persistent, worldwide spread of the virus.

Throughout 2019, the weakness of the economic cycle slowed inflation in the major economies, where it was sustained solely by the considerable monetary stimulus provided by central banks. Monetary policy remains highly accommodative, facilitating a moderate recovery of long-term yields.

Oil prices rose in the fourth quarter of 2019, driven initially by greater optimism on the markets that an initial trade agreement might be reached between the United States and China, and then by the agreement on production quotas between OPEC member nations. In early 2020 flaring tensions in the Middle East sparked a rise in oil prices, which then fell soon after.

Against an international backdrop of economic weakness and extreme uncertainty, the Eurozone economy recorded a sharp slowdown in production in 2019. The forecasts published by the Eurosystem in late 2019 indicate that inflation will remain well below 2% throughout the next three years.

According to Italy's statistics agency, ISTAT, in the fourth quarter of 2019 GDP contracted by 0.3% at the quarterly level, driven by a decline in the value added by industry and in particular the reduced production of energy goods. Average growth in 2019 compared with the previous year was 0.2%. (Source: *Economic Bulletin*, Bank of Italy, January 2020).

Against this backdrop, global passenger traffic recorded growth of 4.2% in 2019, confirming a positive trend for air traffic, despite a slight slowdown in comparison to 2018.

Goods traffic however shows a strong global downward trend, with volumes decreasing by 3.3% compared to 2018.

In Europe, passenger traffic advanced 4.2% in 2019 (Source: IATA, *Air Passenger Market Analysis, December 2019*), in line with the increase in traffic seen in other global regions. This reflects somewhat of a global slowdown compared to 2018 due to the current uncertain financial situation. 2019 also saw a significant decrease in European cargo traffic (-1.8%), which is mainly owed to weaknesses in the German manufacturing sector and uncertainty surrounding Brexit.

The Italian market in 2019 saw passenger traffic growth of 4.0% (Source: *Assaeroporti, December 2019*) and the Bologna Airport reported growth of 10.6%.

## 1.2 STRATEGIC OBJECTIVES

The Group in 2019 continues to pursue the strategic objectives underlying all operations. The core strategic guidelines are:

### **“Connect”**

The Group seeks to maintain a varied range of flight offerings suited to various types of users by adding to the number of airlines operating out of the airport, while continuing to maintain good margins also on the new traffic generated. In terms of traffic development, the Group targets the adding of routes, with the introduction of new Eastern and long-haul destinations, while boosting frequencies to existing destinations. The Group also focuses on improving airport accessibility, through the development of ground connections and the expansion of its catchment area.

### **“Develop”**

The investments outlined in the Master Plan and Regulatory Agreement are fundamental to the development of the company's business. The strategy in question calls for an efficient use of the existing infrastructure's capacity and modular implementation of new investments to ensure that infrastructure capacity keeps pace with expected traffic development. The passenger terminal expansion project is a key part of the infrastructure development plan, permitting the development of - in particular - the security control areas and the boarding gates, in addition to extending dedicated commercial space.

The Group also plans to develop non-aviation business with the opening of new stores, new car spaces and the extension of the range of services available to passengers.

### **“Experience”**

The Group is focused on ensuring the constant improvement of the services offered to airport users in its fields of operation, both directly and indirectly, while also constantly improving its standards of security, quality and respect for the environment. In order to support and improve all aspects of operations and generate Customer loyalty, the Group considers it key to develop a culture of innovation which revolves around the installation of technology that facilitates greater interaction with passengers and optimises the airport travelling experience.

### **“Care”**

The Group is committed to all aspects of sustainability, ranging from those of an environmental nature to compliance with ethical and social principles, in view of the important role which Bologna airport plays as a vital hub for the region. The Group also strives to develop those who work at the Airport and build an organisation which responds to the evolving demands of the market and which supports the individual in their work.

The Group has furthermore identified two overarching guidelines to the strategic objectives identified above which are viewed as a touchpoint for company operations:

### **“Maximise financial performance”**

The Group is focused on consistently improving the financial performance and on ensuring an adequate return for shareholders.

### **“Performing and sustainable corporation”**

In 2019, AdB hoped to make sustainability more relevant to its corporate strategy by including it as a cross-cutting component. As such, the Group aims to improve the efficiency and efficacy of its processes and internal structure, with a view to improving company performance and development, while paying increasing attention to sustainability in its environmental, social and governance components.



### 1.3 SHARE PERFORMANCE

AdB's shares began trading on the STAR segment of the Milan Stock Exchange on July 14, 2015.

The following graphs present:

- the share performance between January 1, 2019 and December 31, 2019
- tracking of the company's share performance against the FTSE Italia All-Share index in 2019

On December 30, 2019, the final day of trading on the Italian Stock Exchange in 2019, the official share price was Euro 12.12 per share, resulting in an AdB Group market capitalisation of Euro 438 million at that date.

**AdB Share performance (01/01/2019-31/12/2019)**



**AdB and FTSE Italia All-Share performance (01/01/2019-31/12/2019)**



## 2. KEY OPERATING RESULTS ANALYSIS

### 2.1 AVIATION STRATEGIC BUSINESS UNIT

#### 2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA

Bologna's Guglielmo Marconi Airport enjoyed a year of robust growth in 2019, with the number of total passengers surpassing nine million for the first time: including passengers in transit and general aviation, the airport served 9,405,920 passengers, an increase of 10.6% on 2018. Flights and tonnage increased in line with the increase in traffic (+7.9% and +8.4%, respectively).

This performance was supported by the introduction of new destinations and the development of existing routes. The average load factor also rose slightly, from 81.3% in 2018 to 81.5% in 2019, as a result of the passenger number increase outstripping the additional number of seats offered.

	2019	2018	Change %
Passengers	9,405,920	8,506,658	10.6%
Movements	77,126	71,503	7.9%
Tonnage	5,086,505	4,690,629	8.4%
Cargo	48,832,550	52,681,291	-7.3%

*Data includes General Aviation and transits*

Passenger traffic growth stems from the development of both of the key components - legacy traffic and low-cost traffic.

**Legacy** traffic was up 4.9% in passenger volume terms in 2019, thanks to the introduction of new routes and additional flights to some hubs by the main international carriers.

In particular, the following new connections were introduced:

- to Helsinki, operated by Finnair from April 2019 with 3 weekly flights;
- to Philadelphia, operated by American Airlines, with 4 weekly flights from June to September 2019;
- to Niš, operated by Air Serbia starting in July 2019, with 2 weekly flights;
- to Tirana, operated by Air Albania, starting in September 2019, with 4 weekly flights.

In addition, among the additional flights introduced we report the positive impact in 2019 from the introduction in 2018 of the fifth daily flight to Frankfurt operated by Lufthansa and the fourth daily flight to Amsterdam operated by KLM. Frequencies were also increased on the following routes: Istanbul (Turkish Airlines), Tblisi (Georgian Airlines), Athens (Aegean Airlines), Madrid (Air Nostrum) and Marrakesh (TUifly).

Ongoing investment by the **low-cost** carriers at the airport continued, particularly with Ryanair and Wizzair extending their operations. In addition to the new flights to Corfu and Podgorica launched at the beginning of summer 2019 (twice weekly service), along with flights to Marseilles and Crotona (three weekly flights), in winter 2019-2020 Ryanair added flights to new destinations including Santander, Tel Aviv, Katowice and Kutaisi, all operated twice weekly. The increased frequency of service to London Stansted (Ryanair), Bucharest OTP (Wizzair), Düsseldorf (Eurowings), Istanbul SAW (Pegasus) and Barcelona (Vueling and Ryanair) contributed to the rise in traffic volume. In 2019, the low-cost component grew 14.7%.

Charter traffic continued the growth trend seen over the last three years, with an increase of 12.8% in 2019, driven mainly by the recovery of the Egyptian market. The contribution of this segment to overall airport traffic remained however marginal.

Passenger traffic breakdown	2019	% of total	2018	% of total	% Change
Legacy	3,765,104	40.0%	3,590,506	42.2%	4.9%
Low cost	5,497,081	58.4%	4,791,541	56.3%	14.7%
Charter	121,033	1.3%	107,335	1.3%	12.8%
Transits	14,090	0.1%	10,098	0.1%	39.5%
<b>Total Commercial Aviation</b>	<b>9,397,308</b>	<b>99.9%</b>	<b>8,499,480</b>	<b>99.9%</b>	<b>10.6%</b>
General Aviation	8,612	0.1%	7,178	0.1%	20.0%
<b>Total</b>	<b>9,405,920</b>	<b>100.0%</b>	<b>8,506,658</b>	<b>100.0%</b>	<b>10.6%</b>

Bologna airport had an increasingly international profile: passengers travelling on international flights accounted for 79.2% of the total in 2019 (76.8% in 2018).

Passenger traffic breakdown	2019	2018	Change %
EU	8,001,891	7,286,888	9.8%
Non-EU	1,395,417	1,212,592	15.1%
<b>Total Commercial Aviation</b>	<b>9,397,308</b>	<b>8,499,480</b>	<b>10.6%</b>
General Aviation	8,612	7,178	20.0%
<b>Total</b>	<b>9,405,920</b>	<b>8,506,658</b>	<b>10.6%</b>

20.8% of Bologna passenger traffic is domestic, while Spain (with 13.8%) was confirmed as the second largest contributor to passenger numbers. The United Kingdom follows with 9.6% and Germany with 9.5%.

Passenger traffic by country	2019	% of total	2018	% of total	% Change
Italy	1,957,731	20.8%	1,975,283	23.2%	-0.9%
Spain	1,302,254	13.8%	1,209,422	14.2%	7.7%
United Kingdom	904,859	9.6%	739,794	8.7%	22.3%
Germany	890,293	9.5%	758,830	8.9%	17.3%
France	507,613	5.4%	460,835	5.4%	10.2%
Romania	478,390	5.1%	443,173	5.2%	7.9%
The Netherlands	336,994	3.6%	319,006	3.8%	5.6%
Greece	315,159	3.4%	239,999	2.8%	31.3%
Turkey	303,726	3.2%	274,003	3.2%	10.8%
Morocco	195,246	2.1%	189,716	2.2%	2.9%
Other	2,213,655	23.5%	1,896,597	22.3%	16.7%
<b>Total</b>	<b>9,405,920</b>	<b>100.0%</b>	<b>8,506,658</b>	<b>100.0%</b>	<b>10.6%</b>

The network of destinations served by the airports provides an indicator of traffic solidity. In 2019, 120 destinations were directly reachable from Bologna.

<i>Destinations reachable from Bologna Airport</i>	<i>2019</i>	<i>2018</i>	<i>Change</i>
Destinations (airports) connected directly	120	114	6

In terms of individual routes, Catania maintained its top ranking in terms of passengers, followed by Barcelona, Madrid, Frankfurt, London LHR, Paris CDG and Rome FCO. In 2019 we highlight in particular the strong increase in traffic on the routes Barcelona, Madrid and London STN.

The main destinations again reflect the solidity of the traffic mix as at the same time acting as hubs for the traditional carriers and point to point destinations of the low-cost carriers.

<i>Main passenger traffic routes*</i>	<i>2019</i>	<i>2018</i>	<i>% Change</i>
Catania	397,194	396,028	0.3%
Barcelona	389,343	340,319	14.4%
Madrid	312,296	285,421	9.4%
Frankfurt	310,925	302,331	2.8%
London LHR	307,990	293,385	5.0%
Paris CDG	298,900	298,649	0.1%
Rome FCO	288,345	295,576	-2.4%
Palermo	276,883	286,436	-3.3%
London STN	265,073	221,658	19.6%
Amsterdam	226,697	226,935	-0.1%

\*Passenger traffic including transits

The network comprising the main airlines present at the airport increased in 2019.

<i>Number of carriers</i>	<i>2019</i>	<i>2018</i>	<i>Change</i>
Airlines	57	49	8

Analysing airline performances, Ryanair was the largest airline with 45.9% of traffic and passenger growth of 13.1%. Wizz Air was again in second place, moving over 20,000 passengers more than 2018 (+4.2%). There were also strong performances by the main legacy carriers at the airport (except for Italy), and in particular by Air France (+5.1%), British Airways (+5.0%) and Turkish Airlines (+8.7%), confirming the broad, diversified range of carriers present.

<i>Passenger traffic by airline</i>	<i>2019</i>	<i>% of total</i>	<i>2018</i>	<i>% of total</i>	<i>% Change</i>
Ryanair	4,317,628	45.9%	3,817,483	44.9%	13.1%
Wizz Air	507,595	5.4%	487,101	5.7%	4.2%
Alitalia	439,373	4.7%	466,981	5.5%	-5.9%
Air France	313,319	3.3%	298,089	3.5%	5.1%
Lufthansa	310,707	3.3%	302,430	3.6%	2.7%
British Airways	308,163	3.3%	293,593	3.5%	5.0%
KLM Royal Dutch Airlines	226,232	2.4%	225,750	2.7%	0.2%
Air Dolomiti	214,255	2.3%	215,954	2.5%	-0.8%
Turkish Airlines	199,708	2.1%	183,785	2.2%	8.7%
Vueling	197,294	2.1%	173,565	2.0%	13.7%
Other	2,371,646	25.2%	2,041,927	24.0%	16.1%
<b>Total</b>	<b>9,405,920</b>	<b>100.0%</b>	<b>8,506,658</b>	<b>100.0%</b>	<b>10.6%</b>

For the IATA Winter 2019/2020 season, the main operational changes were:

### Legacy

Frequency increases:

- Marrakesh, operated by TUIfly, with the addition of a third weekly flight;
- Tirana, operated by Air Albania, with an increase from four to seven weekly flights.

Frequency decreases:

- Catania, operated by Alitalia, saw the second daily flight cancelled starting in October 2019;
- Frankfurt, operated by Lufthansa, with the fifth daily flight suspended in October 2019;
- Suspension of flights to Olbia (Air Italy) and Tblisi (Georgian Airways) in winter 2019-2020;
- Casablanca, operated by Air Arabia, with the suspension of the fourth weekly flight in winter 2019-2020.

### Low cost

New connections:

- Santander, Tel Aviv, Katowice, Kutaisi (with two weekly flights) and Fuerteventura (with one weekly flight), all operated by Ryanair;
- Kutaisi, with two weekly flights operated by WizzAir.

Frequency increases:

- Marseilles, Crotona, Bordeaux and Podgorica, now operated year-round by Ryanair;
- Bucharest, operated by WizzAir, saw an increase in weekly flights from five to seven;
- Düsseldorf, with an increase in flights from five to eleven;
- Istanbul SAW, operated by Pegasus, saw an 18% increase in flights in the winter.

### **Cargo Traffic**

<i>(in KG)</i>	2019	2018	Change %
<b>Air cargo</b> of which	38,050,148	40,539,918	-6.1%
<b>Cargo</b>	38,027,623	40,474,560	-6.0%
<b>Mail</b>	22,525	65,358	-65.5%
<b>Road cargo</b>	10,782,402	12,141,373	-11.2%
<b>Total</b>	<b>48,832,550</b>	<b>52,681,291</b>	<b>-7.3%</b>

**Cargo traffic** in 2019 decreased to 48,832,550 kg, a decline of 7.3% on 2018, in line with the industrywide trend, driven by the difficult international situation, and in particular by the trade tensions between the United States and China.

## 2.1.2 AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change	% Change
Passenger Revenues	60,500	53,331	7,169	13.4%
Carrier Revenues	25,777	22,563	3,214	14.2%
Airport Operator Revenues	3,510	3,494	16	0.5%
Traffic Incentives	(25,895)	(23,389)	(2,506)	10.7%
Construction Service Revenues	12,715	13,143	(428)	-3.3%
Other revenues	1,552	1,406	146	10.4%
Aeronautical and FSC Revenue Reduction	(879)	(10)	(869)	n.a.
<b>Total AVIATION SBU Revenues</b>	<b>77,280</b>	<b>70,538</b>	<b>6,742</b>	<b>9.6%</b>

The Aviation Strategic Business Unit's revenues consist of fees paid by users (passengers and airlines) and airport operators for the use of the infrastructure and services provided on an exclusive basis by the Group for landing, take-off, lighting, aircraft parking and passenger and cargo operations, in addition to centralised infrastructure and exclusive-use premises.

Given the public utility aspect of airport services, airport charges are regulated by both national and EU legislation. The regulations and implementation measures – including the models approved by the Transport Regulation Authority – require that changes to the system or amount of airport fees be made with the consent, on the one hand, of the airport manager, and of the airport's users on the other.

Generally, the increase in aviation revenues in 2019 over 2018 is due to a number of factors, including the increase in the main drivers of traffic:

Group revenues from the Aviation Strategic Business Unit were overall up 9.6% on 2018. The individual accounts broke down as follows:

- Passenger Revenues (+13.4%): the growth in passenger revenues outstripped the increase in passenger traffic (+10.6%) due to the tariff update applied from January 1, 2019, which resulted in an increase in tariffs for this category of revenues;
- Carrier Revenues (+14.2%): Carrier revenues also increased more proportionally than total tonnage, thanks to tariff increases;
- Airport Operator Revenues: these revenues were substantially in line with the previous year (+0.5%);
- Incentives: the increase over 2018 (+10.7%) is related to the growth in incentivised traffic;
- Construction Service Revenues: the decline (-3.3%) related to lesser investment compared to the previous year;
- Other Revenues: the growth (+10.4%) was due to various components, including, in particular, greater revenues on costs for the operation of areas under subconcession passed on to airport operators and the extraordinary income of the subsidiary FFM;
- FSC Aviation Revenue Reduction: the sharp change in this item on the previous year was due to the write-down of receivables, all of which came due during the year, claimed from certain Balkan area carriers, including Ernest, whose licence the Italian Civil Aviation Authority suspended with effect from January 13, 2020.

## 2.2 NON-AVIATION STRATEGIC BUSINESS UNIT

### 2.2.1 NON-AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change	% Change
Retail and Advertising	15,620	14,625	995	6.8%
Parking	16,818	15,946	872	5.5%
Real Estate	2,450	2,393	57	2.4%
Passenger services	6,206	5,609	597	10.6%
Construction Service Revenues	3,705	2,507	1,198	47.8%
Other revenues	3,056	2,474	582	23.5%
Non-Aeronautical and FSC Revenue Reduction	0	0	0	n.a.
<b>Total NON-AVIATION SBU Revenues</b>	<b>47,855</b>	<b>43,554</b>	<b>4,301</b>	<b>9.9%</b>

Total non-aviation business revenues in the period rose 9.9%, with all the revenue items increasing.

The individual areas of this business unit performed as follows.

#### **Retail and Advertising**

The revenue growth (+6.8%) was due to the excellent performance of the retail segment, whereas advertising declined on the previous year.

Retail growth was driven the strong Duty-Free performance, the contractual structure for which is benefiting from the rise in traffic and contractual fees, and by the other segments (Food&Beverage and retail brands) thanks to the greater number of passengers departing from the airport.

The fall in advertising was due to the performance of the concession holder, closely linked to that of the advertising market, which saw a sharp decline in investments in 2019, above all in the sectors which are linked closely to airports. In contrast, several contracts negotiated directly by Bologna Airport and the fuellers component of advertising yielded positive contributions.

#### **Parking**

Parking and rail access revenues grew 5.5% over 2018 - a more contained rate than the significant growth in traffic, which was only partially converted by the offer of car parking spaces at the airport.

#### **Real Estate**

Real estate revenues rose 2.4% thanks to the renegotiation of some contracts, fixed annual revaluations for others and an increase in the premises made available to certain clients.

#### **Passenger services**

In 2019 passenger services were up 10.6% ion 2018, mainly due to premium (*lounge and accessory services*) and self-hire services, whose performance is outlined below.

### Premium services

This business grew on the basis of increased passenger numbers which reflect the gaining popularity of directly managed lounges and those managed through specialised airport lounge channels.

### Car hire sub-concessions

Car rental revenues benefited from the positive effect of the expanded areas under sub-concession to several operators and higher royalties.

### Construction Service Revenues

This growth in this revenue item (+47.8%) was driven by the increase in investment in the non-aviation business unit over the previous year.

**Other revenues:** the growth in other revenues (+23.5%) is mainly due to the amendment of several contracts with handlers governing operating services (aircraft de-icing and PRM), increased services for the extraordinary maintenance of handler vehicles and greater revenues from various reimbursements.

## 3 ANALYSIS OF THE OPERATING RESULTS, FINANCIAL POSITION AND CASH FLOWS:

### 3.1 CONSOLIDATED OPERATING RESULTS ANALYSIS

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change	% Change
Revenues from aeronautical services	63,274	56,342	6,932	12.3%
Revenues from non-aeronautical services	44,295	41,160	3,135	7.6%
Revenues from construction services	16,420	15,650	770	4.9%
Other operating revenues and income	1,146	940	206	21.9%
<b>REVENUES</b>	<b>125,135</b>	<b>114,092</b>	<b>11,043</b>	<b>9.7%</b>
Consumables and goods	(2,305)	(1,952)	(353)	18.1%
Service costs	(20,920)	(20,030)	(890)	4.4%
Construction service costs	(15,639)	(14,905)	(734)	4.9%
Leases, rentals and other costs	(8,614)	(8,123)	(491)	6.0%
Other operating expenses	(3,260)	(3,210)	(50)	1.6%
Personnel costs	(29,460)	(27,154)	(2,306)	8.5%
<b>COSTS</b>	<b>(80,198)</b>	<b>(75,374)</b>	<b>(4,824)</b>	<b>6.4%</b>
<b>EBITDA</b>	<b>44,937</b>	<b>38,718</b>	<b>6,219</b>	<b>16.1%</b>
Amortisation of concession rights	(6,243)	(5,857)	(386)	6.6%
Amortisation of other intangible assets	(1,576)	(1,323)	(253)	19.1%
Depreciation of tangible assets	(2,750)	(2,219)	(531)	23.9%
<b>AMORTISATION, DEPRECIATION AND WRITE-DOWNS</b>	<b>(10,569)</b>	<b>(9,399)</b>	<b>(1,170)</b>	<b>12.4%</b>
Provisions for doubtful accounts	1	(64)	65	n.a.
Provision for renewal of airport infrastructure	(2,893)	(3,752)	859	-22.9%
Provisions for other risks and charges	(409)	(291)	(118)	40.5%
<b>PROVISIONS FOR RISKS AND CHARGES</b>	<b>(3,301)</b>	<b>(4,107)</b>	<b>806</b>	<b>-19.6%</b>
<b>TOTAL COSTS</b>	<b>(94,068)</b>	<b>(88,880)</b>	<b>(5,188)</b>	<b>5.8%</b>
<b>OPERATING RESULT</b>	<b>31,067</b>	<b>25,212</b>	<b>5,855</b>	<b>23.2%</b>
Financial income	150	384	(234)	-60.9%
Financial expenses	(1,125)	(620)	(505)	81.5%
<b>RESULT BEFORE TAXES</b>	<b>30,092</b>	<b>24,976</b>	<b>5,116</b>	<b>20.5%</b>
<b>TAXES FOR THE YEAR</b>	<b>(9,240)</b>	<b>(7,049)</b>	<b>(2,191)</b>	<b>31.1%</b>
<b>PROFIT FOR THE YEAR</b>	<b>20,852</b>	<b>17,927</b>	<b>2,925</b>	<b>16.3%</b>
Profit (Loss) for the year - Minority interests	0	0	0	0%
<b>Profit for the year – Group</b>	<b>20,852</b>	<b>17,927</b>	<b>2,925</b>	<b>16.3%</b>

**Consolidated net profit of Euro 20.9 million** is reported in 2019, up 16.3% on **Euro 17.9 million** in 2018.



This result mainly stems from the increase in passenger traffic and the knock-on benefit for all the main business components.

Operating **revenues** overall grew 9.7% on 2018. Specifically:

- **revenues from aeronautical services** were up 12.3%, mainly due to improved traffic and the tariff update;
- **revenues from non-aeronautical services** rose 7.6% due to the good performance of all category components, as outlined in the relative section;
- **revenues from construction services** increased 4.9% following the rolling out of investments, particularly in the aviation sector;
- other **operating revenues and income**: the increase (+21.9%) on 2018 was due to various aviation and non-aviation components, as described in the specific sections.

**Costs** overall rose 6.4% on 2018.

These break down as follows:

- ✓ **consumables and goods** were up considerably on 2018 (+18.1%) due to the direct purchase of aircraft de-icing fluid, previously governed by the contract with the handler, and increased consumables and equipment purchased in support of operations, only partly offset by reduced consumption of runway de-icing fluid, thanks to a milder winter than in 2018;
- ✓ **service costs** increased on 2018 (+4.4%) due to:
  - increased electricity and methane gas purchasing costs as a result of higher raw materials unit costs;
  - increased maintenance work on owned real estate properties and handler vehicles in service;
  - increased cost of PRM service due to greater assistance provided;
  - increased costs of insurance, security services and shuttle service for remote parking areas.The increases in these costs were partially offset by savings on snow-removal service due to milder climatic conditions.
- ✓ higher **construction service costs** (+4.9%) due to greater investment;
- ✓ the increase of 6.0% over 2018 in the **lease, rentals and other costs** account is mainly due to the growth in traffic volumes, on whose basis the concession and security fees and data processing fees are calculated, as a result of the increasing investments in software and introduction of electronic invoicing. This cost category was impacted in the opposing sense also by the new IFRS 16 standard, in force from January 1, 2019, on the basis of which contracts containing a usage right upon an asset no longer impact lease costs in the Income Statement, but rather amortisation and financial expenses; the impact from the application of IFRS 16 on the year was lower leasing charges for Euro 595 thousand;
- ✓ **other operating expenses** were substantially in line with the previous year (+1.6%).

Reference should be made to the personnel costs section of this report for further details.

**EBITDA** at Euro 44.9 million was up approx. Euro 6.2 million (+16.1%) on 2018.

**Depreciation and amortisation** increased by 12.4% due to the progress of the related schedules, new investments by the Group and the amortisation of leased assets of Euro 590 thousand, an account that was not present in the comparative year since it is tied to the new accounting standard on leasing, IFRS 16, which entered into effect on January 1, 2019.

**Provisions** declined (-19.6%), mainly due to the lesser provision for renewal of airport infrastructure as a result of the periodic update to the works schedule and, above all, the higher value in the comparative period owing to the greater amount of work on the runway and the extraordinary maintenance of the taxiway during the four days of airport closure in the middle of September 2018.

As a result of the above, **total costs** increased by 5.8%, while **revenues** were up 9.7%, resulting in an increase in **operating result** of 23.2% to Euro 31.1 million from Euro 25.2 million in 2018.

**Net financial expense** amounted to Euro 1 million, compared to Euro 0.2 million in 2018, due mainly to the reduction in interest rates, which resulted in discounting charges on provisions of Euro 0.7 million, against net income from discounting of Euro 0.1 million in the previous year. Interest expenses also declined due to the decrease in total debt.

The **result before tax** totalled Euro 30.1 million compared to Euro 25 million in 2018 (+20.5%).

**Taxes for the year** of Euro 9.2 million compared to Euro 7 million in 2018, with the increase substantially owing to the rise in the IRES income tax rate from 24% to 27.5% for 2019-2021, applicable to concession holding firms, and to the higher result before taxes.

Following that outlined above the **profit**, entirely attributable to the Group, reported **consolidated profit** of **Euro 20.9 million**, up Euro 2.9 million (+16.3%) on the previous year.

The **EBITDA adjusted** for construction services and of the revenues from Terminal Value on interventions of the provision for renewal is presented in the table below:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change	% Change
Revenues from aeronautical services	63,274	56,342	6,932	12.3%
Revenues from non-aeronautical services	44,295	41,160	3,135	7.6%
Other operating revenues and income	1,065	940	125	13.3%
<b>ADJUSTED REVENUES</b>	<b>108,634</b>	<b>98,442</b>	<b>10,192</b>	<b>10.4%</b>
Consumables and goods	(2,305)	(1,952)	(353)	18.1%
Service costs	(20,920)	(20,030)	(890)	4.4%
Leases, rentals and other costs	(8,614)	(8,123)	(491)	6.0%
Other operating expenses	(3,260)	(3,210)	(50)	1.6%
Personnel costs	(29,460)	(27,154)	(2,306)	8.5%
<b>ADJUSTED COSTS</b>	<b>(64,559)</b>	<b>(60,469)</b>	<b>(4,090)</b>	<b>6.8%</b>
<b>ADJUSTED GROSS OPERATING PROFIT (ADJUSTED EBITDA)</b>	<b>44,075</b>	<b>37,973</b>	<b>6,102</b>	<b>16.1%</b>
Revenues from construction services	16,420	15,650	770	4.9%
Construction service costs	(15,639)	(14,905)	(734)	4.9%
<b>Construction Services Margin</b>	<b>781</b>	<b>745</b>	<b>36</b>	<b>4.8%</b>
Revenues from Terminal Value on Provision for Renewal (*)	81	0	(81)	n.a.
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>44,937</b>	<b>38,718</b>	<b>6,219</b>	<b>16.1%</b>

(\*) For further information on terminal value, refer to the note in the financial statements on accounting policies regarding intangible assets.

As presented in the table, excluding revenues and costs from construction services and revenues from receivable on Terminal Value on provisions for renewal, against revenue growth of 10.4%, the more modest costs increase of 6.8% resulted in an **adjusted EBITDA** of Euro 44 million, +16.1% on 2018.

### 3.2 CASH FLOW ANALYSIS

The consolidated cash flow statement, indicating cash flows generated/absorbed from operating, investing and financing activities, is summarised below for the financial years 2019 and 2018:

in thousands of Euro	As at 31.12.2019	As at 31.12.2018	Change
Cash flow generated / (absorbed) by operating activities before working capital changes	45,153	38,066	7,087
Cash flow generated / (absorbed) by net operating activities	34,991	30,342	4,649
Cash flow generated / (absorbed) by investment activities	(254)	(10,806)	10,552
Cash flow generated / (absorbed) by financing activities	(21,246)	(19,983)	(1,263)
Change in closing cash flow	13,491	(447)	13,938
Cash and cash equivalents at beginning of year	15,762	16,209	(447)
Change in closing cash flow	13,491	(447)	13,938
Cash and cash equivalents at end of the year	29,253	15,762	13,491

During the year ended December 31, 2019, **cash flow generated by operating activities before working capital changes** was Euro 45.2 million, compared with Euro 38.1 million in 2018.

The increase in cash generated by operating activities of Euro 7.1 million is then reduced by the resources used by net working capital of Euro 2.4 million, mainly due to the change in trade receivables (up by approximately Euro 1 million), trade payables (down by approximately Euro 3.3 million) and greater taxes paid (up by Euro 1.1 million), all partially offset by the decline in cash used due to the use of provisions (a decrease of Euro 2.6 million).

**Investment activities** absorbed cash of Euro 0.3 million compared to Euro 10.8 million in 2018, as follows:

- lower infrastructural investment (Euro 17.2 million compared to Euro 19.2 million in 2018,
- a lack of investments in equity interests (Euro 2.4 million in 2018), offset by
- Euro 16.9 million income from financial instruments compared to Euro 10.7 million in 2018.

Finally, **financing activities** absorbed cash of Euro 21.2 million (Euro 20 million in 2018), due to the payment of dividends of Euro 16.2 million (Euro 14.2 million in 2018), the settlement of loan instalments maturing in the period (Euro 4.4 million compared with Euro 5.8 million in 2018) and the payment of lease liabilities (Euro 0.6 million in 2019, not present in 2018 due to the introduction of IFRS 16 with effect from January 1, 2019).

In summary, operating activities in the year generated Euro 35 million (**cash flow from net operating activities**), which together with the divestment of temporary liquidity of Euro 16.9 million, for a total of Euro 51.9 million, was utilised as follows:

- Euro 17.2 million infrastructural investments;
- Euro 16.2 million dividends;
- Euro 4.4 million repayment of loans;

- Euro 0.6 million lease payments with a final residual increase in cash of Euro 13.5 million.

The Group net financial position for 2019 against 2018 is presented below.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
A Cash	26	27	(1)
B Other cash equivalents	29,227	15,735	13,492
C Securities held for trading	0	0	0
<b>D Liquidity (A+B+C)</b>	<b>29,253</b>	<b>15,762</b>	<b>13,491</b>
<b>E Current financial receivables</b>	<b>501</b>	<b>13,449</b>	<b>(12,948)</b>
F Current bank debt	(28)	(43)	15
G Current portion of non-current debt	(3,059)	(4,433)	1,374
H Other current financial debt	(3,086)	(2,050)	(1,036)
<b>I Current financial debt (F+G+H)</b>	<b>(6,173)</b>	<b>(6,526)</b>	<b>353</b>
<b>J Current net financial position (I-E-D)</b>	<b>23,581</b>	<b>22,685</b>	<b>896</b>
K Non-current bank debt	(11,643)	(14,690)	3,047
L Bonds issued	0	0	0
M Other non-current liabilities	(1,437)	0	(1,437)
<b>N Non-current financial debt (K+L+M)</b>	<b>(13,080)</b>	<b>(14,690)</b>	<b>1,610</b>
<b>O Net Financial Position (J+N)</b>	<b>10,501</b>	<b>7,995</b>	<b>2,506</b>

The **net financial position** at December 31, 2019 was a cash position of Euro 10.5 million compared to Euro 8 million at December 31, 2018 (Euro +2.5 million).

The increase in net cash was the result of a decline in **overall financial debt** (accounts I + N, amounting to Euro 19.2 million, compared with Euro 21.2 million as at December 31, 2018), due primarily to mortgage loan payments of Euro 4.4 million, partially offset by the increase in current and non-current lease liabilities due to the new accounting standard IFRS 16 of Euro 2 million, corresponding to future payments to which a contractual commitment has already been made, for the right-of-use of the leased assets.

The increase in **overall liquidity** as at December 31, 2019 (accounts D+E, amounting to Euro 29.7 million compared to Euro 29.2 million as at December 31, 2018) was less pronounced since this increase was essentially offset by the rise of like amount in other current financial debt (account H) to be paid to creditors.

### 3.3 FINANCIAL POSITION ANALYSIS

The Group financial position, classified according to “sources” and “uses”, is presented below for the two year period 2018-2019:

USES	As at 31.12.2019	As at 31.12.2018	Change Absolute	Change %
- Trade receivables	15,464	14,272	1,192	8.4%
- Tax receivables	189	161	28	17.4%
- Other Receivables	5,014	4,500	514	11.4%
- Inventories	622	594	28	4.7%
<b>Sub-total</b>	<b>21,289</b>	<b>19,527</b>	<b>1,762</b>	<b>9.0%</b>
- Trade payables	(18,537)	(19,011)	474	-2.5%
- Tax payables	(3,598)	(2,123)	(1,475)	69.5%
- Other payables	(27,514)	(24,244)	(3,270)	13.5%
<b>Sub-total</b>	<b>(49,649)</b>	<b>(45,378)</b>	<b>(4,271)</b>	<b>9.4%</b>
<b>Net operating working capital</b>	<b>(28,360)</b>	<b>(25,851)</b>	<b>(2,509)</b>	<b>9.7%</b>
Fixed assets	198,143	188,218	9,925	5.3%
- Deferred tax assets	6,190	6,108	82	1.3%
- Other non-current assets	13,624	17,712	(4,088)	-23.1%
<b>Total fixed assets</b>	<b>217,957</b>	<b>212,038</b>	<b>5,919</b>	<b>2.8%</b>
- Provisions for risks, charges & severance	(19,229)	(17,848)	(1,381)	7.7%
- Deferred tax liabilities	(2,558)	(2,456)	(102)	4.2%
- Other non-current liabilities	(136)	(168)	32	-19.0%
<b>Sub-total</b>	<b>(21,923)</b>	<b>(20,472)</b>	<b>(1,451)</b>	<b>7.1%</b>
<b>Fixed Operating Capital</b>	<b>196,034</b>	<b>191,566</b>	<b>4,468</b>	<b>2.3%</b>
<b>Total Uses</b>	<b>167,674</b>	<b>165,715</b>	<b>1,959</b>	<b>1.2%</b>

SOURCES	As at 31.12.2019	As at 31.12.2018	Change Absolute	Change %
<b>Net Financial Position</b>	<b>10,501</b>	<b>7,995</b>	<b>2,506</b>	<b>31.3%</b>
- Share Capital	(90,314)	(90,314)	0	0.0%
- Reserves	(67,009)	(65,469)	(1,540)	2.4%
- Profit for the year	(20,852)	(17,927)	(2,925)	16.3%
<b>Group Shareholders' equity</b>	<b>(178,175)</b>	<b>(173,710)</b>	<b>(4,465)</b>	<b>2.6%</b>
Minority Interests	0	0	0	0
<b>Total Shareholders' Equity</b>	<b>(178,175)</b>	<b>(173,710)</b>	<b>(4,465)</b>	<b>2.6%</b>
<b>Total sources</b>	<b>(167,674)</b>	<b>(165,715)</b>	<b>(1,959)</b>	<b>1.2%</b>

The Group statement of financial position shows an increase in **operating net working capital** compared to the end of 2018 (Euro +2.5 million from Euro -25.9 million to Euro -28.4 million) due to:

- the increase in payables of Euro 4.3 million, primarily taxes and other liabilities (contribution to the Fire prevention service, payables to employees and passenger boarding fee surtaxes).

only partially offset:

- by the increase in receivables (Euro 1.7 million), primarily trade receivables, but also the passenger boarding fee surtaxes, and thus also linked to the increase in traffic.

**Operating fixed capital** reports an increase on December 31, 2018 of Euro 4.4 million from Euro 191.6 million to Euro 196 million), mainly due to investments in the period which were higher than the fall in “other non-current assets” as a result of the maturity of short-term investments of liquidity.

At December 31, 2019, **Consolidated Shareholders' Equity** was Euro 178.2 million (Euro 173.7 million at December 31, 2018): in addition to the net result, the movement reflects the distribution of dividends approved by the Parent Company's Shareholders' Meeting of April 29, 2019 of Euro 16.2 million. The **Group Shareholders' Equity** is of the same amount given the absence, for the second year, of minority shareholders due to the acquisition by the Parent Company of the residual 49% of Tag Bologna Srl in October 2018.

### 3.4 KEY INDICATORS

The key consolidated financial indicators for the two-year period are presented below.

KEY INDICATORS		2019	2018	AVERAGE
ROE	Net Result/ Average Net Equity	11.9%	10.4%	11.1%
ROI	Adjusted Operating Result/ Average Net Capital Employed	18.1%	14.9%	16.5%
ROS	Adjusted Operating Result/ Adjusted revenues	27.8%	24.9%	26.3%
ROCE	Adjusted Operating Result/ Net Capital Employed	18.0%	14.8%	16.4%
ROD financial	Financial expenses on financial debt/ Bank payables	3.0%	2.8%	2.9%
Debt ratio	Financial expenses on financial debt/ Adjusted EBITDA	1.0%	1.4%	1.2%
Liquidity ratio	Current assets and assets held-for-sale Current Liabilities	0.85	0.90	0.88
Enlarged Solvency Margin	(Net equity+Non-current liability)/ Non-current assets	0.96	0.97	0.97
Financial independence	Net Equity/ Total Assets	0.66	0.67	0.67

The days sales outstanding and the days payable outstanding are presented below:

DSO and DPO	2019	2018	Change
Days sales outstanding	40	41	(1)
Days payable outstanding	93	88	5

Good credit control by the Group permits particularly contained average collection days and decreasing despite the increase in revenues. The average days payable of Group suppliers increased slightly.

### 3.5 INVESTMENTS

Investments totalled Euro 17.4 million in 2019, of which approx. Euro 6.9 million for the execution of the Masterplan and Euro 10.5 million on airport operations.

The main investments concluded in 2019 related to:

- **New de-icing apron and building:** construction of the de-icing apron and building was completed;
- **People Mover:** construction of a walkway connecting the Airport Station to the terminal was completed by AdB. The Marconi Express is entering its final pre-entry testing phase before construction work begins on the monorail;
- **BLQ Fitness Lounge:** construction of a 700 square metre gym intended for the airport community and passengers of the Marconi Business Lounge was completed;
- **MBL Restyling:** restyling of the Marconi Business Lounge to offer passengers better service was completed;
- **Vehicle licence plate reader system:** an access detection and monitoring system installed at the entrance and exit checkpoints on preferential access roads for parking areas became operational;
- **Summer Parking P6:** a parking area was built to satisfy the increased traffic demand during the summer; in 2020 this area will also be used as a parking lot and construction site area for the upcoming runway work.

In addition, the following were also installed in support of improved service for passengers: three new ABC (Automatic Border Control) gates for the electronic control of passports of departing passengers, in addition to new police desks in the arrivals and departures areas; a new airside CCTV system for monitoring the airport grounds; new monitors designed to improve and expand information available to the public; reduced energy consumption LED lights in offices and the terminal to increase environmental efficiency; new device recharge points; and new waiting areas for passengers with reduced mobility in the terminal and a new kids area for children to play in.

Among the principal works not yet completed at December 31 ,2019 we report:

- **Terminal expansion:** the executive design phase of the existing terminal extension was concluded and the review of the executive design was successfully completed at the end of January 2020;
- **New multi-story car park:** the executive design of the parking lot close to the terminal was completed; the executive design was submitted to the Italian Civil Aviation Authority (ENAC) for approval.
- **Upgrading of security and passport control area:** the executive design was completed and approved by ENAC. The executive design for the supply of automated security control lines was also completed and approved by ENAC.

- **Express parking extension:** the design of the Express Parking extension concluded and the executive design is now being reviewed;
- **Cargo building:** construction work on the building has begun;
- **Screening of P2 and P3 parking areas:** the executive design was completed and approved.

### Provisions for renewal

The total works for the realisation of the renewal and maintenance cycle of the airport infrastructure and plant at December 31, 2019 amount to Euro 2 million, of which Euro 326 thousand is for landside interventions, Euro 889 thousand is for airside interventions and Euro 792 thousand is for plant interventions.

In particular, the work includes the restoration of the terminal's exterior sidewalks and the workshop roof; mention should also be made of the work requested by the Regional Agency for Prevention, the Environment and Energy (ARPAE), involving reapplication of the waterproof coating on the airport runoff water collection basin located at the Olmi Quarry site, damaged by rising groundwater levels in the area. In addition, restoration work on installations involved the replacement of several AHU devices, in addition to flight information monitors for passengers.

## 3.6 PERSONNEL

### Workforce breakdown

	for the year ended 31.12.2019	for the year ended 31.12.2018	Change	% Change
<b>Full Time Equivalent average workforce</b>	<b>492</b>	<b>464</b>	<b>28</b>	<b>6%</b>
Executives	9	10	(1)	-10%
Managers	33	30	3	10%
White-collar	354	328	26	8%
Blue-collar	96	96	0	0%

	for the year ended 31.12.2019	for the year ended 31.12.2018	Change	% Change
<b>Average workforce</b>	<b>543</b>	<b>515</b>	<b>28</b>	<b>5%</b>
Executives	9	10	(1)	-10%
Managers	33	30	3	10%
White-collar	402	373	29	8%
Blue-collar	99	102	(3)	-3%

Source: Company workings

The increase in the workforce of 28 full-time equivalent employees compared to 2018 mainly relates to the hiring of staff to cope with operations related to the higher traffic numbers, such as security and PRM personnel, but also for the development of a number of staffing areas.



## Costs

	for the year ended 31.12.2019	for the year ended 31.12.2018	Change	% Change
Personnel costs	29,460	27,154	2,306	8.5%

Source: Company workings

The increase in personnel costs of 8.5% compared to the same period of 2018 is mainly due to the expanded workforce, as described above, normal salary increases and greater use of temporary personnel in support of operating processes.

## TRADE UNION RELATIONS

During 2019, trade union agreements were signed, reflecting the Group's focus on the issues of welfare and social responsibility:

- the existing company welfare system was extended, increasing the amounts available to each open-ended contract employee;
- the "hours bank" (banca solidale) was introduced according to the means set out in the regulation, for the granting of holidays, leave and hours to colleagues with underage children with challenging conditions;
- a policy was drawn up to support single parent families (families whereby one parent is the sole guardian of one or more children).

On May 30, 2019, following the local and domestic level negotiations and despite the discussions still ongoing for the renewal of the national contract, an agreement was signed between Assaeroporti and the Trade Unions stipulating the extension of the option to sign seasonal contracts until December 31, 2019, ahead of their regulation under the Collective Bargaining Agreement.

In the final months of 2019, AdB, Assaeroporti and the main Italian airports were committed to the renewal of the specific Airport Managers part of the Collective Bargaining Agreement for Air Transport.

In December 2019 the three handling companies operating at the airport signed a memorandum of understanding with AdB at the offices of the Metropolitan City of Bologna. This memorandum is designed to ensure conditions favourable to protecting employment and workers' rights in order to facilitate the continuity and quality of service provided to passengers at the airport. In particular, the protocol complements the sector's Collective Bargaining Agreement and provides a set of clear, shared rules when applying the social agreement in place to transfer employees when an airline changes from one handling company to another.

## TRAINING OF PERSONNEL

In 2019 training costs exceeded 2018 due to several important projects.

These include the inauguration, on February 11, 2019, of the Training Center, a physical facility and organisational unit responsible for training, created with the aim of centralising all the company's specialist skills training (both technical and managerial) under a global vision that guarantees a continuous synergy shared by all corporate areas.

Significant investment was also made in soft skills e-learning development and incentivisation targeting all personnel.

In addition to that above, training featured specific regulatory update courses in a number of areas,

obligatory training for the Prevention and Protection Service and the Security area.

Several master's degree programmes were launched in the IT area (Big Data and Leadership in Action) to promote the acquisition of personnel management skills.

In the procurement cycle area, the "PM in Action" course was held to define and create uniformity for the PM (Project Manager) role at the company, with a focus on methodological, organisational, relationship-building and technical-specialist skill sets, and inhouse training was conducted on the changes to the procurement procedure to update the various areas of the company involved.

In November an inhouse workshop was organised on the "2030 Sustainable Development Agenda" (an action plan for individuals, the planet and prosperity signed in September 2015 by the governments of the 193 UN member states) to spread knowledge of goals at the company level and increase sustainability, understood as the harmonisation of economic growth with social inclusion and protection of the environment.

For further details on training topics, see the specific section of the 2019 Non-Financial Information Report.

## **4 MAIN NON-FINANCIAL RESULTS ANALYSIS**

### **4.1 THE ENVIRONMENT**

The Group remains focused on all major environmental issues: from its impact on air quality, to noise pollution, energy conservation and alternative energy.

The Parent Company, through the Regional Agreement for a Low-Carbon Airport, signed with regional authorities in 2015, has committed to perform work with a total cost of Euro 6.5 million. These investments will be carried out over a period consistent with the timeframe for implementation of the airport Master Plan.

During the second half of 2019, the acoustic monitoring plan for noise-sensitive areas in the municipal territory was executed.

#### **4.1.1 AIRPORT INFRASTRUCTURE DEVELOPMENT**

The approval procedure for the update to the Masterplan continued in 2019 with the launch in December of the Service Conference for urban planning approval, concluded in January 2020.

In late 2019 the planning of important measures to increase airport capacity was completed, and in particular:

- the expansion of the passenger terminal (phase 1), which is one of the main components of the Masterplan and involves an expansion of over 20,000 sq./m. of the current departures lounge, with a new pier and new central area available to passengers, alongside new commercial spaces;
- a new eastern multi-level parking garage offering over 2,000 spaces spread over seven above-ground floors, which will provide additional capacity for passengers and car rental companies;
- a new aircraft apron that will increase aircraft parking capacity at the airport and the number of aircraft parking stands for widebody aircraft used for long-haul flights.

In addition, various projects to increase airport capacity and the quality of service required to support increasing traffic volumes continued during the period.

## 4.2 AIRPORT SECURITY

### ***Safety Management System (SMS)***

In 2019 the *Safety & Compliance Management System* conducted over 80 monitoring audits on internal and external subjects, managed and coordinated various change management activities relating to operations and infrastructure and updated and circulated the airport's hazard log with the involvement of all postholders.

Various updates and publications of the Airport Manual were drafted and the primary objective of safety at the airport was further consolidated, consisting in striking an effective balance between reporting and protective activities, while also ensuring a blame/no blame culture designed to ensure ethical accountability for operators.

### ***Security***

During 2019, the Parent Company undertook initiatives to improve the Passenger Experience through the reduction of the queueing times, more efficient communication and a better passenger approach in the control phase.

In 2019 the fleet of security devices for explosives trace detection (ETD) was expanded to comply with applicable legislation governing passenger and carry-on baggage control.

For further details on safety and security topics, see the specific sections of the 2019 Non-Financial Information Report.

## 4.3 QUALITY

The service quality, in terms of regulatory of the service, hospitality, communication and information, represents a key strategic objective of the Parent Company. The service quality integrates a strong focus on passengers' needs with a vision open to new trends in the industry, with the objective to offer the passenger airport infrastructure and services which will render a satisfactory travel experience.

In order to guarantee a good level of the service quality and of the infrastructures, Bologna Airport constantly monitors performances, accompanied by a regular comparison with other airport operators.

### **2019 quality performance**

Aeroporto di Bologna has made efforts and investments to keep the quality of service provided to passengers high by focusing on both technology and airport staff to compensate for the capacity limits shown by the current infrastructure. Performance was monitored constantly, complementing traditional instruments with new technological devices added to facilitate processes, such as in the case of the self drop-off functionality at check-in desks and ABC gate machines at passport control. Overall, in 2019 passenger satisfaction with quality of service was positive, exceeding 90% and in line with previous years. Indicators more closely related to the comfort and capacity of the infrastructure, which in 2018 had shown signs of a moderate slowdown, also stabilised. The main waiting times also remained stable or improved on the previous year, despite the increase in traffic.

Key Quality Indicators		2019	2018
Overall satisfaction	% of satisfied passengers	98.3%	98.5%
Service regularity and speed	% of satisfied passengers	97.3%	97.5%
General cleaning level perception	% of satisfied passengers	99.2%	98.6%
Toilet cleanliness and functionality level perception	% of satisfied passengers	95.5%	96.0%
Check-in queue waiting	Time in 90% of cases	16'07''	16'09''
Waiting time for baggage screening control	Time in 90% of cases	5'20''	5'56''
First/last bag return time from aircraft block-on (from system)	First bag (time in 90% of cases)	24'59''	25'
	Last bag (time in 90% of cases)	31'59''	33'

Source: Company workings

According to the ACI ASQ (Airport Service Quality) surveys – the most important international benchmark for quality of service at airports – in 2019 general satisfaction improved on the previous year (3.82 versus 3.77 in 2018). Analysing quarterly performance in further detail, 2019 was affected by traffic levels, with weaker results in the summer. Generally, the strongest indicators were those relating to information and wayfinding, in addition to the courtesy, professionalism and availability of airport staff.

## 5 REGULATORY FRAMEWORK

### 5.1 REGULATORY AGREEMENT AND NEW TARIFF DYNAMIC 2020-2023

The year 2019 is the last year of the four-year 2016-2019 Regulatory Agreement between Ente Nazionale per l'Aviazione Civile (hereafter "ENAC") and Aeroporto Guglielmo Marconi di Bologna S.p.A..

The parent company therefore initiated in 2019 negotiations and preliminary activities with ENAC for the drafting of the Regulatory Agreement for the 2020-2023 four-year period and with the Transport Regulation Authority (TRA), for the calculation of the airport "tariffs" for the same four-year period.

AdB therefore presented to ENAC the 2020-2023 four-year plan, including the Investments Plan, the traffic forecasts and the Economic and finance plan - the Environmental protection and quality plan. The Italian National Civil Aviation Authority expressed a positive opinion of this four-year plan on July 15, 2019.

The Transport Regulation Authority on July 31, 2019 approved the launch of the process to verify compliance with the governance Models for airport charges, approved with motion No. 92/2017 of July 6, 2017, on the basis of the charges review proposal for the 2020-2023 period presented by AdB, with the launch of the consultation process between the manager and airport users on August 2, 2019.

The public hearing was held on September 12, 2019. At this hearing, users and the Manager reached a broad understanding on the tariff proposal for the 2020-2023 period.

A supplementary session of the user consultation procedure was held on October 1, 2019. At this session, the Airport Manager and airport users reached an agreement on the proposed PRM fee for 2020.

On October 24, 2019 the Transport Regulation Authority passed a resolution certifying the conformity of the proposed revision of 2020-2023 airport charges prepared by AdB and approved by the airport users. The Authority's prescriptions were taken into account by the Company when preparing and publishing the amended tariff proposal on December 19, 2019.

On January 16, 2020 the Authority passed and published on its website the resolution definitively approving the tariff model of reference with regard to the proposed revision of airport fees submitted by AdB, once the corrections prescribed by the Authority had been made.

## **5.2 REGULATIONS ON INCENTIVES AND SUBSIDIES PAID FROM AIRPORTS TO AIRLINES**

### *Italian Regulations*

Decree-Law No. 145/2013, known as the “Destination Italy Act”, introduced rules for incentives, subsidies and all other forms of payment from airport managers for airlines in support of the launch and development of routes intended to meet and promote demand in the affected user catchment areas. In particular, Article 13, paragraphs 14 and 15, of the said Decree, as amended by the conversion law, Law No. 9 of February 21, 2014, provided that the Ministry of Infrastructure and Transport (hereinafter the “MIT”) was to issue specific implementing guidelines, in consultation with ART and the Italian Civil Aviation Authority (“ENAC”).

On August 11, 2016, the MIT thus issued a ministerial decree adopting “*Guidelines for incentives for the launch and development of routes by airlines...*”, effectively repealing the previous guidelines of October 2, 2014 and replacing the previous rules with comprehensive new regulations on the subject, applicable solely to incentives of public origin, requesting to specify if the sustainability and profitability tests were undertaken or otherwise.

On a regulatory level a new communication obligation was introduced by the Italian Airport Regulation Authority (ART) relating to the incentives granted by the airport managers in favour of airline carriers. This obligation, which requires an annual detailed communication by carrier, in particular, was enacted with ART motion No. 92/2017 on approval of the current tariff Models which will be applied also to AdB in the determination of the next tariff period (2020-2023).

The Parent Company since 2002 publishes a traffic development policy on its website regarding the incentive plan, with the aim of ensuring fair, transparent and non-discriminatory access, and thereby ensuring the broadest possible participation.

## **5.3 FIRE PREVENTION FUND**

Article 1, paragraph 1328, of Law No. 296 of December 27, 2006 (2007 Finance Law) requires the payment by Italian airport management companies of an amount, to be calculated proportionally to its airline traffic, in order to lower the cost to the State for the provision of fire prevention services (so-called Fire Prevention Fund). This purpose was modified by Article 4, paragraph 3-*bis* of Law Decree No. 185/2008, entering into force on January 29, 2009, which separated the relationship between those required to fund the so-called Fire Prevention Fund and the benefit deriving from the activity financed, allocating the Fund to differing purposes than its original scope related to airport fire prevention services.

Following the entry into force, from January 1, 2016 of Article 1, paragraph 478, of Law No. 208 of December 28, 2015 implementing “Provisions for the drawing up of annual and multi-year budgets of the State” (2016 Stability Law), the Legislature, through Law Decree No. 159 of October 1, 2007 converted with modifications by Law No. 222 of November 29, 2007, introduced the qualification of “payments”, with reference to the contributions allocated to the Fire Prevention Fund. This latter was subject to a constitution legality opinion, following the deferral by the Court of Cassation, through reasoned ordinance issued on December 28, 2016. From July 26, 2018, as per Article 30 of Law No. 87 of 1953, the challenged provision of Article 1, paragraph 478 of Law No. 208 of December 28, 2015, declared illegal, with the Constitutional Court order No. 167/2018, may no longer be applied.

Within the judicial framework we must also mention the important judgement of the Court of Cassation of February 1, 2019, No. 3162, which outlines a definitive framework encompassing the complex Fire Prevention Fund, in which the following was definitively ascertained and declared:

- the nature of the tax contribution to be paid;
- the competent tax jurisdiction.

This pronouncement of the Cassation recalls, in addition, with particular importance from a general judicial principle viewpoint, the ruling handed down by the Rome Provincial Tax Commission No. 10137/51/14, which ascertained the “non-obligation to pay the tax from 2009, due to the non-applicability of its original legislative purpose as per Article 4, paragraph 3-*bis* of Legislative Decree No. 185 of 2008”.

Finally, in 2019 the Regional Tax Commission of Lazio rendered judgment no. 7164/2019 which, after reviewing all the facts and legal arguments examined by the various courts seized (Constitutional Court, Court of Cassation, Provincial Tax Commission, etc.), lays down a thorough legal basis and sets out the tax case law on the treatment of the Fire Prevention Fund.

An appeal of this ruling by the administrations and State’s Attorney is currently pending before the Court of Cassation.

For further details, reference should be made to the Disputes section.

#### **5.4 BOARDING FEE MUNICIPAL SURTAX TO BE ALLOCATED TO INPS**

Article 26 of Legislative Decree No. 4/2019 (Air transport and airport system solidarity fund), converted with amendments by Law No. 26/2019, postpones to January 1, 2020 the transfer to the INPS (management of assistance) of the Euro 3 portion of the municipal boarding fees surtax (as per Article 6-*quater*, paragraph 2 of Legislative Decree 7/2005), contributed until December 31, 2018 to the Solidarity Fund for the air transport sector and the airport system. For 2019, the rule establishes that only 50% of these sums shall continue to support the solidarity fund for the sector, with the remaining 50% transferred to the INPS’ assistance and pension management. Paragraph 3 repeals the increase in the boarding fees surtax of 0.32, established by Legislative Decree 113/2016 and which would have entered into force, only for 2019, from February 4, 2019.

For the year 2019, the boarding fee municipal surtax at the Bologna airport totals Euro 6.50.

#### **5.5 THE ADMINISTRATIVE ACCOUNTABILITY OF LEGAL PERSONS**

The Parent Company has voluntarily adopted since 2008 the Organisation, Management and Control Model (hereafter also the “Model”), established by Legislative Decree No. 231 of June 8, 2001 and latterly updated with Board motion of December 17, 2019.

The Model integrates the Anti-corruption Policy which fights against active and passive corruption.

We also report that, in line with best domestic and international practice, in 2016 the company adopted the Whistleblowing Policy which ensures, also organisationally, that the employee reporting illegal conduct is not subject to prejudicial disciplinary consequences and is protected in the case of “direct or indirect discriminatory measures, with effects on working conditions for reasons related directly or indirectly to complaints”. This protection, however, has a limit in the “cases of responsibility against slander or defamation or in accordance with Article 2043 of the Civil Code”. The whistleblowing instrument is a means for the prevention and correction of malfunctioning or degeneration of the internal control system or management of the company/entity, which may result in risks for the employees or for the company/entity or the committal of offenses, implementing the activation of adequate actions of investigation, remediation and mitigation. Within this initiative a technological application system was created for the management of reporting, through the development and implementation of a platform which permits in general all internal and external stakeholders (employees, shareholders, partners, etc.) to send reports to pre-established addressees, ensuring effective and confidential communication. The technological platform became operative from November 1, 2016.

The Whistleblowing Policy was therefore integrated into the Model from April 2018, following the regulatory obligation to implement an IT channel within the Model which ensures confidentiality of the identity of the reporting person and through which it is possible to report circumstances of illicit behaviour. For details upon the Model, reference should be made to the Corporate Governance and Ownership Structure Report.

## **5.6 NEW “TERMINAL VALUE” REGULATION.**

Article 15-quinquies, paragraph 1, of Legislative Decree No. 148 of October 16, 2017, converted, with amendments, by Law No. 172 of December 4, 2017, amended Article 703 of the navigation code, replacing the original fifth paragraph with the current fifth, sixth, seventh, eighth and ninth paragraphs, as follows:

“On the natural conclusion of the concession, the succeeding concession holder has the obligation to pay to the exiting concession holder the succession fee. Unless otherwise established in the concession act, this value, in relation to buildings and fixed installations existing on the airport grounds and on areas included therein concerning the expansion of the airport grounds, realized or acquired by the outgoing concession holder with its own resources, included in the Regulatory Agreement and approved by ENAC, is equal to the value of the works at the date of succession, net of depreciation and any government grants, limited to the portion of said assets ascribed to the services subject to tariff regulation identifiable in the certified regulatory analytical accounting presented by the outgoing concession holder for the immediately preceding year.

The buildings and fixed installations existing at the date of succession on the airport grounds, realized or acquired by the outgoing concession holder with its own resources and destined for commercial activities, as such not subject to tariff regulation, remain the property of the state, without any reimbursement due to the concession holder, except for the buildings and fixed installations of a commercial nature for which realization or acquisition has been authorized by ENAC as functional to the airport activity and to the enhancement of the airport, for which a reimbursement is due equal to the residual book value of the regulatory analytical accounting.

The outgoing concession holder is obliged to continue with the administration of the ordinary operations of the airport on the same conditions set at the time of the concession act until succession by the incoming concession holder, subject to the latter’s payment of the succession amount due, unless otherwise determined in a justified decision by ENAC, in relation to the adequate performance of the service.

In case of the succession of the concession, or when the concession ceases before expiry, the incoming concession holder has the obligation to reimburse the outgoing concession holder the undepreciated residual book value of the non-removable works, as indicated in the previous periods concerning the natural expiry of the concession. The obligation does not apply where the concession is terminated due to forfeiture (Art. 703 of the Navigation Code).

The regulation concerning the value of succession, reimbursements and indemnities referred to in this article does not apply if mechanisms for determining the value of succession, reimbursements and indemnities are already provided for in the airport management agreements in force, which remain unchanged in such case”.

Since this statute took effect, the Parent Company has examined various aspects, from both a legal and an accounting and financial reporting standpoint, and has obtained a specific legal opinion establishing that, in view of the concession agreement with ENAC, the provisions on the value of succession, reimbursements and indemnities apply in full. Consequently, it applied the rules on terminate value for the first time with effect from January 1, 2019 in these financial statements, as disclosed in detail in the notes to AdB’s consolidated and separate financial statements, which may be consulted for all further information.

## **5.7 NON-FINANCIAL INFORMATION REPORT**

The Group in accordance with Article 5, paragraph 3, letter b of Legislative Decree 254/2016 has drawn up for the second year the consolidated disclosure of non-financial information as a separate report. The 2019 consolidated disclosure of non-financial information, drawn up as per the “GRI Standards”, is available on the Group website.

## **5.8 PRIVACY COMPLIANCE**

The Parent Company implemented on May 25, 2018 a specific model in order to ensure adequate compliance with European Regulation No. 679/2016 (GDPR - General Data Protection Regulation) - and the necessary adjustment of the organisation, processes, company deeds and procedures. The model is implemented and developed in accordance with the principles outlined in the GDPR of privacy by design

and privacy by default through a dedicated inter-departmental body (Data Protection Committee) comprising internal specialist personnel. The Company periodically updates its Register of processing operations and risk analysis in order to adopt adequate security measures. Periodic audits are undertaken to ensure correct compliance with legislation by the DPO team. The Company renewed the appointment of the Data Protection Officer (DPO) appointed when the compliance project was launched in 2017.

### **5.9 CONTINUITY OF SERVICES PROVIDED BY ALITALIA IN EXTRAORDINARY ADMINISTRATION**

By order of the Ministry of Economic Development of May 2, 2017, published in edition No. 104 of Italy's Official Gazette dated May 6, 2017, Alitalia - Società Aerea Italiana S.p.A was admitted to the extraordinary administration procedure, with immediate effect and three Extraordinary Commissioners were appointed. The Court of Civitavecchia declared Alitalia - Società Aerea Italiana S.p.A. in extraordinary administration ("Alitalia SAI in EA") insolvent by judgment of May 11, 2017. The decree of the Ministry of Economic Development of May 12, 2017 was then published in edition no. 124 of the Official Gazette of May 30, 2017, also admitting Alitalia Cityliner S.p.A. to the extraordinary administration procedure and appointing the same panel of commissioners as for Alitalia.

The Parent Company, as part of the extraordinary administration procedure, in a timely manner raised the receivable matured to May 2, 2017 of Euro 0.78 million, of which Euro 0.66 million requested in preference form as per Article 1023 No. 1 of the navigation code, and Euro 0.12 million as unsecured. At the statement of liabilities hearing fixed for February 6, 2018, only the receivables of employees were examined. For the examination of the various receivables, after various postponements, the hearing was fixed for February 20, 2019, but this date was again postponed for a date to be determined.

At present, the total amount of the liabilities of Alitalia SAI admitted to the extraordinary administration procedure have yet to be formally established.

Finally, the tenth statement of liabilities, including the claim lodged by the Parent Company, was filed on December 17, 2019. At this juncture, full priority was granted to the airport fees accrued in the final months of operation prior to the declaration of insolvency, amounting to Euro 0.66 million.

### **5.10 IRESA**

The **IRESA** - regional tax on airplane noise emissions - was instigated as a tax by the Emilia-Romagna Region through Regional Law No. 15 of December 21, 2012. The regulation was subsequently suspended for an undetermined period by Regional Law No. 28 of December 20, 2013. On June 27, 2019, Regional Law No. 8 introduced amendments to the law setting up the IRESA, establishing application from **January 1, 2020** and amending the assessable base of the tax, which is no longer calculated only on the basis of the maximum take-off weight (MTOW) and the level of aircraft sound emissions, but also by considering the day/night-time bracket of the movement, the type of propulsion (propeller or jet) and the aircraft's take-off and landing direction. this latter parameter for application of the levy – particularly complex and not currently available to the airport manager – is still being defined and requires a subsequent motion of the Regional Council.

Airlines are liable for IRESA with effect from January 1, 2020, per the terms in the accounting document issued by the airport manager, which then pays the sums in question to the Emilia Romagna Region in the manner established in a specific agreement approved by Regional Council Motion Resolution No. 2410 of December 19, 2019. The funds shall be allocated, net of the above-mentioned convention costs, to the completion of the acoustic monitoring system and acoustic anti-pollution, in addition to further investments and/or indemnities for the residents in zones A and B in the airport's surrounding area as defined by the Environmental Ministry Decree of October 31, 1997.

### **5.11 BREXIT**

On May 24, 2019, Law No. 41 of May 20, 2019 converting Legislative Decree No. 22 of May 25, 2019, was published in the Official Gazette of 24/05/2019, regarding urgent measures to ensure security, financial stability and market integrity, and to protect the health and freedom of movement of citizens of Italy and



the United Kingdom in the event of the withdrawal of the latter from the European Union” (the “Brexit Decree”).

Article 17-ter, in introducing provisions on airport tariffs, requires that EU airport charges will continue to apply to passengers travelling from Italian airports to the United Kingdom, on the condition of reciprocity, from the date of Brexit up to the date of entry into force of a global agreement governing the provision of transport services with the United Kingdom, or, failing that, until 30/03/2020.

Thereafter, on January 29, 2020, the European Parliament ratified the text of the agreement on the withdrawal of the United Kingdom from the European Union, which officially took place on **February 1, 2020**. This agreement governs Britain’s withdrawal, establishing a further transitional period from February 1 to **December 31, 2020** in which everything remains unchanged, including the collection of airport fees. The EU regulations and procedures on the free circulation of persons, services, capital and goods will remain in effect in the United Kingdom and only with effect from January 1, 2021, **barring a new agreement to the contrary**, will the United Kingdom no longer be a part of the European Union customs and tax (VAT and excise) territory.

## 6 DISPUTES

This section outlines the main - fundamental in financial terms - disputes and/or those which in the period saw significant legal and/or non-legal developments, without therefore providing an exhaustive outline of all positions for which specific amounts have been allocated to the disputes risk provision.

### ***Fire Prevention Fund***

In relation to the contribution to the Fund set up by the 2007 Finance Act in order to reduce the cost to the State for the organisation and provision of the **fire prevention service** at Italian airports, the Parent Company promoted, in 2012, a specific judicial action before the Rome Civil Tax Court, substantially requesting the Judge to ascertain and declare the cessation of the obligatory contribution following the change in the purpose of the afore-mentioned Fund, i.e. from January 1, 2009. In fact, from that date the resources accumulated in the Fund were allocated to the generic requirements of the public purse and civil defence, as well as for financing salary increases of the Fire Prevention Service.

Currently the Rome Court, following a series of postponements and suspensions deriving from the systematic reassignment of the case to different judges, has not outlined its conclusions and the next hearing is currently fixed for October 28, 2020. However with the existence, over the years, of a consolidated jurisprudence (ex pluris Rome Provincial Tax Court No. 10137/51/2014 - passed into Law - and Rome Provincial Tax Court No. 2517/2019) sealed by the pronouncement of the Court of Cassation No. 3162 of February 1, 2019 and, latterly, by the Lazio Regional Tax Commission No. 7164/2019, which affirmed: i) the nature of the contribution to the Fire Prevention Fund, ii) the consequent competent tax jurisdiction, iii) the non-obligation to pay the tax from 2009, due to the non-applicability of its original legislative purpose, the Company is awaiting a definitive pronouncement of non-competence by the civil judge.

In relation to the above-mentioned civil case, promoted by the Company before the Rome Court, the Tax Administrations notified however on January 16, 2015 an injunctive decree relating to the presumed contribution to the Fire Prevention Fund for the years 2007, 2008, 2009 and 2010. This decree, containing clear material and formal errors, was immediately opposed, requesting the cancellation of the decree or, in replacement, to declare upon its jurisdiction and to order the reinstatement of the case before the Rome Court. On December 20, 2017, the Bologna Court issued a jurisdiction ordinance, declaring the Tax Commission as the competent judge, which cancelled Injunction Decree No. 20278/14. Unexpectedly and incomprehensively, on May 24, 2018, the State District Lawyer notified an appeal against the ordinance of the Bologna Court of December 20, 2017.

The Company therefore appealed (RG No. 2020/18), fully outlining its defence and invoking, preliminarily, the clear lack of jurisdiction of the Bologna Court. The appeal was definitively rejected as inadmissible by the Bologna Court of Appeal in judgment no. 1718/19. This judgment became *res judicata* on October 28, 2019, definitively ending the dispute initiated by the administrations, which, additionally, were ordered to reimburse AdB in full for all legal costs incurred.

The company in order to obtain a direct recognition of the principles embodied universally by the Court of Cassation and by the Rome Provincial Tax Court will present its case before the tax judge, once proceedings may take place, of the cases currently before the Rome Court (RG No. 22375/12). In parallel, in January 2020 a series of discussions were held with the administrations of a possible settlement and promotion of rewriting the statute that changed the Fund's initial purpose. There are no significant developments to report; ENAC has invited airport management companies to continue to adopt as prudential an approach as possible, above all with regard to the sums contributed to the Fire Prevention Fund subject to tariff coverage.

Accordingly, at present there are no new judicial – in absence of judgments directly applicable to AdB – or extrajudicial issues, such as to result in a change in the treatment in the financial statements of the contribution to the Fire Protection Fund.

## 7 MAIN RISKS AND UNCERTAINTIES

In accordance with the disclosure requirements set out in Article 2428, paragraph 2, No. 6-*bis*, the Group holds financial instruments which are not significant in quantitative terms. Investment choices are based on:

- minimising the risk of the return of invested capital;
- the differentiation of the credit institutions;
- the duration, normally less than two years;
- the return offered.

In this regard, the Group believes the **financial risks** – understood as the risks of changes in the value of the financial instruments – to be limited.

The Group is not subject to **foreign exchange risk** since it does not undertake transactions in foreign currencies.

In view of the significant commitments to infrastructure development, **liquidity risk** could manifest as difficulty in obtaining timely, cost-effective financing. To meet the needs deriving from its investment plan, the Group has taken comprehensive steps to obtain the medium-term financial resources required for its development. In particular, the Parent Company's IPO has improved the Group's balance sheet solidity. Finally, the cash flows, funding requirements and the liquidity of the Group companies are constantly monitored in order to ensure the efficient management of financial resources.

The Group has sought to minimise **interest rate risk**, in view of its outstanding financing, by entering into both fixed-rate and floating-rate facilities.

Finally, the Group's **credit risk** is concentrated, in that 46% of its accounts receivable are claimed from its top ten clients. This risk is offset through specific trade payable management and control tools and procedures, in addition to adequate provisioning for doubtful accounts, according to the principles of prudence and in compliance with the accounting standards IFRS 15 and IFRS 9, which strengthens the *ex-ante* analysis approach, rather than existing receivable recovery, in the credit risk assessment processes.

The commercial policies pursued by the Group to limit its exposure involve:

- requesting immediate payment for transactions with end consumers or occasional counterparties (i.e., parking areas);
- requesting advance payment from occasional airlines or airlines without an appropriate credit profile or collateral;
- requesting performance bonds from sub-concessionaire clients.

### **Risks related to a dependence on Ryanair traffic volumes**

Group operations are significantly based on relations with the leading airlines at the airport and to which the Group offers its services, including - in particular - Ryanair. Due to the large proportion of total passenger flights at the airport operated by Ryanair, the Group is exposed to the risk that the airline may scale back or discontinue entirely its operations at the airport. Ryanair passengers accounted for 45.9% of the airport's total traffic volumes in 2019. AdB and Ryanair strengthened their partnership on October 27, 2016 by entering into a long-term agreement set to expire in 2022, whereby they undertook to increase the number of destinations served by Bologna airport, in addition to achieving a consistently high standard of service due to the airport's continuing investments and the airline's "Always Getting Better" programme. The agreement lays out a scheme relating to the airport's traffic development policy and Ryanair's commitment to abide by it, in addition to a contractual safeguard mechanism that ensures that the objectives will be met.

Although in the Company's opinion Bologna airport is of strategic importance to the airline, it is still possible that Ryanair may decide to change the routes served, significantly reducing or discontinuing entirely its flights at the airport, or that at some point in the future the agreement might not be renewed, in whole or in part, or might contain conditions less favourable for the Group. Any reduction or stoppage of flights by the afore-mentioned airline or the stoppage or change to flights with other destinations with high passenger traffic volumes may impact - even to a significant degree - the Group financial statements. In light of the interest shown by low-cost carriers in Bologna airport and of general traffic development at the airport, the Company believes that the Group could reasonably weather a possible discontinuation or limitation of flights by Ryanair through the possible redistribution of passenger traffic to the other airlines operating at the airport and the airport's ability to attract new carriers. However, there remains the possibility that if a significant period of time were to elapse from the discontinuation of flight operations and the partial or complete replacement of the lost flights by other carriers, or if such replacement were to prove more difficult than expected or wholly or partially infeasible, such a discontinuation or reduction of flights could have an adverse effect, including to a material degree, on the Group's financial performance and financial position.

### **Risk related to the effect of incentives on revenue margins**

The Parent Company is exposed to the risk of a decrease in the margins of its Aviation Business Unit due to an increase in traffic volumes by airlines that receive incentives. In accordance with its incentive policy aimed at developing traffic and routes at the Airport, the Company pays some airlines – including both legacy and low-cost carriers – incentives tied to passenger traffic volumes and new routes. This policy limits incentives to levels compatible with positive revenue margins for the Group on each airline's operations. However, should passenger traffic and the routes operated by airlines receiving incentives increase over time, the Aviation Business Unit's positive margins could decline proportionally, with a negative impact, possibly to a material degree, on the Group's financial performance and financial position. Although the low-cost segment's share of the Italian national market is increasing, the Group manages this risk by actively developing a traffic mix that permits it to maintain positive margins.

### **Risks related to implementation of the Action Plan**

The Parent Company invests in the Airport on the basis of an Action Plan approved by the Italian Civil Aviation Authority (ENAC). AdB could encounter difficulties in implementing the investments provided for under the Action Plan in a timely manner due to unforeseeable events or delays in the process of obtaining authorisation for and/or executing the works, with positive adverse effects on the amount of the tariffs that may be applied and possible risks of withdrawal from or termination of the Agreement. The Action Plan was drafted on the basis of the investments envisaged in the Master Plan according to a modular approach, the main driver of which is air traffic performance.

### **Services Conference on the urban planning compliance of the 2016-2030 Airport Development Plan**

The Services Conference on the urban planning compliance of the 2016-2030 Airport Development Plan, promoted by ENAC in respect of the update to the Masterplan for Bologna's Guglielmo Marconi Airport, was concluded on January 24, 2020 with a favourable opinion, subject to prescriptions from central and local government authorities.

The infrastructure development work included in the Masterplan for the Bologna airport will be planned and executed, in support of the airport's development and service levels, using technical solutions and according to timescales that accommodate traffic growth trends and full sustainability, in accordance with the prescriptions of the VAT Decree and the implementing acts and agreements at the local level.

The Masterplan calls for the performance, in phases, of a series of projects, the salient points of which are the passenger terminal expansion, increasing floor space by more than 20,000 square metres, construction of a multilevel parking garage for passenger cars and car rental companies offering 2,000 additional parking spaces and the creation of approximately 40 hectares of woodlands to the north of the airport to absorb carbon dioxide and other environmental compensation and mitigation initiatives.

Approval by the Services Conference is an essential administrative step in the process of developing Bologna airport and is the result of active collaboration between the Ministry of Transport and Infrastructure, ENAC, the Ministry of the Interior, the Ministry for the Environment, Territory and Protection of the Sea, the Region of Emilia-Romagna, the Metropolitan City of Bologna, the Municipality of Bologna and the Municipality of Calderara di Reno.

### **Risks concerning the regulatory framework**

The Aeroporto Guglielmo Marconi di Bologna S.p.A. Group's core business involves acting as concession holder operating under special exclusive rights to the Bologna airport grounds. Primarily for this reason, it operates in an industry that is highly regulated at the domestic, supranational and international levels. Any change to the regulatory framework (and in particular any changes in relations with the state, public bodies and sector authorities, the determination of airport fees and the amount of concession fees, the airport tariff system, the allocation of slots, environmental protection and noise pollution) may impact operations and Company and Group results.

With regards to the **Brexit effect**, the potential economic and social repercussions may not be easily foreseen, particularly with regards to air transport. To date however, no communications regarding changes to the operating schedules of airlines at Bologna airport with regards to Brexit have been received.

**The introduction of the IRESA** (see Regulatory Section) from January 1, 2020 on airports in the Emilia-Romagna Region - although not directly regarding the AdB Group as the tax is upon the airlines - potentially damages the competitiveness of the Group given the non-uniform imposition of this tax in neighbouring regions.

Finally, **Regulation EU 2015/1998 concerning the security equipment for checked baggage security controls** establishes that such equipment should satisfy "standard 3" from September 1, 2020, for an estimated investment for the Group of Euro 4.4 million.

### **Risk related to the high level of intangible assets in proportion to the Group's total assets and shareholders' equity**

In the Group Consolidated Financial Statements at December 31, 2019, non-current assets include, among others, concession rights for Euro 176 million and Euro 166 million at December 31, 2018. They accounted for 65.50% of total assets at December 31, 2019 and for 63.77% at December 31, 2018. Concession Rights accounted respectively for 98.88% of Group shareholders' equity and for 95.73% at December 31, 2018. These amounts represent the values of the concession rights as determined in accordance with the application of interpretation IFRIC 12 – *Service Concession Arrangements* ("IFRIC 12") to all assets set to revert to the grantor, ENAC, received in 2004.

When preparing the Group's Consolidated Financial Statements, the concession rights were tested for impairment in accordance with IAS 36. The impairment test performed did not identify any impairment of

the carrying amounts of the concession rights in 2019 and no impairment losses were therefore recognised on the assets concerned.

In light of the COVID-19 health and economic crisis, the Group deemed it necessary to conduct a further sensitivity analysis to assess the effect of a potential reduction in EBITDA of nearly 40% over the next three years; this analysis showed that, even in this eventuality, no impairment indicators would result.

### **Seasonality of revenues**

Due to the cyclical nature of the sector in which the Group generally operates, higher revenues and operating results are expected in the third quarter rather than in the first and final quarters of the year. Higher revenues are concentrated in June-September, during the peak summer vacation period experiencing maximum usage levels. In addition, there is a strong business passenger component, due to the characteristics of the local business community and the presence of internationally renowned trade fair events, which offsets the seasonal peaks of tourist activity. Accordingly, financial performance figures for interim periods may not be representative of the Group's financial performance and financial position situation at the annual level.

## 8 OPERATING PERFORMANCE OF THE PARENT COMPANY

The table below summarises the economic and financial performance of the Parent Company in the two-year period under consideration; for the relevant comments, reference should be made to chapter 3 as the numbers are similar to the Group.

### 8.1 PARENT COMPANY RESULTS

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change	% Change
Revenues from aeronautical services	57,764	51,084	6,680	13.1%
Revenues from non-aeronautical services	43,721	40,636	3,085	7.6%
Revenues from construction services	16,420	15,620	800	5.1%
Other operating revenues and income	1,274	1,053	221	21.0%
<b>Revenues</b>	<b>119,179</b>	<b>108,393</b>	<b>10,786</b>	<b>10.0%</b>
Consumables and goods	(1,084)	(755)	(329)	43.6%
Service costs	(19,453)	(18,514)	(939)	5.1%
Construction service costs	(15,639)	(14,876)	(763)	5.1%
Leases, rentals and other costs	(8,523)	(7,979)	(544)	6.8%
Other operating expenses	(3,200)	(3,158)	(42)	1.3%
Personnel costs	(28,076)	(25,876)	(2,200)	8.5%
<b>Costs</b>	<b>(75,975)</b>	<b>(71,158)</b>	<b>(4,817)</b>	<b>6.8%</b>
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>43,204</b>	<b>37,235</b>	<b>5,969</b>	<b>16.0%</b>
Amortisation/Write-down concession rights	(6,045)	(5,659)	(386)	6.8%
Amortisation of other intangible assets	(1,561)	(1,320)	(241)	18.3%
Depreciation of tangible assets	(2,637)	(2,166)	(471)	21.7%
<b>Amortisation, depreciation &amp; write-downs</b>	<b>(10,243)</b>	<b>(9,145)</b>	<b>(1,098)</b>	<b>12.0%</b>
Provisions for doubtful accounts	5	(42)	47	n.a.
Provision for renewal of airport infrastructure	(2,814)	(3,696)	882	-23.9%
Provisions for other risks and charges	(267)	(284)	17	-6.0%
<b>Provisions for risks and charges</b>	<b>(3,076)</b>	<b>(4,022)</b>	<b>946</b>	<b>-23.5%</b>
<b>Total Costs</b>	<b>(89,294)</b>	<b>(84,325)</b>	<b>(4,969)</b>	<b>5.9%</b>
<b>Operating Result</b>	<b>29,885</b>	<b>24,068</b>	<b>5,817</b>	<b>24.2%</b>
Financial income	129	355	(226)	-63.7%
Financial expenses	(1,089)	(589)	(500)	84.9%
<b>Result before taxes</b>	<b>28,925</b>	<b>23,834</b>	<b>5,091</b>	<b>21.4%</b>
<b>Taxes for the year</b>	<b>(8,857)</b>	<b>(6,733)</b>	<b>(2,124)</b>	<b>31.5%</b>
<b>Profit for the year</b>	<b>20,068</b>	<b>17,101</b>	<b>2,967</b>	<b>17.3%</b>

The **EBITDA adjusted** for construction services and the revenues from receivable on Terminal Value on provisions for renewal (\*) in the two years is presented below:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change	% Change
Revenues from aeronautical services	57,764	51,084	6,680	13.1%
Revenues from non-aeronautical services	43,721	40,636	3,085	7.6%
Other operating revenues and income	1,194	1,053	141	13.4%
<b>Adjusted revenues</b>	<b>102,679</b>	<b>92,773</b>	<b>9,906</b>	<b>10.7%</b>
Consumables and goods	(1,084)	(755)	(329)	43.6%
Service costs	(19,453)	(18,514)	(939)	5.1%
Leases, rentals and other costs	(8,523)	(7,979)	(544)	6.8%
Other operating expenses	(3,200)	(3,158)	(42)	1.3%
Personnel costs	(28,076)	(25,876)	(2,200)	8.5%
<b>Adjusted costs</b>	<b>(60,336)</b>	<b>(56,282)</b>	<b>(4,054)</b>	<b>7.2%</b>
<b>Adjusted Gross Operating Profit (Adjusted EBITDA)</b>	<b>42,343</b>	<b>36,491</b>	<b>5,852</b>	<b>16.0%</b>
Revenues from construction services	16,420	15,620	800	5.1%
Construction service costs	(15,639)	(14,876)	(763)	5.1%
<b>Construction Services Margin</b>	<b>781</b>	<b>744</b>	<b>37</b>	<b>5.0%</b>
Revenues for receivable from Terminal Value on Provisions for Renewal (*)	80		80	n.a.
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>43,204</b>	<b>37,235</b>	<b>5,969</b>	<b>16.0%</b>

(\*) For further information on terminal value, refer to the comment in the notes on accounting policies regarding intangible assets.

## 8.2.1 CASH FLOW STATEMENT OF THE PARENT COMPANY

	<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
A	Cash	22	22	0
B	Other cash equivalents	24,587	12,803	11,784
C	Securities held for trading	0	0	0
<b>D</b>	<b>Liquidity (A+B+C)</b>	<b>24,609</b>	<b>12,825</b>	<b>11,784</b>
<b>E</b>	<b>Current financial receivables</b>	<b>1</b>	<b>11,037</b>	<b>(11,036)</b>
F	Current bank debt	(27)	(40)	13
G	Current portion of non-current debt	(2,544)	(3,920)	1,376
H	Other current financial debt	(3,065)	(2,050)	(1,015)
<b>I</b>	<b>Current financial debt (F+G+H)</b>	<b>(5,636)</b>	<b>(6,010)</b>	<b>374</b>
<b>J</b>	<b>Current net financial position (I-E-D)</b>	<b>18,974</b>	<b>17,852</b>	<b>1,122</b>
K	Non-current bank debt	(8,903)	(11,436)	2,533
L	Bonds issued	0	0	0
M	Other non-current liabilities	(1,434)	0	(1,434)
<b>N</b>	<b>Non-current financial debt (K+L+M)</b>	<b>(10,337)</b>	<b>(11,436)</b>	<b>1,099</b>
<b>O</b>	<b>Net Financial Position (J+N)</b>	<b>8,637</b>	<b>6,416</b>	<b>2,221</b>

### 8.3 PARENT COMPANY STATEMENT OF FINANCIAL POSITION

USES	As at 31.12.2019	As at 31.12.2018	Change Ab.	Change %
- Trade receivables	14,707	13,759	948	6.9%
- Tax receivables	29	3	26	866.7%
- Other Receivables	4,868	4,355	513	11.8%
- Inventories	585	527	58	11.0%
<b>Sub-total</b>	<b>20,189</b>	<b>18,644</b>	<b>1,545</b>	<b>8.3%</b>
- Trade payables	(18,051)	(18,471)	420	-2.3%
- Tax payables	(3,506)	(2,063)	(1,443)	69.9%
- Other payables	(27,140)	(24,078)	(3,062)	12.7%
<b>Sub-total</b>	<b>(48,697)</b>	<b>(44,612)</b>	<b>(4,085)</b>	<b>9.2%</b>
<b>Net operating working capital</b>	<b>(28,508)</b>	<b>(25,968)</b>	<b>(2,540)</b>	<b>9.8%</b>
Fixed assets	192,895	182,802	10,093	5.5%
- Deferred tax assets	5,963	5,822	141	2.4%
- Other non-current assets	15,648	20,747	(5,099)	-24.6%
<b>Total fixed assets</b>	<b>214,506</b>	<b>209,371</b>	<b>5,135</b>	<b>2.5%</b>
- Provisions for risks, charges & severance	(18,479)	(17,364)	(1,115)	6.4%
- Deferred tax liabilities	(2,069)	(2,027)	(42)	2.1%
- Other non-current liabilities	(160)	(192)	32	-16.7%
<b>Sub-total</b>	<b>(20,708)</b>	<b>(19,583)</b>	<b>(1,125)</b>	<b>5.7%</b>
<b>Fixed Operating Capital</b>	<b>193,798</b>	<b>189,788</b>	<b>4,010</b>	<b>2.1%</b>
<b>Total Uses</b>	<b>165,290</b>	<b>163,820</b>	<b>1,470</b>	<b>0.9%</b>

SOURCES	As at 31.12.2019	As at 31.12.2018	Change Ab.	Change %
<b>Net Financial Position</b>	<b>8,637</b>	<b>6,416</b>	<b>2,221</b>	<b>34.6%</b>
- Share Capital	(90,314)	(90,314)	0	0.0%
- Reserves	(63,545)	(62,821)	(724)	1.2%
- Profit for the year	(20,068)	(17,101)	(2,967)	17.3%
<b>Total Shareholders' Equity</b>	<b>(173,927)</b>	<b>(170,236)</b>	<b>(3,691)</b>	<b>2.2%</b>
<b>Total Sources</b>	<b>(165,290)</b>	<b>(163,820)</b>	<b>(1,470)</b>	<b>0.9%</b>



## 9 STATEMENT OF RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND NET RESULT

Reconciliation between shareholders' equity and the result for the year of the Parent Company and the Consolidated shareholders' equity and result is shown below:

<i>in thousands of Euro</i>	Shareholders' Equity 31.12.2019	Net Result 31.12.2019
<b>Net equity and result of Aeroporto G. Marconi S.p.A.</b>	173,927	20,068
Net equity and result of the consolidated company Tag Bologna s.r.l.	2,160	221
Net equity and result of the consolidated company Fast Freight Marconi S.p.A.	5,237	563
<b>Aggregated net equity and result</b>	<b>181,324</b>	<b>20,852</b>
Carrying value of consolidated companies	(3,193)	0
Elimination and write-down of investments in subsidiaries	111	0
Valuation effects of associated companies under the equity method	0	0
Alignment costs and revenues of the subsidiaries consolidated to costs and revenues of the Parent Company	(1)	0
Elimination costs relating to the conferment capitalised to increase the investment in FFM	(66)	0
<b>Consolidated net equity and result</b>	<b>178,175</b>	<b>20,852</b>
Minority interest share of net equity and result	0	0
<b>GROUP NET EQUITY AND RESULT</b>	<b>178,175</b>	<b>20,852</b>

<i>in thousands of Euro</i>	Shareholders' Equity 31.12.2018	Net Result 31.12.2018
<b>Net equity and result of Aeroporto G. Marconi S.p.A.</b>	170,236	17,101
Net equity and result of the consolidated company Tag Bologna s.r.l.	1,939	259
Net equity and result of the consolidated company Fast Freight Marconi S.p.A.	4,684	567
<b>Aggregated net equity and result</b>	<b>176,859</b>	<b>17,927</b>
Carrying value of consolidated companies	(3,193)	0
Elimination and write-down of investments in subsidiaries	111	0
Valuation effects of associated companies under the equity method	0	0
Alignment costs and revenues of the subsidiaries consolidated to costs and revenues of the Parent Company	(1)	0
Elimination costs relating to the conferment capitalised to increase the investment in FFM	(66)	0
<b>Consolidated net equity and result</b>	<b>173,710</b>	<b>17,927</b>
Minority interest share of net equity and result	0	0
<b>GROUP NET EQUITY AND RESULT</b>	<b>173,710</b>	<b>17,927</b>

## 10 TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND RELATED PARTIES

Reference should be made to the specific paragraph of the Notes to the consolidated financial statements at December 31, 2019 for information concerning transactions undertaken during the period with subsidiaries, associates and related parties.

## 11 ALTERNATIVE PERFORMANCE INDICATORS

In this Directors' Report, various performance indicators are presented in order to permit a better assessment of operating performance and financial position.

On December 3, 2015, Consob published Communication No. 92543/15, rendering applicable the Guidelines issued on October 5, 2015 by the European Security and Markets Authority (ESMA) regarding the presentation of such indicators in regulated information circulated or financial statements published on or after July 3, 2016. These Guidelines, updating the previous CESR Recommendation (CESR/05-178b), seek to promote the utility and transparency of alternative performance indicators included in regulated information or financial statements within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility.

The criteria utilised for these indicators, in line with the above communications, are provided below:

- **EBITDA:** EBITDA (earnings before interest, taxation, depreciation and amortisation) is defined by management as the result before taxes for the year, financial income and charges, income and charges from equity investments, depreciation, amortisation and impairment. It therefore coincides, in this case, with the gross operating margin. EBITDA is not identified as an accounting measure as per IFRS and therefore should be considered as an alternative measure for the evaluation of the Group's performance. Since calculation of this indicator is not governed by the accounting standards that form the basis of preparation of the Group's Consolidated Financial Statements, the criterion used to determine and measure the indicator might not be uniform with that adopted by other groups. Accordingly, the figure in question might not be comparable with that presented by such other groups;
- **Adjusted EBITDA:** this is a measure used by the Group's management to monitor and assess the Group's operating and financial performance. This is calculated by subtracting from EBITDA:
  - the margin calculated as the difference between the Group's construction revenues and construction costs as the Airport's manager and
  - with effect from 2019, revenues from Terminal Value on provisions for renewal, where this account is understood to refer to the consideration – equal to the present value of the terminal value receivable – that the airport manager is entitled to be paid at the end of the concession from the new manager for renewal work on the assets under concession that at the date concerned have not been fully depreciated according to the regulatory accounting rules (Art. 703 of the Navigation Code, as amended by Art. 15-*quinquies*, para. 1, of Decree-Law No. 148/2017, converted, with amendments, by Law No. 172 of December 4, 2017).
- **Net Financial Position:** the composition of net financial position is represented in accordance with the Consob Communication of July 28, 2006 and ESMA recommendation ESMA/2011/81.

## 12 GUARANTEES PROVIDED

The following table summarises the guarantees provided in the two years by the Group.

in thousands of Euro	31/12/2019	31/12/2018	Change	% Change
Sureties	6,700	6,498	202	3.1%
Pledge on Equity Financial Instruments	10,873	10,873	0	0.0%
Patronage letters	3,267	3,779	(512)	-13.5%
<b>Total guarantees provided</b>	<b>20,839</b>	<b>21,149</b>	<b>(310)</b>	<b>-1.5%</b>

At December 31, 2019, the guarantees provided by the Group total Euro 20.8 million and principally concern:

- sureties, mainly:
  - to ENAC (the Italian Civil Aviation Authority) pursuant to the Full Management Agreement (Euro 5.4 million);

- to the Bologna Customs Agency for various custom deposits of the subsidiary Fast Freight Marconi Spa totalling Euro 1.15 million. For these latter there is a co-obligation of the Parent Company for a similar amount.
- a pledge of the equity financial instrument issued by Marconi Express S.p.a. and subscribed for by the Parent Company for a nominal value of Euro 10.87 million, securing the obligations of Marconi Express to the credit institutions that financed the People Mover project. The Pledge on Equity Financial Instruments agreement was signed on September 30, 2016;
- a letter of patronage concerning the mortgage loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena), equal to the residual principal, which at the end of the period amounted to Euro 3.3 million.

### **13 TREASURY SHARES IN PORTFOLIO**

In accordance with Article 2428, paragraphs 2, 3 and 4 of the Civil Code, it is communicated that Adb and the Group at December 31, 2019 hold treasury shares.

### **14. SHARES HELD BY DIRECTORS AND STATUTORY AUDITORS**

Based on the legally required communications, the Directors and Statutory Auditors of Aeroporto Guglielmo Marconi di Bologna Spa directly and/or indirectly holding shares at December 31, 2018 were:

- the Chief Executive Officer Nazareno Ventola 2,750 shares.

### **15 OPT-OUT REGIMES**

On April 13, 2015 the Board of Directors of the Parent Company decided, in accordance with Article 70, paragraph 8, and Article 71, paragraph 1-bis, of the Issuers' Regulation, to opt out of publishing the disclosure documents provided for in Annex 3B to the Issuers' Regulation in the event of significant merger, spin-off, share capital increase through conferment of assets in kind, acquisition, and sales operations.

### **16 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK**

No events have occurred subsequent to year end that would require changes in terms of the presented performance or equity and financial position and that would therefore necessitate adjustments and/or additional disclosures in the financial statements with reference to the amounts reported at December 31.

The main event after the reporting date, which had a severe impact on the first few months of the current year, in addition to giving rise to uncertainty surrounding the business outlook was, as noted, the health emergency relating to the Covid-19 pandemic, as discussed below.

#### **Traffic performance and key financial highlights following the Covid-19 pandemic health and economic crisis**

After the nearly double-digit growth recorded in January 2020 (+9.9% on January 2019), due to the progressive spread of the health emergency, February ended with a timid +0.3% (590,287 total passengers), a figure that represents the result of three initial weeks of continuing strong performance (+5.3% on the same period of 2019), followed by a sharp reversal, starting on Saturday February 22, with an average decrease in passengers of 25.1% in the final eight days of the month compared with 2019. In particular, in the last three days of February, volumes declined by more than 40%. In the first two months of 2020, Bologna airport passengers numbered 1,294,808, up 5.3%. Flights increased by 3.7% (10,765).

Bologna airport remained open and operational, but, due to the cancellations gradually announced by the airlines, saw a decline in traffic of 69.9% in the first two weeks of March and of 99% in the third and fourth weeks of the month on 2019, resulting in an overall decrease in the period March 1-28 of approximately 85% (-62% at the level of flights). From January 1 to March 28, passenger traffic decreased by approximately 18% and flights by approximately 18% on the same period of 2019.

In view of the dramatic reduction in traffic volumes and of the Decree of the President of the Council of Ministers of March 11, 2020, which ordered almost all commercial establishments (stores and restaurants) to close, a significant decline in the aviation and non-aviation revenues of the Parent Company, AdB, may be foreseen. AdB has already drawn up and implemented a thorough efficiency enhancement plan to mitigate the negative impacts of the exceptional situation on its profitability.

To reduce personnel costs – one of the Group’s main cost components – as much as possible, while also safeguarding current employment levels, in response to the significant decline in traffic volumes and the estimated further decrease in revenues, on March 21 the Parent Company launched the Extraordinary Temporary Lay-Off scheme for all its employees, maintaining essential minimum services at the operational level and significantly reducing activities for all other employees.

Overall, in the first quarter of 2020 a considerable decline in operating profitability may be expected compared with the same period of the previous year, also in view of the high fixed cost structure characteristic of the sector.

The uncertainty as to the duration of the ongoing health emergency and the speed and intensity with which it is developing make it difficult to predict the Company’s traffic demand and financial performance in the coming months, but it is expected that there will be a significant decline in volumes, and therefore also in operating results and cash flow in the coming quarter.

To maintain the financial equilibrium and liquidity required for operational purposes, the Parent Company’s Board of Directors has approved the prompt launch of the planned access to lines of credit and bank loans in order to ensure the Group enjoys adequate funding. The proposal for the Shareholders’ Meeting regarding the distribution of the 2019 profit has also been prepared in view of the same goal of protecting the Company’s cash flow.

Despite the unprecedented adverse environment, the Group has concluded, on the basis of the information currently available, that this difficult emergency situation is to be regarded as temporary and that, once the health crisis comes to an end, the decline in financial performance that will be seen in 2020 will be recouped progressively in the medium term.

The Chairman of the Board of Directors  
(Enrico Postacchini)

Bologna, March 30, 2020

## Consolidated Financial Statements for the year ended December 31, 2019

Statement of Consolidated Financial Position  
Consolidated Income Statement  
Consolidated Statement of Comprehensive Income  
Consolidated Cash Flow Statement  
Statement of changes in Consolidated Shareholders' Equity

## Statement of Consolidated Financial Position

<i>in thousands of Euro</i>	Note	As at 31.12.2019	As at 31.12.2018
Concession rights		176,184	166,292
Other intangible assets		2,276	2,059
<b>Intangible assets</b>	<b>1</b>	<b>178,460</b>	<b>168,351</b>
Land, property, plant and equipment		14,951	15,135
Investment property		4,732	4,732
<b>Tangible assets</b>	<b>2</b>	<b>19,683</b>	<b>19,867</b>
Investments	<b>3</b>	44	43
Other non-current financial assets	<b>4</b>	12,586	16,205
Deferred tax assets	<b>5</b>	6,190	6,108
Other non-current assets	<b>6</b>	994	1,464
<b>Other non-current assets</b>		<b>19,814</b>	<b>23,820</b>
<b>NON-CURRENT ASSETS</b>		<b>217,957</b>	<b>212,038</b>
Inventories	<b>7</b>	622	594
Trade receivables	<b>8</b>	15,464	14,272
Other current assets	<b>9</b>	5,203	4,661
Current financial assets	<b>10</b>	501	13,449
Cash and cash equivalents	<b>11</b>	29,253	15,762
<b>CURRENT ASSETS</b>		<b>51,043</b>	<b>48,738</b>
<b>TOTAL ASSETS</b>		<b>269,000</b>	<b>260,776</b>

<i>in thousands of Euro</i>	Note	As at 31.12.2019	As at 31.12.2018
Share capital		90,314	90,314
Reserves		67,009	65,469
Profit for the year		20,852	17,927
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>12</b>	<b>178,175</b>	<b>173,710</b>
<b>MINORITY INTERESTS</b>		<b>0</b>	<b>0</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>12</b>	<b>178,175</b>	<b>173,710</b>
Severance and other personnel provisions	<b>13</b>	4,257	4,205
Deferred tax liabilities	<b>14</b>	2,558	2,456
Provision for renewal of airport infrastructure	<b>15</b>	9,524	10,332
Provisions for risks and charges	<b>16</b>	1,390	1,028
Non-current financial liabilities	<b>17</b>	13,080	14,690
Other non-current liabilities		136	168
<b>NON-CURRENT LIABILITIES</b>		<b>30,945</b>	<b>32,879</b>
Trade payables	<b>18</b>	18,537	19,011
Other liabilities	<b>19</b>	31,112	26,367
Provision for renewal of airport infrastructure	<b>20</b>	4,040	1,757
Provisions for risks and charges	<b>21</b>	18	526
Current financial liabilities	<b>22</b>	6,173	6,526
<b>CURRENT LIABILITIES</b>		<b>59,880</b>	<b>54,187</b>
<b>TOTAL LIABILITIES</b>		<b>90,825</b>	<b>87,066</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<b>269,000</b>	<b>260,776</b>

## Consolidated Income Statement

<i>In thousands of Euro</i>	Note	for the year ended 31.12.2019	for the year ended 31.12.2018
Revenues from aeronautical services		63,274	56,342
Revenues from non-aeronautical services		44,295	41,160
Revenues from construction services		16,420	15,650
Other operating revenues and income		1,146	940
<b>Revenues</b>	<b>23</b>	<b>125,135</b>	<b>114,092</b>
Consumables and goods		(2,305)	(1,952)
Service costs		(20,920)	(20,030)
Construction service costs		(15,639)	(14,905)
Leases, rentals and other costs		(8,614)	(8,123)
Other operating expenses		(3,260)	(3,210)
Personnel costs		(29,460)	(27,154)
<b>Costs</b>	<b>24</b>	<b>(80,198)</b>	<b>(75,374)</b>
Amortisation of concession rights		(6,243)	(5,857)
Amortisation of other intangible assets		(1,576)	(1,323)
Depreciation of tangible assets		(2,750)	(2,219)
<b>Depreciation, amortisation and impairment</b>	<b>25</b>	<b>(10,569)</b>	<b>(9,399)</b>
Provisions for doubtful accounts		1	(64)
Provision for renewal of airport infrastructure		(2,893)	(3,752)
Provisions for other risks and charges		(409)	(291)
<b>Provisions for risks and charges</b>	<b>26</b>	<b>(3,301)</b>	<b>(4,107)</b>
<b>Total Costs</b>		<b>(94,068)</b>	<b>(88,880)</b>
<b>Operating result</b>		<b>31,067</b>	<b>25,212</b>
Financial income	27	150	384
Financial expenses	27	(1,125)	(620)
<b>Result before taxes</b>		<b>30,092</b>	<b>24,976</b>
Taxes for the year	28	(9,240)	(7,049)
<b>Profit for the year</b>		<b>20,852</b>	<b>17,927</b>
Minority interest profit (loss)		0	0
Group profit for the year		20,852	17,927
Undiluted earnings per share (in Euro)		0.57	0.50
Diluted earnings per share (in Euro)		0.57	0.50



## Consolidated Statement of Comprehensive Income

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018
Profit for the year (A)	20,852	17,927
<i>Other profits (losses) that will be reclassified in the net result for the year</i>	0	0
<b><i>Total other profits (losses) that will be reclassified in the net result for the year (B1)</i></b>	<b>0</b>	<b>0</b>
<b><i>Other profits (losses) that will not be reclassified in the net result for the year</i></b>		
Actuarial profits (losses) on severance and other personnel provisions	(220)	129
Tax impact on actuarial profits (losses) on severance and other personnel provisions	53	(31)
<b><i>Total other profits (losses) that will not be reclassified in the net result for the year (B2)</i></b>	<b>(167)</b>	<b>98</b>
<b>Total other profits (losses), net of taxes (B1 + B2) = B</b>	<b>(167)</b>	<b>98</b>
<b>Total profits, net of taxes (A + B)</b>	<b>20,685</b>	<b>18,026</b>
of which Minority Interests	0	0
of which Group	20,685	18,026

## Consolidated Cash Flow Statement

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018
Core income-generating operations		
Result for the year before taxes	30,092	24,976
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(781)	(745)
+ Depreciation and amortisation	10,569	9,399
+ Provisions	3,301	4,107
+ Interest expense (income) for discounting and severance provisions	686	(105)
+/- Interest income and financial expenses	289	340
+/- Losses/gains and other non-monetary costs/revenues	879	2
+/- Severance provisions and other personnel costs	118	92
<b>Cash flow generated/(absorbed) by operating activities before changes in working capital</b>	<b>45,153</b>	<b>38,066</b>
Change in inventories	(28)	(56)
(Increase)/decrease in trade receivables	(2,070)	(1,101)
(Increase)/decrease in other receivables and current/non-current assets	(470)	(461)
Increase/(decrease) in trade payables	(474)	2,803
Increase/(decrease) in other liabilities, various and financial	2,805	2,384
Interest paid	(443)	(535)
Interest collected	159	218
Taxes paid	(7,299)	(6,186)
Severance and other personnel provisions paid	(334)	(222)
Use of provisions	(2,008)	(4,568)
<b>Cash flow generated / (absorbed) by net operating activities</b>	<b>34,991</b>	<b>30,342</b>
Purchase tangible assets	(2,480)	(2,690)
Payment from sale of tangible assets	16	6
Purchases of intangible assets/concession rights	(14,690)	(16,892)
Proceeds on sale of intangible assets/concession rights	0	389
Purchase/capital increase of equity investments	0	(2,459)
Payment from sale of equity investments	0	117
Changes in current and non-current financial assets	16,900	10,723
<b>Cash flow generated / (absorbed) by investment activities</b>	<b>(254)</b>	<b>(10,806)</b>
Proceeds from the issuance of shares and other equity instruments	0	0
Dividends paid	(16,220)	(14,161)
Loans received	3,000	0
Loans repaid	(7,447)	(5,822)
Payments of leasing capital share	(579)	0
<b>Cash flow generated / (absorbed) by financing activities</b>	<b>(21,246)</b>	<b>(19,983)</b>
<b>Final cash change</b>	<b>13,491</b>	<b>(447)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>15,762</b>	<b>16,209</b>
<b>Final cash change</b>	<b>13,491</b>	<b>(447)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>29,253</b>	<b>15,762</b>

## Statement of changes in Consolidated Shareholders' Equity

<i>in thousands of Euro</i>	<i>Share capital</i>	<i>Share Premium Reserve</i>	<i>Legal Reserve</i>	<i>Other Reserves</i>	<i>FTA Reserve</i>	<i>Actuarial profits/(losses) reserve</i>	<i>Profits (losses) Carried Forward</i>	<i>Assets held-for-sale reserve</i>	<i>Profit (loss) for the year</i>	<i>Group shareholders' equity</i>	<i>Minority interests</i>	<i>Shareholders' Equity</i>
<b>Shareholders' Equity as at 31.12.2017</b>	<b>90,314</b>	<b>25,683</b>	<b>5,545</b>	<b>35,600</b>	<b>(3,222)</b>	<b>(914)</b>	<b>2,513</b>	<b>13</b>	<b>15,969</b>	<b>171,501</b>	<b>821</b>	<b>172,322</b>
Allocation of the 2017 financial year result	0	0	759	837	0	0	14,373	0	(15,969)	0	0	0
Share capital increase	0	0	0	0	0	0	0	0	0	0	0	0
Consolidation 100% of Tag Srl	0	0	6	0	(50)	(5)	(1,593)	0	0	(1,642)	(821)	(2,463)
Dividends paid	0	0	0	0	0	0	(14,161)	0	0	(14,161)	0	(14,161)
Assets held-for-sale	0	0	0	0	0	0	0	(13)	0	(13)	0	(13)
Total comprehensive profit	0	0	0	0	0	98	0	0	17,927	18,026	0	18,026
<b>Shareholders' Equity as at 31.12.2018</b>	<b>90,314</b>	<b>25,683</b>	<b>6,310</b>	<b>36,437</b>	<b>(3,272)</b>	<b>(821)</b>	<b>1,132</b>	<b>0</b>	<b>17,927</b>	<b>173,710</b>	<b>0</b>	<b>173,710</b>
Allocation of the 2018 financial year result	0	0	860	592	0	0	16,475	0	(17,927)	0	0	0
Share capital increase	0	0	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(16,220)	0	0	(16,220)	0	(16,220)
Assets held-for-sale	0	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive profit (loss)	0	0	0	0	0	(167)	0	0	20,852	20,685	0	20,685
<b>Shareholders' Equity as at 31.12.2019</b>	<b>90,314</b>	<b>25,683</b>	<b>7,170</b>	<b>37,029</b>	<b>(3,272)</b>	<b>(988)</b>	<b>1,387</b>	<b>0</b>	<b>20,852</b>	<b>178,175</b>	<b>0</b>	<b>178,175</b>

# Notes to the Consolidated Financial Statements for the year ended

December 31, 2019

## Group activities

The Group operates in the airport management business. In particular:

- Aeroporto Guglielmo Marconi di Bologna S.p.A. (hereinafter “AdB” or the “Parent Company”) is full manager of Bologna airport under Full Management Agreement No. 98 of July 12, 2004 and subsequent additional instruments, approved by Decree of the Ministry of Transport and Infrastructure and the Ministry of the Economy and Finance on March 15, 2006, with a term of 40 years from December 28, 2004. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Register.
- Fast Freight Marconi S.p.A. (hereinafter FFM) operates in the cargo and mail handling business at Bologna airport. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Register. It is subject to management and coordination by Aeroporto Guglielmo Marconi di Bologna S.p.A..
- TAG Bologna S.r.l. (hereinafter TAG) operates in the general aviation business as a handler and manager of the related infrastructure at the Bologna airport. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Register. It is subject to management and coordination by Aeroporto Guglielmo Marconi di Bologna S.p.A..

## Accounting Standards adopted in the preparation of the 2019 Consolidated Financial Statements

### Basis of preparation

These consolidated financial statements concern the year ended December 31, 2019 and include the comparative figures for the year ended December, 2018 (hereafter “the Group consolidated financial statements” or “consolidated financial statements”).

The consolidated financial statements were prepared under the historic cost convention, except for financial assets held-for-sale, and Intangible Assets comprising Energy Certificates, which were recognised at fair value, and in accordance with the going concern principle. The Group considers that, although enduring a difficult economic and financial environment, no significant uncertainties exist (as defined by paragraph 25 of IAS 1) on the going concern.

The consolidated financial statements are presented in thousands of Euro, which is also the Group functional currency, and all amounts are rounded to the nearest thousands of Euro, where not otherwise indicated.

### Compliance with IAS/IFRS and the enacting provisions of Article 9 of Legislative Decree 38/2005

The Group consolidated financial statements were prepared in compliance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) endorsed by the European Union and in force at the preparation date of the financial statements, in addition to the provisions issued in enactment of Article 9 of Legislative Decree 38/2005 (Consob Motions No. 15519 and 15520 of July 27, 2006).

In 2014, the Group voluntarily opted to prepare the consolidated financial statements in accordance with the International Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

The accounting standards and policies utilised are those adopted for the preparation of the annual financial statements at December 31, 2018 with the exception of the new accounting standards, amendments and interpretations which entered into force from January 1, 2019, applied for the first time by the Group at the obligatory effective date and summarised in this document in the paragraph “Accounting standards, amendments and interpretations endorsed by the European Union adopted by the Group”. In particular, the new standard IFRS 16 - Leasing, in relation to which reference should be made to the relative paragraph. Various other amendments and interpretations are applied for the first time in 2019, but did not impact the financial statements of the Group.

The publication of the consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. and the two subsidiaries (the Group) for the year ended December 31, 2019 was approved by the Board of Directors on March 30, 2020.

## Content and form of the consolidated financial statements

The Group opted to apply the Separate and Consolidated Statement of Comprehensive Income, as permitted by IAS 1, considering such more representative of operations. In particular, the Statement of Consolidated Financial Position has been prepared by separating assets and liabilities into current and non-current categories.

An asset is current when:

- it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held principally for trading;
- it is expected to be realised within twelve months from the Consolidated Financial Statements date;
- it consists of cash or cash equivalents unless it is forbidden to exchange it or use it to settle a liability for at least twelve months from the closing date of the financial year.

All other assets are classified as non-current.

A liability is considered current where:

- it is expected to be settled within the normal operating cycle;
- it is held principally for trading;
- it must be settled within twelve months of the closing date of the year; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months of the closing date of the year.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified respectively under non-current assets and liabilities.

The Consolidated Income Statement has been prepared by classifying income and expenses by their nature, whereas the Consolidated Cash Flow Statement has been prepared using the indirect method, according to which cash flows are classified into operating, investing and financing categories.

## Basis of consolidation

The Consolidated Financial Statements include the Statement of Consolidated Financial Position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the statement of changes in consolidated shareholders' equity.

The Group opted to prepare the statement of comprehensive income which includes, in addition to the result for the period, also the changes to equity relating to income items which, in accordance with International Accounting Standards, are recognised under equity.

The consolidated financial statements were prepared based on the financial statements of the company and its subsidiaries, directly and indirectly held, approved by the respective shareholders' meetings or executive bodies, appropriately adjusted in line with IFRS.

The subsidiary companies are fully consolidated from the date of acquisition, or from the date in which the Group acquires control, and ceases to be consolidated at the date on which the Group no longer has control.

An entity may exercise control if it is exposed to or has the right to variable income streams, based on the relationship with the investee, and, at the same time, has the capacity to affect such income streams through the exercise of power over the investee.

Specifically, an entity is able to exercise control if, and only if, it has:

- power over the investment entity (or holds valid rights which confer it the current capacity to control the significant activities of the investment entity);
- exposure or rights to variable returns deriving from involvement with the investment entity;
- the capacity to exercise its power on the investment entity to affect its income streams.

When a company of the Group holds less than the majority of the voting rights (or similar rights) of an investee, it should consider all the facts and significant circumstances to establish whether control of the investment entity exists, including:

- Contractual agreements with other holders of voting rights;
- Rights deriving from contractual agreements;
- Voting rights and potential voting rights of the Group.

The Group reconsiders if it has control of an investee and if the facts and circumstances indicate that there have been changes in one or more of the three significant elements for the definition of control. The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses this control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the statement of comprehensive income from the date in which the Group obtains control until the date in which the Group no longer exercises control on the company.

The result for the period and each of the other comprehensive income statement items are allocated to the shareholders of the Parent Company and minority shareholders, even if this implies that the minority shareholder investments have a negative balance. Where necessary, appropriate adjustments are made to the financial statements of the subsidiaries, in line with the accounting policies of the Group. All assets and liabilities, shareholders' equity, revenues and costs, and inter-company cash flows relating to transactions between entities of the Group are completely eliminated on consolidation.

When the share in the equity held by the Parent Company changes, which does not result in a loss of control, this change must be recorded under equity. If the Group loses control, it must:

- eliminate the assets (including any goodwill) and the liabilities of the subsidiary;
- eliminate the book value of all the minority shareholdings;
- eliminate the cumulative translation reserve recorded in equity;
- record the fair value of the amount received;
- record the fair value of any holding maintained in the former subsidiary;
- record the profit or loss in the income statement for the period;
- reclassify the share of the Parent Company of any items previously recorded in the statement of comprehensive income to the income statement or profits/(losses) carried forward, as required by specific accounting standards, as if the Group had directly sold the related assets or liabilities.

The following table summarises the information on the subsidiaries at December 31, 2019 and 2018 in terms of the Group's direct and indirect holding.

<i>in thousands of Euro</i>	Currency	Share capital	% Held	
			at 31.12.2019	at 31.12.2018
Fast Freight Marconi S.p.a. Società Unipersonale	Euro	520	100.00%	100.00%
Tag Bologna S.r.l. Società Unipersonale	Euro	316	100.00%	100.00%

The following table summarise the information on the associated companies at December 31, 2019 and 2018 in terms of the Group's direct and indirect holding.

<i>in thousands of Euro</i>	Currency	Share capital	at 31.12.2019	at 31.12.2018
Ravenna Terminal Passeggeri S.r.l.	Euro	50	24.00%	24.00%

The Share Capital of the associated company Ravenna Terminal Passeggeri Srl, of Euro 165 thousand at December 31, 2018, was reduced due to losses to Euro 54 thousand by the Shareholders' Meeting of May 16, 2019, which additionally approved the subsequent voluntary Euro 50 thousand reduction. This transaction had no impact on the consolidated financial statements of the AdB Group as the value of the investment was fully written down in previous financial years.

## Accounting policies

### Business combinations and goodwill

Business combinations are recognised using the purchase method. The purchase cost is calculated as the total of the fair value consideration transferred at the acquisition date, and the value of any minority equity holding. For every business combination, the Group decides whether to measure the minority interest at fair value or in proportion to the amount held in the identifiable net assets of the investee. The acquisition costs are expensed in the year and classified under administration expenses.

When the Group acquires a business, the financial assets acquired or liabilities assumed under the agreement are classified or designated in accordance with the contractual terms, the economic conditions and the other conditions at the acquisition date. This includes the verification to establish whether an embedded derivative must be separated from the host contract.

In the case of business combinations undertaken in a series of phases, the previous holding is remeasured at fair value at the acquisition date and any profit or loss is recorded to the income statement. It is therefore considered in the determination of goodwill.

Any potential payment to be recognised is recorded by the acquirer at fair value at the acquisition date. The change in the fair value of the potential payment classified as an asset or liability must be recorded in the income statement or in the statement of comprehensive income. Where the potential payment is not within the scope of IAS 39, the amount is measured in accordance with the appropriate IFRS. If the potential payment is classified in equity, the amount is not remeasured and its subsequent settlement is recorded in equity.

The goodwill is initially recorded at cost represented by the excess of the total consideration paid and the amount recognised for the minority interest holdings compared to the net identifiable assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the total consideration paid, the Group again verifies if it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedure utilised to determine the amount to be recorded at the acquisition date. If from the new valuation the fair value of the net assets acquired is still above the consideration, the difference (profit) is recorded in the income statement.



After initial recognition, goodwill is measured at cost less any loss in value. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's cash-generating units expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of the disposal. The goodwill associated to assets sold is calculated based on the relative values of the asset sold and the part maintained by the cash generating unit.

### **Investments in associates and joint ventures**

An associated company is one in which the Group exercises significant influence and is not classifiable as a subsidiary or joint venture. Group investments in associates are measured under the equity method.

Under the equity method, the investment in an associated company is initially recognised at cost and the carrying amount is increased or decreased to recognise the associated company's share of the profit or loss after the date of acquisition.

Goodwill pertaining to associates is included in the carrying value of the investment and is not subject to amortisation or an impairment test.

The income statement reflects the Group's share of the associate's result for the period. If an associated company records adjustments with direct charges to shareholders' equity, the Group records its share and records such (where applicable) in the statement of changes in shareholders' equity. Profits and losses deriving from transactions between the Group and associated companies are eliminated in proportion to the investment held in the associated company.

The Group share of the results of the associated companies is recognised in the income statement. The share of the result represents the result of the associated company attributed to the shareholders; this refers therefore to the net result after taxes and the share attributable to the other shareholders of the associate.

The reporting date of the financial statements of the associated company must coincide with the year-end of the Parent Company. The company's financial statements must be prepared using uniform accounting policies for like transactions and events in similar circumstances.

Subsequent to the application of the equity method, the Group assesses whether it is necessary to recognise a loss in value of investments in associates. The Group at each reporting date assesses whether an investment in an associate has incurred a loss in value. Where a loss arises, the Group calculates the amount of the loss as the difference between the recoverable value of the associate and the carrying value in the financial statements, recognising this difference in the income statement.

Once significant influence on the associate no longer exists, the Group values any residual investment at fair value. Any difference between the carrying value of the investment at the date significant influence no longer exists and the fair value of the residual investment and the amount received must be recorded in the income statement.

### **Conversion of accounts in foreign currencies**

#### *Transactions and balances*

Foreign currency transactions are initially recorded in the functional currency, applying the exchange rate at the transaction date.

Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. The profits and losses deriving from the conversion are recorded in the income statement.

Non-monetary items, measured at historical cost in foreign currency, are translated using the exchange rates on the date the transaction was first recorded. The non-monetary accounts recorded at fair value in foreign currencies are converted using the exchange rate at the date the value was determined. The profit

or loss deriving from the translation of non-monetary items is treated in line with the recognition of the profit or loss recorded on the change in the fair value of these items (i.e. the translation differences on the accounts to which the fair value changes is recorded in the statement of comprehensive income or in the income statement are recorded, respectively in the statement of comprehensive income or in the income statement).

### **Intangible assets**

An intangible asset is an asset without physical substance, identifiable, under control of the entity and capable of generating future economic benefits, and those derived from business combinations.

The useful life of the intangible assets is measured as definite or indefinite.

Intangible assets with a definite useful life are recorded at acquisition or production cost or, where deriving from business combinations, are capitalised at the fair value at the acquisition date; these assets include accessory charges, amortised on a straight-line basis for the period of their residual useful life in accordance with IAS 36 and undergo an impairment test whenever there are indications of loss in value.

The residual value at the end of the useful life is presumed to be zero unless there is a commitment by a third-party purchaser of the asset at the end of the useful life or an active market for the asset exists. The Directors review the estimate of the useful life of intangible assets at each reporting date.

The amortisation of definite intangible assets is recorded in the income statement.

The Group has not identified intangible assets with indefinite useful lives.

“Concession rights” refer to the amount recognised under intangible assets against the airport infrastructure assets held in relation to the concession rights acquired for the management of the infrastructures which permits the right to charge for the utilisation of such infrastructure, in execution of a public service, in accordance with the provisions of IFRIC 12 – Service Concession Arrangements.

The Concession under which the Group operates meets the requirement that the concession holder must construct and operate the infrastructure on the grantor's behalf. Accordingly, the Group may not recognise it among tangible assets.

The Group contracts with third parties responsible for constructing and improving the infrastructure. Accordingly, the increases in “Concession rights” are at cost, equal to the fair value of the fees for the construction/improvement services rendered by the company and the fair value of the fees for the construction/improvement service rendered by third parties, plus a mark-up representative of the internal costs of planning and coordination of the work by a specific internal unit.

The external costs incurred to provide construction service are therefore recognised under the item “Construction service costs” of the income statement.

Together with these costs, the Group also recognises an increase in the item “Concession rights” equal to the fair value of the service rendered, with a balancing entry to the item “Revenues from construction services”.

The resulting concession rights are amortised on a straight-line basis over the term of the concession, starting when the asset constructed on the grantor's behalf becomes operational.

In accordance with the new Article 703 of the Navigation Code (Article 15-quinquies, paragraph 1, Legislative Decree No. 148 of October 16, 2017, converted with amendments by Law No. 172 of December 4, 2017), AdB, as an airport manager, shall receive on conclusion of the concession from the succeeding party, a fee equal to the residual value, where positive (Terminal Value) of the investments made on the concession areas, net of amortisation and depreciation, calculated according to the regulatory accounting rules. During 2019, the Parent Company undertook various analyses on the Terminal Value regulation both

from a legal and accounting viewpoint, following which it applied this regulation from the 2019 annual financial statements.

From January 1, 2019 consequently, a receivable is recorded for the portion of fees from construction/improvement services provided by the company regarding the investments which shall have a Terminal Value at concession conclusion (2044), calculated according to the regulatory accounting rules. The Terminal Value is discounted and recognised to non-current financial assets. With regards to the concession rights recognised at December 31, 2018 and which shall have a Terminal Value in 2044, this amount remains within the “concession rights” category of intangible assets, although does not enter into the amortisation schedule to coincide at December 31, 2044 with the residual book value of the concession rights.

In addition, the Terminal Value rule is applicable also to interventions on the provisions for renewal, while calculated according to the regulatory accounting rules. This Terminal Value is an integration to the performance obligation fee, as per IFRS 15, concerning the concession contract. Consequently, non-current financial assets are recorded, with counterentry to Other revenues and income in the income statement. Subsequent to the initial recognition of each Terminal Value, it is valued at amortised cost on the basis of a “Hold to Collect” business model. For further details, reference should be made to the accounting policies for financial assets. With regards to the Terminal Value receivable, this is subject to an impairment test as per IFRS 9, taking account of the default risk of the State counterparty.

The useful life of an intangible asset deriving from contractual rights or other legal rights is determined on the basis of the lower between the duration of the contractual or legal rights (concession duration) and the utilisation period of the asset. The recoverability of the carrying value less amortisation is verified annually adopting the impairment test criteria.

“Software, licences and similar rights” primarily refers to the costs of implementing and customising management software and of purchasing software licences, amortised at a rate of 33%.

“Energy Certificates”, where changing, refer to the White Certificates concerning the Trigeration plant recognised to the Parent Company by the energy services operator (GSE). These certificates are measured at fair value represented by the average sales price of the last annual market session of energy efficiency securities.

The gains and losses deriving from the elimination of an intangible asset are measured as the difference between the net sales proceeds and the book value of the intangible asset, and are recorded in the income statement in the year in which they are eliminated.

### **Tangible assets**

Tangible assets are initially recognised at purchase price or construction cost and includes the price paid to acquire or construct the asset (net of discounts) and any directly attributable costs to the acquisition and necessary for the asset to enter into service.

Land, both constructible and relating to civil and industrial buildings, is accounted for separately and is not depreciated in that it has an indefinite useful life.

Tangible fixed assets are presented net of accumulated depreciation and any losses in value, calculated as described below. Depreciation is calculated, on a straight-line basis, based on the estimated useful life. Where a tangible fixed asset comprises a number of significant components with differing useful lives, the depreciation is carried out separately for each component. Land is not depreciated and fixed assets held-for-sale are valued at the lower of the subscription value and the fair value net of selling costs.

The depreciation rates used are as follows:

- Buildings and light construction: from 3% to 10%;
- Machinery, equipment and plant: from 10% to 31.5%;
- Furnishings, office machines and vehicles: from 12% to 25%.

The residual value of the asset, useful life and the methods applied are reviewed on an annual basis and adjusted if necessary at the end of each year.

Losses in value are charged to the income statement under depreciation costs. Such losses are restated when the reasons for their write-down no longer exist.

At the time of sale, or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale's price and book value) is charged to the income statement in the year of its elimination.

Maintenance and repair expenses, which do not increase the value and/or extend the residual useful life of the asset are expensed in the year in which they are incurred; where they increase the value and/or extend the residual life of the assets, they are capitalised.

### **Investment property**

The Group classifies land purchased for the execution of future real-estate investments to be defined as investment property.

Such land is initially recognised at purchase cost and then measured at cost.

The items of tangible assets in question are not subject to depreciation because they refer to land. The Group uses technical appraisals to monitor the fair value of the property in question in order to determine whether it has become impaired.

Investment properties are eliminated from the financial statement when they are sold or when they are unusable on a long-term basis and no future economic benefits are expected from their sale. Any profits or losses due to the retirement or disposal an investment property are recognised in the income statement when the property is retired or disposed of.

### **Impairment of non-financial assets**

The carrying amount of non-financial assets undergo an impairment test whenever there are signs internal or external to the entity which indicate the possibility of a loss in value of the assets or group of assets (defined as the Cash Generating Unit or CGU).

The recoverable value is the higher between the fair value of the asset or cash generating unit, net of selling costs, and its value in use. The recoverable value is determined by individual asset except when this asset generates cash flows which are not sufficiently independent from those generated by other assets or groups of assets.

If the carrying amount of an asset is higher than its recoverable value, this asset has incurred a loss in value and is consequently written down to the recoverable value. In the determination of the value in use, the estimated future cash flows are discounted by the Group at a pre-tax rate that reflects the market assessment of the current value of money and the risks specific to the asset. In determining the fair value less selling costs, an adequate valuation model is utilised. These calculations are made utilising appropriate valuation multipliers, listed equity prices for publicly traded securities and other fair value indicators available.

The losses in value incurred by operating assets are recorded in the income statement in the category of costs relating to those assets.

At each reporting date, the Group evaluates, in relation to the assets other than goodwill, the existence of indicators of a reduction in the loss of value previously recorded and, where these indicators exist, makes an estimate of the recoverable value. The value of an asset previously written down may be restated only if there have been changes in the estimates used to determine the recoverable value of the asset after the last recording of a loss in value. The recovery of value cannot exceed the book value which would have

been calculated, net of amortisation, where no such loss in value was recorded in previous years. This recovery is recorded in the income statement unless the fixed asset is recorded at revalued amount, in which case the recovery is treated as a revaluation profit.

The following criteria are utilised for the recording of impairments on specific categories of assets:

#### Concession rights

The Group undertakes an impairment test on Concession rights annually at the year-end close or more frequently if events or changes in circumstances indicate that the carrying amount may have incurred a loss in value (whenever impairment indicators arise).

The loss in value on such intangible assets is determined through a valuation of the recoverable value of the cash generating unit (or group of units) to which they relate. When the recoverable value of the cash generating unit (or group of units) is lower than the carrying value of the cash generating unit (or group of cash-generating units) to which the intangible assets are allocated, a loss in value is recognised.

For impairment testing purposes, the Group has identified a single CGU (cash generating unit), which coincides with the Aeroporto G. Marconi di Bologna S.p.A. Group.

The impairment test compares the carrying amount of the asset or of the cash generating unit (CGU) with the recoverable value of the asset, arising from the higher between the fair value (net of selling costs) and the value of the net discounted cash flows which are expected to arise from the asset or from the CGU.

Each unit or Group of units to which the intangible asset is allocated represents the lowest level within the Group to which the goodwill is monitored at internal management level.

The conditions and the methods for any write-back of an asset previously written down applied by the Group, excluding in any case any recovery in the value of goodwill, are those as per IAS 36.

#### **Financial assets**

IFRS 9 provides for a single approach for the analysis and classification of all financial assets, including those contained in embedded derivatives. The classification and the relative measurement is made considering both the management model of the financial assets and the contractual characteristics of the cash flows from the asset.

The financial asset is measured using the amortised cost method where both of the following conditions are satisfied:

- the management model of the financial asset consists of holding the asset with the sole purpose of collecting the relative cash flows; and
- the financial asset generates, at pre-determined contractual dates, cash flows exclusively representative of the return from the financial asset and repayment of capital.

The financial asset is measured at fair value, with recognition of the effects in the statement of comprehensive income, if the objectives of the management model are to hold the financial asset in order to obtain the contractual cash flows or to sell the asset.

Finally, there is the residual category of financial assets measured at fair value with recognition of the effects through the income statement, which includes assets held for trading.

A financial asset which satisfies the requirements to be classified and measured at amortised cost may, on initial recognition, be designated as a financial asset at fair value, with recognition through the income statement, if this accounting treatment permits the elimination or significant reduction of the asymmetry in the measurement or recognition (so-called "accounting mismatch"), which would otherwise arise from the measurement of the asset or liability or from the recognition of the relative profits or losses on a different basis.

In addition, in the case of investments in equity instruments for which, therefore, it is not possible the recognition and measurement at amortised cost, where this concerns equity investments not held for trading purposes, but for strategic purposes, IFRS 9 provides that on initial recognition the entity may

irrevocably choose to measure these at fair value, with recognition of any subsequent changes in the statement of comprehensive income without passing through profit or loss any gains or losses in the case of disposal.

Where the financial assets are only held for the Group's temporary needs to invest liquidity in order to obtain the contractual cash flows these are classified in the category "Held to collect - HTC".

Where the financial assets meet the Group's objective either to collect the contractual cash flows or the future sale these are classified in the category "Held to collect and sell – HTC&S".

The Group does not hold and did not hold during 2019 and 2018 derivative financial instruments.

#### *Loans and receivables*

Loans, similar to trade receivables, are held until their collection at the contractual maturities and generate cash flows relating to the collection of the principal and interest. The Group analysed the contractual cash flows of these instruments and concluded that they comply with the amortised cost measurement criteria in accordance with IFRS 9.

The amortised cost is calculated taking into consideration all discounts or purchase premiums and includes the commissions which are an integral part of the effective interest rate and of the transaction costs. Current trade receivables are not discounted as the effect of discounting the cash flows is immaterial. The profits and losses are recognised to the income statement when the loans and receivables are eliminated or if there is an impairment, also through the amortisation process.

#### *Fair value*

In the notes, the Group discloses the fair value of financial instruments at amortised cost and non-financial assets, such as investment property.

Fair value concerns the price that will be received for the sale of an asset or which will be paid for the transfer of a liability, in a transaction settled between market operators at the measurement date.

Fair value measurement requires that the sale of the asset or transfer of the liability has taken place:

- (a) in the principal market of the asset or liability; or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible for the Group.

The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.

The fair value measurement of a non-financial asset considers the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or of selling to another market operator that would utilise the asset to its maximum or best use.

The Group utilises measurement techniques which are appropriate to the circumstances and for which there is sufficient available data to measure the fair value, maximising the utilisation of relevant observable inputs and minimising the use of non-observable inputs.

All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

- ▶ Level 1 - prices listed (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;
- ▶ Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;
- ▶ Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely in the same hierarchical level of the fair value in which the lowest hierarchical input level utilised for the measurement is classified.

For the assets and liabilities recognised in the financial statements on a recurring basis, the Group assesses whether there have been transfers between the hierarchy levels, reviewing the classification (based on the lowest input level, which is significant for the fair value measurement in its entirety) at each reporting date.

### **Impairment of financial assets**

IFRS 9 defines a new impairment model of financial assets, with the objective to provide useful information to the readers of the financial statements in relation to expected losses. In particular, the model requires verification and recognition of any expected losses at any time over the life of the instrument and the updating of the expected losses at each reporting date to reflect the changes in the credit risk of the instrument; therefore, it is no longer necessary that a particular event arises (“trigger event”) in order to verify and recognise losses on receivables.

The impairment test must be applied to all financial instruments, with the exception of those measured at fair value with recognition through the income statement.

The Group applies the simplified Provision Matrix approach and recognises the expected losses on all trade receivables based on the residual duration, defining a matrix for the provision based on the historical experience relating to the losses on receivables, adjusted to take into account specific forecast factors relating to the creditors and the economic environment (Expected Credit Loss – ECL concept).

The book value of the asset is reduced through the use of a provision and the amount of the loss recognised in the income statement.

Receivables which have incurred a loss in value are reversed when it is determined that they are irrecoverable.

### **Non-current assets held-for-sale and discontinued operations**

Non-current assets classified as held-for-sale are measured at the lower of their carrying value and the fair value less selling costs. They are classified as such if the carrying value will be recovered through a sales operation rather than through their continual use. This condition exists only when the sale is highly probable and the asset or discontinued group is available for an immediate sale in its current conditions. Management must be committed to the sale, whose completion must be expected within one year from the date of the classification.

In the consolidated income statement and the previous year comparative period, the profits and losses of discontinued operations must be classified separately from profits and losses from continuing operations, shown after taxes, even when the Group maintains a minority interest in the subsidiary after the sale. The resulting profit or loss, after taxes for the period, is shown separately in the income statement.

Plant, property and equipment and intangible assets once classified as held-for-sale are no longer amortised or depreciated.

### **Derecognition of financial assets**

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised firstly (e.g. eliminated from the balance sheet) when:

- the rights to receive cash flows from the asset are extinguished, or
- the Group has transferred to a third party the right to receive the cash flows of the asset or has assumed the contractual obligation to pay entirely and without delay and (a) has substantially transferred all of the risks and rewards of ownership of the financial asset, or (b) has not substantially transferred all of the risks and rewards of the asset, but has transferred control.

### **Construction and service contracts work-in-progress**

Construction contracts work-in-progress are measured on the basis of the contractual payments matured with reasonable certainty in relation to the advancement of work under the percentage of completion method, determined through the measurement of work completed, to be attributed to the revenues and economic result of the contract to each year in proportion to the advancement of work. The positive or negative difference between the value of the completed portion of the contracts and that of the advances received is recognised in the statement of financial position, as an asset or liability, respectively, while also taking account of any impairment losses recognised due to risks associated with non-payment for work done on behalf of clients.

The contract revenues, in addition to the contractual payments, include the variances, price revisions and any claims up to the amount it is probable that they represent effective revenues that can be determined reliably.

If a project is expected to yield a loss, this loss is immediately recognised in full, regardless of the progress on the project.

Construction services for the grantor relating to the concession agreement to which A dB is a party are also recognised in the income statement according to the state of progress. In particular, construction and/or improvement revenue – which represents the consideration due for the services rendered – is measured at fair value, determined on the basis of the total costs incurred, consisting primarily of the costs of external services and the costs of benefits for employees engaged in the activities concerned.

The balancing entry for such construction service revenue is to a financial asset or airport concession taken to concession rights among intangible assets, as discussed in the relevant section.

### **Inventories**

Inventories are recorded at the lower of purchase or production cost and realisable value represented by the amount that the company expects to obtain from their sale in the normal course of operations. The cost of inventories is calculated using the weighted average cost method.

### **Cash and cash equivalents**

Cash and cash equivalents include those values which are available on demand at short notice, certain in nature and with no payment expenses.

### **Employee benefits**

The benefits guaranteed to employees paid on the conclusion of employment (leaving indemnity) or other long-term benefits (e. g. non-competitive agreements, long-term incentive plans) are recognised in the period the right matures.

The liability, net of any plan assets, is calculated on the basis of actuarial assumptions and is recorded by the accrual method consistent with the years of employment necessary to obtain such benefits. The liability is calculated by independent actuaries utilising the projected unit credit method.

The amount not only reflects the payables matured at the Consolidated Financial Statements date but also the future salary increases and related statistical data.



Revaluations, which include actuarial profits and losses, changes in the effect of the limit on the assets, not including net interest (not applicable to the Group) and the return on plan assets (not including net interest) are recognised immediately in the statement of financial position by debiting or crediting profits/(losses) carried forward through other comprehensive income in the year in which they occur. Revaluations are not reclassified to the income statement in subsequent years.

The cost of employee service in prior periods is recognised in the income statement on the later of the following dates:

- (a) the date on which the plan is changed or reduced; and
- (b) the date on which the Group recognises the related restructuring costs.

Net interest on the net defined-benefit liabilities/assets are calculated by multiplying the net asset/liability by the discount rate. The Group recognises the following changes in the net defined-benefit obligation in the cost of goods sold, administrative expenses and selling and distribution costs in the consolidated income statement (by nature):

- Costs of employee service, inclusive of costs of both current and prior employee service, profits and losses on non-routine curtailments and settlements;
- Net interest income or expenses.

Following the amendments to severance benefits introduced by Law No. 296 of December 27, 2006 (Finance Law 2007) and subsequent Decrees and Regulations, the severance benefits of Italian companies with more than 50 employees matured from January 1, 2007, or from the option date chosen by the employee, is included under defined contribution plans, both in the case of supplementary pension options and in the case of allocation to the INPS Treasury Fund. The severance benefits accrued until December 31, 2006 have been treated as defined-benefit.

The contributions to be paid into a defined-contribution plan in exchange for the employee service in question are treated both as a liability (account payable) after having deducted any contributions already paid, and as a cost.

### **Provisions for risks and charges**

Provisions for risks and charges relate to costs and expenses of a defined nature and of certain or probable existence whose amount or date of occurrence is uncertain at the present Consolidated Financial Statements date. The provisions are recorded when:

- (i) it is probable the existence of a current obligation, legal or implicit, deriving from a past event;
- (ii) it is probable that compliance with the obligation will result in a charge;
- (iii) the amount of the obligation can be estimated reliably.

Provisions are recorded at the value representing the best estimate, supported by expert opinion, of the amount that the Company would rationally pay to discharge the obligation or to transfer it to a third party at the reporting date. When the financial effect of the time is significant and the payment dates of the obligations can be reliably estimated, the provision shall be discounted at the average cost of debt to the company; the increase of the provision due to the passing of time is recorded in the income statement in the account "Net financial income/(charges)".

If the liability relates to a tangible fixed asset (demolition of assets), the provision is recognised in line with the asset to which it refers; the recognising of the charge to the income statement is made through depreciation.

The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discounting rate; the revision of estimates is recorded in the same income statement accounts in which the provision was recorded, when the liability relates to tangible fixed assets, and in the asset account to which it refers.

### *Provision for renewal of airport infrastructure*

In accordance with the obligations assumed under current agreements, the provision for renewal of airport infrastructure includes accruals relating to extraordinary maintenance, refurbishment and replacement to be undertaken at a future point in time to ensure that airport infrastructure remains duly functional and secure. Accruals to this provision are recognised according to the degree of use of the infrastructure, indirectly reflected in the expected date of replacement/renewal. The values recorded in this line item also take due account of a financial component, to be applied according to the intervals between the various renewal cycles, intended to ensure that the provisions set aside are adequate. The estimate of the provision for renewal of airport infrastructure therefore requires complex professional technical judgement, in particular in relation to the nature of the costs to be incurred, their amount and the timing of the expected interventions.

### **Trade payables and other non-financial liabilities**

Short-term trade payables, which mature within the normal commercial terms, are recognised at cost (their nominal value) and are not discounted as the discounting of cash flows is insignificant.

The other non-financial liabilities are recorded at cost (identified as nominal value).

### **Loans**

Other financial liabilities, with the exception of the derivatives, are recognised initially at cost, corresponding to the fair value of the liability plus transaction costs that are directly attributable at the issue of the liability.

After initial recognition, the financial liabilities are measured at amortised cost using the original effective interest rate, which is the rate that renders equal, on the initial recognition, the present cash flow value and the initial recognition value (amortised cost method).

All profits and losses are recognised in the income statement when the liability is settled, in addition to the amortisation process.

### **Financial guarantee liabilities**

Financial guarantee liabilities issued by the Group are contracts which require a specific payment to reimburse the holder of a debt security against a loss incurred following non-compliance of the debtor in the payment at the scheduled contractual maturity date. Financial guarantee contracts are initially recognised as a liability at fair value, increased by the directly attributable transaction costs to the issue of the guarantee. After initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised, less accumulated amortisation.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the underlying obligation of the liability is extinguished, settled or cancelled. If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the separate income statement.

## **Recognition of revenues**

Revenues are recognised for an amount which reflects the payment which the entity considers to have the right to in exchange for the transfer of goods or services to the customer and are calculated on the basis of the following five phases:

1. identification of the contract;
2. identification of the performance obligations present in the contract;
3. Establishment of the sales price;
4. Allocation of the transaction price to each of the performance obligations identified;
5. Recognition of the revenues on the satisfaction of the performance obligation.

These are recognised when the contractual obligations have been complied with and in particular when control has been transferred to the customer. In addition, in the measurement of revenue it is necessary to take into account the probability of obtaining and/or collecting the economic benefit related to the income.

The Group has identified the following revenue streams:

1. Airport fees
2. Commercial/non-comm. sublicense/lease
3. Parking
4. Construction Services
5. Others.

Revenues are recorded net of returns, discounts and premiums and promotional charges directly related to the sales revenue, in addition to direct sales taxes.

Commercial discounts, recorded as a direct deduction of revenues, are measured on the basis of contracts signed with airlines and tour operators.

Royalties are recorded based on the accruals principle in accordance with the contracts in force and as per IFRS 15.

Interest income is recognised in accordance with the accruals principle, which takes into account the effective yield of the assets to which it refers.

Dividends are recorded when the shareholders have the right to receive them.

## **Recognition of costs and expenses**

Costs are recorded when relating to goods and services sold or consumed in the year or when there is no future utility.

Interest expense is recognised in accordance with the accruals principle, which takes into account the effective yield of the liabilities to which it refers. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which requires a lengthy period before availability for use shall be capitalised as part of the cost of that asset.

## **Taxes for the year**

### *Current income taxes*

Current income taxes are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially issued as at the reporting date of the consolidated financial statements. Current income taxes relating to items recorded directly in equity are charged directly to shareholders' equity and not to the income statement. The

Directors periodically assess the positions assumed in the income tax returns where the fiscal regulations are subject to interpretations and, where appropriate, record appropriate provisions.

#### *Deferred taxes*

Deferred taxes are calculated using the liability method on temporary differences between values used for fiscal purposes and the assets and liabilities reported in the present consolidated financial statements. The deferred tax liabilities are recorded against all temporary taxable differences, with the exception of:

- the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the year's profit calculated for purposes of the Financial Statements or on profit or loss calculated for tax purposes;
- the reversal of the temporary differences, related to investments in subsidiaries, associates and joint ventures, can be controlled and it is probable that such will not occur in the foreseeable future.

Deferred tax assets are recognised on all temporary differences and fiscal losses carried forward to the extent of the probable existence of adequate future tax profits that can justify the use of deductible temporary differences and fiscal losses carried forwards, except:

- when deferred tax assets relate to the temporary differences deriving from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the year's profit calculated for the purposes of the Financial Statements or on profit or loss calculated for tax purposes;
- in the case of temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are only recognised to the probable extent that the temporary differences will reverse in the foreseeable future and there are sufficient assessable amounts to utilise such temporary differences.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent it is unlikely that sufficient tax profits will be available in the future, so that some or all of the asset may be used. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent of the probability that the tax profit is sufficient to permit such deferred tax assets to be recovered.

Deferred tax assets and liabilities are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the amounts are paid, considering the rates in effect and those already issued or substantially issued as of the closing date of the financial statements.

Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to equity or to the statement of comprehensive income, in line with the item to which they refer.

The Group offsets deferred tax assets and deferred tax liabilities when there is a legal right to offset current tax assets and current tax liabilities and the deferred tax assets and liabilities relate to income taxes due to the same tax authority.

The fiscal benefits acquired following a business combination, but which do not satisfy the criteria for separate recognition at the acquisition date, may be recognised subsequently, when updated information is received on the facts and on the circumstances. The adjustment is recognised as a reduction of goodwill (up to the value of the goodwill), where this is recorded during the measurement period, or in the income statement, if recorded subsequently.

The rates utilised for the calculation of deferred taxes, which reflect the expected rates on the basis of national legislation in force, are the following:

- IRES 24%
- IRES 27.5% rate, increased for the 2019-2020-2021 tax periods (Airport Companies)
- IRAP 4.2% (Airport Companies)
- IRAP (3.9%)

#### *Indirect taxes*

Costs, revenues, assets and liabilities are recognized net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognized as part of the purchase cost of the asset or part of the cost recognized in the income statement;
- the trade receivables and payables include the indirect taxes applicable.

The net amount of the indirect taxes to be recovered or be paid to the Tax Authorities is included in the financial statements under receivables or payables.

### **Earnings per share**

#### Undiluted

The earnings/(loss) per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

#### Diluted

The diluted earnings/(loss) per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted in respect of the dilution potential of ordinary shares, while the profit or loss of the Group is adjusted to take into account the effects, net of income taxes, of the conversion.

### **Dividends and distribution of assets other than Cash and Cash Equivalents**

The Group records a liability against the distribution to its shareholders of available liquidity or assets other than available liquidity when the distribution is appropriately authorised and is no longer at the discretion of the company. Based on company law in Europe, a distribution is authorised when it is approved by the shareholders. The corresponding amount is recorded directly in shareholders' equity.

The distribution of assets other than available liquidity is measured at fair value of the assets to be distributed; the remeasurement of the fair value is recorded directly in shareholders' equity.

On the payment of the dividend, any difference between the book value of the assets distributed and the book value of the dividend payable is recorded in the statement of comprehensive income.

### **Listing costs**

Within the listing project concluded on July 14, 2015 with the commencement of trading of the shares on the Star Segment of the Electronic Equities Market (Mercato Telematico Azionario) organised and managed by Borsa Italiana Spa, the Parent Company incurred specific costs, such as (i) commissions recognised to the coordinating banks of the offer, (ii) fees paid to consultants, specialists and legal advisors, (iii) other costs such communication costs, prospectus printing costs and other miscellaneous expenses and charges.

In a listing operation, where the Issuer issues new shares and lists both the new and existing shares, some costs are incurred jointly for the share capital increase and the sale of the new shares, and for the sale of existing shares. In this situation, the criteria for their allocation to the two activities must be identified based on reasonable criteria which reflects the substance of IAS 32, recognising them in part as a decrease of Shareholders' Equity and in part in the Income Statement.

The listing costs which are incremental in nature directly attributable to the share capital increase which would otherwise be avoided, such as for example purposes the intermediary fees, were recorded in 2015 as a decrease in the Shareholders' Equity in the Share Premium Reserve; the remainder, again for example purposes, such as the costs relating to consultants, specialists and legal advisors, was recorded in part in the Income Statement and in part under Shareholders' Equity in accordance with the criterion illustrated above.

### **Cash Flow Statement**

The Group presents its cash flow statement utilising the indirect method, as permitted under IAS 7 and has reconciled the pre-tax profit with the net cash flows from operating activities. IAS 7, paragraph 33 allows classification of interest income and expense as an operating activity or financial activity based on the presentation considered most representative by the entity; the Group classifies interest income received and interest expense paid as cash flows from operating activities.

## Accounting standards, amendments and interpretations endorsed by the European Union adopted by the Group

From 2019 the following new accounting standards, amendments and interpretations, revised by the IASB, entered into force:

### *IFRS 16 – Leasing*

IFRS 16 was published in January 2016 and replaces IAS 17 Leasing, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating leases - Incentives and SIC 27 Evaluating the substance of transactions in the legal form of a lease.

The scope of application of the new standard, which enters into force from January 1, 2019, concerns all leasing contracts, with some exceptions. The accounting method of all leasing reassumes the model under IAS 17, although excluding leasing for insignificant amounts and short-term lease contracts. At the recognition date of the lease it is necessary to recognise the liability for the lease instalments and the asset for which the entity has the right of utilisation, separately recognising the financial expenses and depreciation relating to the asset. The liability may be remeasured (for example changes in the contractual terms or changes in indices related to the payment of the instalments) and this change must be recorded on the underlying asset. From the lessor's viewpoint the accounting model is substantially unchanged from the previous IAS 17.

The ADB Group has underwritten leasing contracts as lessor with the sub-license of airport areas and spaces to its customers and also has undertaken leasing contracts mainly as lessee for equipment, plant, machinery, automotive vehicles and land.

The Group chose to apply the standard retrospectively from January 1, 2019 (modified retrospective method) and also utilised the options proposed by the standard on leasing contracts which, at the date of initial application, have a duration of equal to or less than 12 months and which do not contain a purchase option ("short-term leasing") and on leases whose underlying asset is of a low value ("low value asset"). From the lessor's viewpoint, there are no changes in the new standard compared to the previous accounting method. In terms of the lessee, for leases classified previously as operating leases, the Group recorded the lease liability at the present value of the remaining payments due, discounted using the incremental borrowing rate of the lessee at the date of initial application, and recording the right-of-use asset for an amount equal to that of the liability. In particular, the net assets recognised at the date of initial application amount to Euro 2.3 million and the lease liabilities to Euro 2.3 million. Consequently, no cumulative effects have been accounted for as adjustments to opening equity, nor have the figures from the comparative period been restated.

The difference between the commitments at December 31, 2018 concerning operating leases and rentals and the liabilities from the impact of IFRS 16 is outlined below:

<i>Finance lease liabilities reconciliation table</i>	<i>in thousands of Euro</i>
Operating lease charges at December 31, 2018	2,519
Discounting effect at January 1, 2019	80
<b><i>Operating lease charges discounted at January 1, 2019</i></b>	<b><i>2,439</i></b>
Short-term lease charges	(55)
Low value asset lease charges	(19)
Charges concerning leases previously classified as finance leases	0
Expenses for any extensions not recorded at December 31, 2018	0
<b><i>Lease liabilities at January 1, 2019</i></b>	<b><i>2,365</i></b>

In addition, the 2019 annual figures include the following impacts from the introduction of the new accounting standard:

- ✓ depreciation increased by Euro 590 thousand and concerns right-of-use assets on land, equipment and vehicles, as set out in note 2;
- ✓ lease charges decreased by Euro 595 thousand and concern prior operating leases;
- ✓ financial expenses rose by Euro 22 thousand with regards to the interest expense on additional lease liabilities recorded.

Cash absorbed by operating activities reduced by Euro 579 thousand and cash absorbed by financing activities increased by the same amount; these amounts regard the payments of the capital portion of the lease liabilities recorded.

Finally, the capital employed in lease assets amounts to Euro 2.4 million, of which Euro 0.04 million for charges to recover land next to the parking area, as contractually established; a future charges provision was recorded as a counter-entry in accordance with IAS 37.

For further details on the right-of-use assets of the Group with the relative movements in the period, reference should be made to note 2.

#### *IFRIC 23 - Uncertainty over Income Tax treatments*

(applicable from financial years ending after January 1, 2019).

The interpretation clarifies the application of the requirements for recognition and measurement in IAS 12 - "Income taxes" in the case of uncertainty on the treatment of income taxes. The Interpretation concerns specifically: (i) the case in which an entity considers separately the uncertain fiscal treatment, (ii) the assumptions which an entity makes on the review of the fiscal treatment by the tax authorities, (iii) how an entity determines assessable income (or fiscal loss), assessable base, fiscal losses not utilised, tax credits not utilised and tax rates and (iv) in what manner an entity considers changes of facts and circumstances. The Interpretation does not add new disclosure requirements, however outlines the existing requirements in IAS 1 relating to disclosure on opinions, information on assumptions of facts and other estimates and information on tax under/over accruals within AS 12 "Income taxes". The interpretation provides a choice between two transition models: (i) retroactive application which utilises IAS 8 - "Accounting policies, changes in accounting estimates and errors", only if the application is possible, or (ii) retroactive application with cumulative effect of the initial application recorded as an adjustment to shareholders' equity at the date of the initial application and without remeasurement of the comparative information. The date of the initial application is the beginning of the annual reference period in which an entity applies the interpretation for the first time. These amendments did not have any impact on the Group consolidated financial statements. At the time of adoption of the interpretation, the Group examined the existence of uncertain tax positions and assessed that such had no impact on its financial statements.

#### *Amendments to IFRS 9 - Prepayment Features with Negative Compensation*

(applicable from financial years ending after January 1, 2019).

This allows companies to measure specific prepayments on financial assets through the so-called negative compensation at amortised cost or at fair value from "other comprehensive income" in the case where a specific condition is met, rather than at the fair value of the income statement. These amendments did not have any impact on the Group consolidated financial statements.

#### *Amendments to IAS 28 - Long-term interests in associates and joint ventures*

(applicable from financial years ending after January 1, 2019).

This clarifies how the entity should use IFRS 9 to represent long-term interests in an associate company or joint venture, for which the equity method is not applied. These amendments did not have any impact on the Group consolidated financial statements.

#### *Amendment to IAS 19 - Plan Amendment, Curtailment or Settlement*

(applicable from financial years ending after January 1, 2019).



In February 2018, the IASB issued amendments to IAS 19 which specifies how companies should determine the pension payable when changes to a given pension plan occur. IAS 19 "Employee Benefits" specifies how a company should account for a defined benefit pension plan. When a change is made to a plan, an adjustment, a reduction or a regulation, IAS 19 requires that the net defined benefit asset or liability is to be re-measured. The changes require a company to use the updated assumptions from this recalculation to determine the cost of the current service and the net interest for the remainder of the reference period after the plan is changed. These amendments did not have any impact on the Group consolidated financial statements.

#### *Improvements to IFRS - 2015-2017 Cycle*

(applicable from financial years ending after January 1, 2019).

In December 2017, the IASB also issued Annual Improvements to IFRS 2015-2017, a series of amendments to IFRS in response to issues raised, mainly: (I) to IFRS 3 - Business Combinations, clarifying how a company must re-measure holdings, previously held in a joint operation, once control of the business is obtained; (II) to IFRS 11 – Joint Arrangements, for which a company does not re-value holdings previously held in a joint operation when it obtains joint control of the activity, (III) to IAS 12 - Income Tax, which clarifies that the impact on income tax deriving from dividends (that is, the distribution of profits) should be recognised in the income statement, regardless of how the tax arises; (IV) and to IAS 23 – Borrowing costs, which clarifies that a company is to treat as part of a general debt any debt originally assumed for the development of an asset when this asset is ready for its intended use or for sale. These amendments did not have any impact on the Group consolidated financial statements.

## **New accounting standards and amendments not yet effective and not adopted in advance by the Group**

The standards and interpretations which at the date of the preparation of this financial report were issued but not yet in force are reported below. The Group will adopt these standards when they enter into force, if applicable.

### *Amendments to References to the Conceptual Framework in IFRS Standards*

On March 29, 2018, the IASB issued a revised version of the Conceptual Framework for Financial Reporting, which updates existing references in various standards and interpretations that are now outdated. This instrument guarantees that the accounting standards are conceptually correct and that transactions of the same type are treated in the same manner, providing useful information to investors and other stakeholders. The Conceptual Framework helps in addition, businesses to implement adequate accounting policies when no IFRS standard disciplines the specific transaction; in addition, it assists the stakeholders in general to understand the accounting standards. The revised Conceptual Framework includes: a new chapter on the measurement and reporting rules for financial results; more accurate definitions and rules - particularly with regard to the definition of liabilities; clarifications on important concepts, such as administration, prudence and uncertainty in valuations; clarifications on definitions and recognition criteria for assets and liabilities. The amendments enter into force from January 1, 2020.

### *Amendments to IAS 1 and IAS 8: Definition of Material*

On October 31, 2018, the IASB published amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', in order to align the definition of 'material' in the standards and clarify certain aspects of the definition. On the basis of these amendments, information is considered material, where by omitting, misstating or obscuring it, such could reasonably be expected to influence decisions that the primary users of financial statements make on the basis of the financial information that they contain. The amendments enter into force on January 1, 2020 and are not expected to have a significant impact on the Group's consolidated financial statements.

### *Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform.*

On September 26, 2019, the IASB issued these amendments which provide temporary relief to allow for the continued use of hedge accounting during the period of uncertainty preceding the reform to replace the current interest rate benchmark with a risk-free alternative interest rate. These amendments shall enter into force on January 1, 2020 and early application is permitted.

At the preparation date of these financial statements, the competent bodies of the European Union have not yet completed the endorsement process relating to the new standards and amendments applicable to the financial statements for years that commence from January 1, 2020 and illustrated below:

### *Amendments to IFRS 3 Business Combination*

On October 22, 2018, the IASB published, in the updated version of IFRS 3 - Business Combinations, the amendment to the definition of a business in order to support entities in determining whether or not a set of assets acquired constitutes a business. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing inputs or processes, add guidance to help entities assess whether a substantive process has been acquired, narrow the definitions of a business and of outputs and add an optional fair value concentration test. As the amendments apply prospectively to transactions or other events occurring on or after the date of initial application, the Group applies the amendments to IFRS 3 to business combinations from the effective date (January 1, 2020) or subsequently.

### *Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*

On January 23, 2020, the IASB issued an amendment to IAS 1 that seeks to clarify one of the criteria in IAS 1 for classifying a liability as non-current or the requirement that the entity must have the right to defer settlement of the liability for at least 12 months subsequent to the reporting date. The amendment includes:

- an indication that the right to defer settlement must exist at the reporting date;
- a clarification that the classification is not influenced by management's intentions or expectations regarding the possibility of using the right of deferral;
- a clarification on how the conditions of funding affect the classification and;
- a clarification of the requirements for the classification of liabilities that an entity intends to settle or could settle by issuing its own equity instruments.

The amendments to the accounting standards are effective from periods beginning on, or after, January 1, 2022.

IFRS 17 - Insurance contracts are excluded from the list since this accounting standard does not pertain to the activity carried out by the Group.

### **Discretionary valuations and significant accounting estimates**

The preparation of the financial statements requires the directors of the Group to undertake discretionary valuations, estimates and assumptions which impact upon the amount of revenue, costs, assets and liabilities and related disclosures, as well as potential liabilities. The uncertainty concerning these assumptions and estimates could result in significant changes in the book value of these assets and/or liabilities in the future.

### *IAS 8 Changes in accounting estimates and errors*

Some elements in the financial statements may not be measured with precision and therefore are subject to estimates which depend on future and uncertain conditions of the company's operations. These estimates over time will incur revision to take into account data and information which is available subsequent to the initial estimates. The effect of the change of accounting estimates must be recorded prospectively in the year in which they occur, including them in the economic result of the year and of future years, where the change also affects this latter. The prospective recognition of the effects of the estimates means that the changes are applied to the transactions on the change in the estimate. The revision or change in the accounting estimate arises from new information or new developments in operating activities and for this reason they do not represent a correction of errors.

The errors of previous years are omissions and incorrect measurements of accounts in the financial statements of an entity for one or more years deriving from the non-utilisation or the erroneous utilisation of reliable information which was available when the financial statements were authorised for their publication and it is reasonable to consider that such information could have been obtained and utilised in the preparation and presentation of these financial statements. These errors include the effects of arithmetic errors, errors in the application of accounting policies, inaccuracies or distorted interpretations of facts, and fraud. The financial statements are not in accordance with IFRS if they contain significant errors or irrelevant if committed intentionally in order to obtain a specific presentation of the statement of financial position, of the economic result or of the cash flows of the entity. Potential errors of the current year, recorded in the same year, are corrected before the financial statements are authorised for publication. The errors uncovered in subsequent years, if considered significant and if the correction is considered feasible, must be corrected in the comparative disclosure presented in the financial statements for the following year, remeasuring the opening balances of assets, liabilities and shareholders' equity (restatement).

The restatement is not applied and the error is not recorded using the prospective method where the errors and the omissions are considered insignificant.

Omissions or incorrect measurements of accounts are recorded if, individually or overall, they may impact the economic decisions of the readers of the financial statements. The restatement depends on the size and nature of the omission or incorrect measurement assessed depending upon the circumstances.

### *Estimates and assumptions*

The key assumptions undertaken by management and which have the most significant effect on the reported amounts or have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. The Group based its estimates and assumptions on information available at the preparation date of the consolidated financial statements. However, the current circumstances and assumptions on future developments may alter due to changes in the market and events outside of the Group's control. These changes, where occurring, are reflected in the assumptions.

### *Impairment of non-financial assets*

Reference should be made to that previously illustrated in the standard "impairment of non-financial assets" and that illustrated below in Note 1-Intangible Assets.

### *Fair value of investment property*

The Group records investment property at cost, which approximates the fair value of the investment properties given their particular nature (absence of a comparable active market).

### *Fair value of financial instruments*

The Group provides in the Notes the fair value of the financial instruments. When the fair value of a financial asset or financial liability may no longer be measured based on the prices on an active market, the fair value is determined utilising various valuation techniques, including the discounted cash flow model. The inputs inserted in this model are recorded from observable markets, where possible, but when this is not possible, a certain level of estimation is required to define the fair values. The estimates include considerations on variables such as the liquidity risk, the credit risk and volatility. The changes of the assumptions on these elements may have an impact on the fair value of the financial instrument recorded.

### *IAS 10 Events after the reporting period*

The Group in the analysis of subsequent events to the reporting date analyses the conditions on which it is necessary to make changes on the accounting data and relative disclosures, depending on whether this concerns events occurring after the reporting date:

- to operations existing at the reporting date for which an adjustment to the financial statements is necessary (adjusting events);
- to operations which arose after the reporting date and for which no adjustment to the financial statements is necessary (non-adjusting events).

## Operating Segment information

The Aeroporto Guglielmo Marconi di Bologna Group, in application of IFRS 8, identified its operating segments as the business areas which generate revenues and costs, whose results are periodically reviewed by the highest decision-making level in order to evaluate the outcome of the decisions concerning the allocation of resources and for which separate financial statements are available.

The Group operating segments as per IFRS 8 - Operating Segment are as follows:

- Aviation;
- Non-Aviation;
- Other.

The disclosure concerning operating segments for the Continuing Operations is outlined to reflect the future organisational structure of the Group, with separate disclosure for Discontinued Operations.

In relation to the operating segments, the Group evaluates their performance based on passenger revenues, separating those concerning the aviation sector from those concerning the non-aviation sector.

The account "Other" residually includes those businesses not directly attributable to the identified segments.

In Group operations, financial income and charges and taxes are not allocated to the individual operating segments.

The segment assets are those employed by the segment for operating activities or which may be allocated reasonably for the carrying out of operating activities.

The segment assets presented are measured utilising the same accounting policies adopted for the presentation of the Group consolidated financial statements.

<i>in thousands of Euro</i>	for the year ended 31.12.2019 Aviation	for the year ended 31.12.2019 Non-Aviation	for the year ended 31.12.2019 Other	Total for the year ended 31.12.2019
Revenues	77,280	47,855	0	125,135
Costs	(58,367)	(21,831)	0	(80,198)
<b>Gross operating profit</b>	<b>18,913</b>	<b>26,024</b>	<b>0</b>	<b>44,937</b>
Depreciation and amortisation	(7,159)	(3,410)	0	(10,569)
Provisions	(2,863)	(438)	0	(3,301)
<b>Operating result</b>	<b>8,891</b>	<b>22,176</b>	<b>0</b>	<b>31,067</b>
Financial income	0	0	150	150
Financial expenses	0	0	(1,125)	(1,125)
<b>Result before taxes</b>	<b>8,891</b>	<b>22,176</b>	<b>(975)</b>	<b>30,092</b>
Taxes for the year	0	0	(9,240)	(9,240)
<b>Profit (loss) for the year</b>	<b>8,891</b>	<b>22,176</b>	<b>(10,215)</b>	<b>20,852</b>
Minority interest profit (loss)	0	0	0	0
Group profit	0	0	0	20,852

<i>in thousands of Euro</i>	for the year ended 31.12.2018 Aviation	for the year ended 31.12.2018 Non-Aviation	for the year ended 31.12.2018 Other	Total for the year ended 31.12.2018
Revenues	70,538	43,554	0	114,092
Costs	(54,798)	(20,576)	0	(75,374)
<b>Gross operating profit</b>	<b>15,740</b>	<b>22,978</b>	<b>0</b>	<b>38,718</b>
Depreciation and amortisation	(6,364)	(3,035)	0	(9,399)
Provisions	(3,567)	(540)	0	(4,107)
<b>Operating result</b>	<b>5,809</b>	<b>19,403</b>	<b>0</b>	<b>25,212</b>
Financial income	0	0	384	384
Financial expenses	0	0	(620)	(620)
<b>Result before taxes</b>	<b>5,809</b>	<b>19,403</b>	<b>(236)</b>	<b>24,976</b>
Taxes for the year	0	0	(7,049)	(7,049)
<b>Profit (loss) for the year</b>	<b>5,809</b>	<b>19,403</b>	<b>(7,285)</b>	<b>17,927</b>
Minority interest profit (loss)	0	0	0	0
Group profit	0	0	0	17,927

The table below presents the segment information for assets:

<i>in thousands of Euro</i>	As at 31.12.2019 Aviation	As at 31.12.2019 Non-Aviation	As at 31.12.2019 Other	Consolidated As at 31.12.2019
<b>Non-current assets</b>	<b>166,914</b>	<b>31,413</b>	<b>19,630</b>	<b>217,957</b>
<b>Intangible assets</b>	<b>161,791</b>	<b>16,669</b>	<b>0</b>	<b>178,460</b>
Concession rights	160,645	15,539	0	176,184
Other intangible assets	1,146	1,130	0	2,276
<b>Tangible assets</b>	<b>5,017</b>	<b>14,666</b>	<b>0</b>	<b>19,683</b>
Land, property, plant and equipment	5,017	9,934	0	14,951
Investment property	0	4,732	0	4,732
<b>Other non-current assets</b>	<b>106</b>	<b>78</b>	<b>19,630</b>	<b>19,814</b>
Investments	0	0	44	44
Other non-current financial assets	0	0	12,586	12,586
Deferred tax assets	0	0	6,190	6,190
Other non-current assets	106	78	810	994
<b>Current assets</b>	<b>15,926</b>	<b>4,915</b>	<b>30,202</b>	<b>51,043</b>
Inventories	413	209	0	622
Trade receivables	11,094	4,370	0	15,464
Other current assets	4,419	336	448	5,203
Current financial assets	0	0	501	501
Cash and cash equivalents	0	0	29,253	29,253
<b>Total assets</b>	<b>182,840</b>	<b>36,328</b>	<b>49,832</b>	<b>269,000</b>

<i>in thousands of Euro</i>	As at 31.12.2018 Aviation	As at 31.12.2018 Non-Aviation	As at 31.12.2018 Other	Consolidated As at 31.12.2018
<b>Non-current assets</b>	<b>160,917</b>	<b>27,401</b>	<b>23,720</b>	<b>212,038</b>
<b>Intangible assets</b>	<b>154,111</b>	<b>14,240</b>	<b>0</b>	<b>168,351</b>
Concession rights	153,032	13,260	0	166,292
Other intangible assets	1,079	980	0	2,059
<b>Tangible assets</b>	<b>6,737</b>	<b>13,130</b>	<b>0</b>	<b>19,867</b>
Land, property, plant and equipment	6,737	8,398	0	15,135
Investment property	0	4,732	0	4,732
<b>Other non-current assets</b>	<b>69</b>	<b>31</b>	<b>23,720</b>	<b>23,820</b>
Investments	0	0	43	43
Other non-current financial assets	0	0	16,205	16,205
Deferred tax assets	0	0	6,108	6,108
Other non-current assets	69	31	1,364	1,464
<b>Current assets</b>	<b>13,622</b>	<b>5,369</b>	<b>29,747</b>	<b>48,738</b>
Inventories	379	215	0	594
Trade receivables	9,512	4,760	0	14,272
Other current assets	3,731	394	536	4,661
Current financial assets	0	0	13,449	13,449
Cash and cash equivalents	0	0	15,762	15,762
<b>Total assets</b>	<b>174,539</b>	<b>32,770</b>	<b>53,467</b>	<b>260,776</b>

Segment disclosure regarding the identified operating segments is undertaken as outlined below.

Aviation: refers to the airport's core business. This includes aircraft landing, take-off and parking fees, passenger boarding fees, freight fees, in addition to passenger security control fees and hand-carry and checked baggage control fees. It includes also cargo handling, customs clearance and fuelling operations. Finally, this segment includes all centralised infrastructure and exclusive assets: the centralised infrastructure represents revenues received in relation to infrastructure under the exclusive operation of the airport management company for reasons of safety, security or in view of their economic impact. Exclusive assets concern check-in desks, the gates and spaces assigned to airport operators.

Non-Aviation: operations not directly connected to the aviation business. This include sub-concession, retail, catering, self-hire and parking management operations, the Marconi Business Lounge and advertising.

The breakdown of revenues and costs between the Aviation and Non-Aviation SBU's follows ENAC's guidelines for analytic/regulatory reporting for airport management companies, in line with Article 11 *decies* of Law No. 248/05 and the Ministry of Transport Guidelines of December 31, 2006.

The residual accounts excluded from regulatory reporting were subsequently allocated according to the operating criteria.

The main differences were as follows:

- accounts not considered relevant for regulatory accounting purposes which are allocated through a specific review of the individual cost/revenue items;
- revenues and costs for construction services allocated according to an analytical breakdown of investments in the year between the two SBU's according to regulatory criteria;
- incentives for the development of air traffic, allocated entirely to the Aviation SBU in accordance with the financial statement breakdown.

## Information concerning the Main Clients

Group revenues mainly derive from the following clients:

<i>Description</i>
RYANAIR LTD
ALITALIA SAI SPA
HEINEMANN ITALIA (previously TRAVEL RETAIL ITALIANA SRL)
WIZZ AIR HUNGARY LTD
BRITISH AIRWAYS PLC
LUFTHANSA LINEE AEREE GERMANICHE
SOCIETE' AIR FRANCE S.A.
EMIRATES
VECCHIA MALGA NEGOZI SRL
TURKISH AIRLINES



## COMMENTS ON THE MAIN ITEMS ON THE STATEMENT OF CONSOLIDATED FINANCIAL POSITION

### ASSETS

#### 1. Intangible assets

The following table breaks down intangible assets at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>	<b>Change</b>
Concession rights	176,184	166,292	9,892
Software, licences and similar rights	1,752	1,620	132
Other intangible assets	60	65	(5)
Other intangible assets in progress	464	374	90
<b>TOTAL INTANGIBLE ASSETS</b>	<b>178,460</b>	<b>168,351</b>	<b>10,109</b>

The table below shows the changes in intangible assets for the period ended December 31, 2019 compared to December 31, 2018, by intangible asset category.

<i>in thousands of Euro</i>	31.12.2018			Movement in the year				at 31.12.2019		
	Historical cost	Accumulated Amortisation	Book value	Increases / Acquisitions	Amortisation	Decreases/Disposals/Write-downs	Decrease provision	Historic cost	Accumulated Amortisation	Book value
Concession rights	201,487	(35,195)	166,292	13,678	(6,210)	2,424	0	217,589	(41,405)	176,184
Software, licences and similar rights	11,888	(10,268)	1,620	1,704	(1,571)	(1)	0	13,591	(11,839)	1,752
Other intangible assets	250	(185)	65	0	(5)	0	0	250	(190)	60
Other intangible assets in progress	374	0	374	90	0	0	0	464	0	464
<b>TOTAL INTANGIBLE ASSETS</b>	<b>213,999</b>	<b>(45,648)</b>	<b>168,351</b>	<b>15,472</b>	<b>(7,786)</b>	<b>2,423</b>	<b>0</b>	<b>231,894</b>	<b>(53,434)</b>	<b>178,460</b>

In 2019, the Concession rights account increased Euro 16.1 million, of which Euro 13.7 million (equal to the fair value of construction services provided during the year), due to constructions and advancements in the year and Euro 2.4 million due to the reclassification from tangible assets to concession rights of the investment in the People Mover, already incurred as at December 31, 2018.

The main investments in the year principally concerned:

- construction works on the new de-icing apron and the relative service building;
- works on the construction of the People Mover connecting to the passenger terminal (in addition to the reclassification of the relative works in progress at December 31, 2018 for Euro 0.7 million from the tangible assets category);
- upgrading and restructuring works on the former Autogrill area in the passenger terminal, for the construction of the new gymnasium serving the entire airport community;
- installation of new runway TVCC systems;
- work in progress on a ventilation system for the P2 car park in order to obtain greater availability of parking spaces;
- construction work on a new cargo building and related courier annexes;
- upgrading work on the underground premises at the Passenger Terminal to create additional spaces for sub-licensees and changing rooms for staff on duty;
- license plate reading system to support the car parks to reduce illegal parking and, at the same time, optimise parking spaces;
- other activities to prepare for the passenger terminal extension.

The concession rights include also Euro 2.7 million regarding the contribution granted to Marconi Express Spa for the construction of the “Airport” station of the People Mover, of which Euro 0.9 million paid in 2019.

Amortisation of concession rights in the period amounted to Euro 6 million and was applied according to the residual duration of the concession.

Software, licenses and similar rights increased Euro 1.7 million. This increase principally concerns:

- the updating, modernisation and introduction of the GSTAR System and the activation of other modules (PRM and De Icing)
- the introduction of the SAP process for the transition to the new IFRS 16 standard;
- the introduction and development of new features and new operational reports on the Oracle Business Intelligence system;
- the introduction of the “Heelp” tele-warning system regarding the automatic warning of those involved in managing the Airport Emergency Plan (AEP);
- the purchase of software licenses for various operating systems and some management applications.

Other intangible assets in progress include software development not concluded at December 31, 2019.

### **Test on the recoverability of assets and group of assets**

For the year 2019, the Group undertook an impairment test in order to assess the existence of any long-term losses in value with reference to the amounts recorded under Concession Rights, equal to Euro 176 million at December 31, 2019 (corresponding respectively to 65.50% of the total assets and to 98.88% of the total shareholders’ equity at December 31, 2019); these Concession Rights are subject to impairment test at least once a year on the approval of the financial statements.

The test, as per IAS 36, compares the carrying value of the asset or group of assets of the cash generating unit (CGU) with the recoverable value, arising from the higher between the fair value (net of selling costs) and the discounted net cash flows which are expected to be produced from the asset or group of assets of the CGU (value in use). In consideration of the fact that the airport concession terminates in 2044, the explicit economic-financial projections for the period 2020-2044 were utilised, and in conformity with the new Article 703 of the Navigation Code, as modified by Article 15-*quinquies*, paragraph 1 of Legislative Decree No. 148 of October 16, 2017, converted with modifications into Law No. 172 of December 4, 2017 the “Terminal Value” was utilised.

This method is based on the presumption that the economic capital value of a company at a certain date (in the present case December 31, 2019) is representative of the algebraic sum of the following elements:

- ‘operating’ value, i.e. the present value of the cash flows from operating activities over a defined time period (explicit projection period; in the present case this coincides with the end of the airport concession expected for 2044)
- value of the non-strategic surplus assets at the measurement date.

For impairment testing purposes, the Group has identified a single CGU which coincides with the Aeroporto G. Marconi di Bologna S.p.A. Group.

For the analysis outlined above, the cash flows were taken from the 2020-2044 economic-financial projections formulated by the Board of Directors of February 24, 2020. This latter also approved the methodology relating to the impairment test.

The revenues from aeronautical services underlying the calculation of cash flows for the purposes of the impairment test were calculated starting from tariffs determined (i) according to the measures provided for in the new 2020-2024 Intervention Plan and those provided for from 2025 to 2044, and (ii) maintaining a regulatory regime in line with the current one. For the subsidiaries, the revenues were estimated on the basis of the 2020-2024 Plans elaborated based on the detailed projections on expected traffic volumes. Revenues from Non-Aeronautical Services and Other Revenues were calculated based on the budget estimates for the period 2020-2024 of the contracts in place, of the historical data, of the entry into service of the scheduled investments and therefore the increase of the areas generating income and of the forecast passenger traffic which represents a key element also for these revenues. For the period 2025-2044, in line with the historical data and conservatively compared to the 2020-2024 forecasts, an annual revenue increase was projected of 4.2% from 2025 to 2044.

The objectives and the assumptions of the 2020-2044 economic-financial projections were determined taking into account the historical results of the operations and were calculated on the basis of the estimates of the passenger traffic and of the relative revenues, as well as the estimates calculated on the basis of the principal industry analysis and studies, also utilising reasonable growth parameters and not exceeding those expected within the industry. In relation to this we highlight that:

- (i) these objectives and assumptions utilised as reference the annual results, which therefore incorporate the interim results of the company and also the historic results of the entire year;
- (ii) these long-term forecasts were elaborated on the basis of the growth objectives and improvements compared to the historical results and therefore contain elements of uncertainty and may be considered challenging;
- (iii) the industry studies to which the Group made reference for the afore-mentioned long-term forecasts take into account both inter-European traffic and global traffic. The Bologna Airport traffic is prevalently based in Europe and has recently been developing inter-continental routes; therefore, it was considered appropriate to utilise these industry studies.

The operating cash flow was discounted utilising the UDCF (Unlevered Discounted Cash Flow) at a rate equal to the weighted average cost of debt and own funds (WACC - Weighted Average Cost of Capital), equal to 5.96%, determined through the application of the Capital Asset Pricing Model (“CAPM”) with:

- Italian risk-free rate of 1.5%;
- Equity market risk premium equal to 7%;
- Average beta for the peers identified (panel of listed airport companies) equal to 0.53.

The cost of third-party capital was calculated applying to the IRS 10 years the spread applied in the last loan underwritten, net of the tax effect (24%) equal to 2.28%.

The weighting of own funds and of debt capital equal to respectively 78.9% and 21.1% was made on the basis of an average gearing of industry peers equal to 26.7%.

A premium was also applied on the additional risk equal to 1.0% taking into account the following factors:

- level of risk in the 2020-2044 Economic-Financial Forecasts, in particular considering forecasts relating to a period as long as 2025-2044;
- smaller size of the company compared to the listed companies in the sample.

Based on that outlined above the company therefore determined a WACC of 5.96%.

The impairment test performed did not identify any impairment of the carrying amounts of the concession rights in 2019 and no impairment losses were therefore recognised on the assets concerned.

The Group considered it appropriate to undertake some sensitivity analysis in order to verify the impacts on the recoverable amount deriving from changes considered reasonably possible in the following parameters considered significant:

- EBITDA Margin: -6 %;
- WACC: +2.5%

and analysing the impacts which this change has in relation to the differential with the value of the Net Capital Employed ("NCE") and with the account Intangible Assets.

Neither of the sensitivities indicated any impairment.

The value of the EBITDA margin which renders the value of the CGU equal to the book value of the Net Capital Employed is 31.17%.

The value of the WACC which renders the value of the CGU equal to the book value of the Net Capital Employed is 8.1%.

The Group did not consider it necessary to obtain a specific fairness opinion on the impairment tests undertaken on the Concession Rights recorded under Intangible Assets, also in consideration of the accounting criteria on the basis of the costs incurred and not on the basis of specific market values or fair values of these intangible assets.

An impairment test simulation was also undertaken considering in the determination of the WACC a duration of the interest rates (free risk rate and swap rate) of 30 years, a duration which approximates the residual duration of the airport concession. Also in these cases, the test did not result in any impairment. Finally, in light of the COVID-19 health and economic crisis, the Group deemed it necessary to conduct a further sensitivity analysis to assess the effect of a potential reduction in EBITDA of nearly 40% over the next three years; this analysis showed that, even in this eventuality, no impairment indicators would result.

## 2. Tangible assets

The following table breaks down tangible assets at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>	<b>Change</b>
Land	2,763	2,763	0
Buildings, light constructions and improvements	3,876	4,146	(270)
Machinery, equipment & plant	3,109	3,066	43
Furniture, EDP and internal transport	2,147	2,181	(34)
Tangible fixed assets in progress	1,087	2,979	(1,892)
Investment property	4,732	4,732	0
<b>TOTAL TANGIBLE ASSETS</b>	<b>17,714</b>	<b>19,867</b>	<b>(2,153)</b>
Land in leasing	1,732	0	1,732
Leased buildings and minor construction and improvements	2	0	2
Leased machinery, equipment & plant	11	0	11
Leased furniture, office machinery, transport equipment	224	0	224
<b>TOTAL LEASED TANGIBLE ASSETS</b>	<b>1,969</b>	<b>0</b>	<b>1,969</b>
<b>TOTAL TANGIBLE ASSETS</b>	<b>19,683</b>	<b>19,867</b>	<b>(184)</b>

The table below shows the changes in tangible assets for the period ended December 31, 2019 compared to December 31, 2018, by asset category.

<i>in thousands of Euro</i>	31.12.2018			Movement in the year				at 31.12.2019		
	Historic cost	Accumulated depreciation	Book value	Increases/Acquisitions	Depreciation	Decreases/Disposals/Reclassifications	Decrease provision	Historic cost	Accumulated depreciation	Book value
Land	2,763	0	2,763	0	0	0	0	2,763	0	2,763
Buildings, light constructions and improvements	8,451	(4,305)	4,146	151	(400)	(21)	0	8,581	(4,705)	3,876
Machinery, equipment & plant	14,449	(11,384)	3,066	1,145	(1,081)	(95)	75	15,499	(12,390)	3,109
Furniture, EDP and internal transport	9,475	(7,294)	2,181	650	(679)	(65)	60	10,060	(7,913)	2,147
Tangible fixed assets in progress	2,979	0	2,979	565	0	(2,457)	0	1,087	0	1,087
Investment property	4,732	0	4,732	0	0	0	0	4,732	0	4,732
<b>TOTAL TANGIBLE ASSETS</b>	<b>42,849</b>	<b>(22,983)</b>	<b>19,867</b>	<b>2,511</b>	<b>(2,160)</b>	<b>(2,638)</b>	<b>135</b>	<b>42,722</b>	<b>(25,008)</b>	<b>17,714</b>
Land in leasing	0	0	0	2,136	(404)	0	0	2,136	(404)	1,732
Leased buildings and minor construction and improvements	0	0	0	13	(11)	0	0	13	(11)	2
Leased machinery, equipment & plant	0	0	0	75	(64)	0	0	75	(64)	11
Leased furniture, office machinery, transport equipment	0	0	0	335	(111)	(12)	12	323	(99)	224
<b>TOTAL LEASED TANGIBLE ASSETS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,559</b>	<b>(590)</b>	<b>(12)</b>	<b>12</b>	<b>2,547</b>	<b>(578)</b>	<b>1,969</b>
<b>TOTAL TANGIBLE ASSETS</b>	<b>42,849</b>	<b>(22,983)</b>	<b>19,867</b>	<b>5,070</b>	<b>(2,750)</b>	<b>(2,650)</b>	<b>147</b>	<b>45,269</b>	<b>(25,586)</b>	<b>19,683</b>

In 2019, this category increased by Euro 5.1 million, of which Euro 2.5 million concerning mainly the acquisition and installation of:

- a snow-clearance vehicle;
- three new automatic passport control units (ABC Gate)
- explosives detectors, equipment and devices for security checks.

The remaining Euro 2.6 million concerns the recognition of the right-of-use of leased assets following the application from January 1, 2019 of the new IFRS 16, whose movements are detailed in the table below. The value of leased land was increased by the estimate of restoration charges for an area allocated to parking as contractually stipulated, for Euro 0.04 million; against this, a future charges provision was established (note 16).

Investment property includes the total value of land owned by the Group earmarked for the construction of investment property; these amounts were initially recorded at purchase cost and subsequently measured using the cost method.

This land is not subject to amortisation but, as per IAS 40, a technical report is undertaken to support the fair value. The technical report undertaken internally by the Parent Company confirms that the value of the inscription cost approximates, for nature and strategic value of the investment, its fair value. At the preparation date of the financial statements, there were no impairment indicators on these assets.



### 3. Investments

The investment in the associated company Ravenna Terminal Passeggeri S.r.l., taking into account the forecasted negative results for the years 2015 and 2016, was written down in 2014. The results in subsequent years confirmed this forecast.

The following table breaks down other investments at December 31, 2019 (unchanged compared with December 31, 2018, except for a slight degree of rounding):

<i>in thousands of Euro</i>	As at 31.12.2018	Increases / Acquisitions	Decreases / Disposals	Write-downs	As at 31.12.2019
Other investments	43	1	0	0	44
<b>TOTAL INVESTMENTS</b>	<b>43</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>44</b>

The composition of the account is as follows:

<i>in thousands of Euro</i>	Holding	at 31.12.2019	at 31.12.2018	Change
Consorzio Energia Fiera District	14.3%	3	3	0
CAAF dell'Industria Spa	0.07%	0	0	0
Bologna Welcome Srl	10%	41	40	1
<b>TOTAL OTHER INVESTMENTS</b>		<b>44</b>	<b>43</b>	<b>1</b>

### 4. Other non-current financial assets

The following table shows the movements in other non-current financial assets for the year ended December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2018	Increases/ Acquisitions	Decreases / Reclass.	Write- downs	As at 31.12.2019
Receivables from Terminal Value	0	364	0	0	364
Equity Financial Instruments	10,873	0	0	0	10,873
Escrow bank accounts/Saving bonds	5,070	0	(5,000)	0	70
Other financial assets	262	1,017	0	0	1,279
<b>TOTAL OTHER NON-CURRENT FINANCIAL ASSETS</b>	<b>16,205</b>	<b>1,381</b>	<b>(5,000)</b>	<b>0</b>	<b>12,586</b>

At December 31, 2019 the account "Other non-current financial assets" mainly comprises:

- Euro 0.4 million in receivables from Terminal Value for the portion of fees for construction/improvement services provided by the Company relating to investments, as well as a supplement to the performance obligation fee, in accordance with IFRS 15, on the interventions carried out on the provisions for renewal relating to the concession contract. This receivable for the Terminal Value corresponds to the present value of the receivable from application of the Terminal Value regulation, as per the updated Article 703 of the Navigation Code (Article 15 *quinquies*, paragraph 1, Legislative Decree No. 148 of 16/10/2017, converted with amendments by Law No. 172/2017), which established that, for investments in concession rights, the airport manager shall receive from the succeeding concession holder, on conclusion of the concession, an amount equal to the residual value at that date of the investment, in addition to the interventions made on the provisions for renewal, both calculated according to the regulatory accounting rules;
- Euro 10.9 million of equity financial instruments in Marconi Express Spa, concession holder for the construction and management of the rapid rail link infrastructure between the Airport and Bologna Central Station called People Mover. This financial instrument, subscribed on January 21, 2016 for a total value of Euro 10.9 million, is recorded at December 31, 2019 corresponding to the amount effectively paid or rather the cost incurred at that date. The investment, in addition to the

strategic/operating interest related to improving accessibility to the airport, meets the Group’s objective both in relation to the collection of the contractual cash flows and to any future sale of the financial asset. In accordance with IFRS 9, since it is an equity instrument, financial assets are measured at fair value through profit or loss. Specifically, considering the difficulty in measuring the fair value of this Equity Financial Instrument, the Group availed of the exemption permitted for equity financial instruments where the fair value may not be reliably measured. Consequently, the subsequent valuations of this SFP are at cost and any reductions in value, quantified comparing the book value with the present value of the expected cash flows discounted at the market rate for similar instruments, are recorded in the Income Statement and may not be written back;

- Euro 0.07 million to the account “Escrow bank accounts/Savings bonds” concerning an escrow bank account at Banco BPM for the payment of the amounts due on the provision to and/or withdrawal of goods from the “Temporary Custody” Warehouse at Bologna Airport. This account decreased in the period by Euro 5 million due to the sale of Savings Bonds acquired in December 2018, with maturity in December 2020. In accordance with IFRS 9, these investments made to utilise temporary liquidity for the purposes of collecting contractual amounts are classified to the “Held to collect - HTC” category. The contractual maturity defined, the yield defined and calculated on the notional amount permits the passing of the SPPI tests and therefore the valuation at amortised cost. The advance settlement was undertaken in view of the payment maturities, among which the distribution of dividends on the 2018 result for Euro 16.2 million, as approved by the Shareholders’ Meeting of April 29, 2019. The advance sale does not reflect a change in the business model underlying the purchase of this financial instrument, but represented an opportunity to maximise financial income;
- Euro 1.3 million of capitalisation products; the initial Euro 0.3 million, in place at December 31, 2018, of 5-year duration and May 2021 maturity and the second of Euro 1 million acquired in 2019, of 10-year duration and with 2029 maturity. In accordance with the standard IFRS 9, these assets are classified to the category “Held to collect – HTC”, as this complies with the Group’s need to invest temporary liquidity held in order to collect the contractual cash flows. In this specific case, the maturity is defined contractually, but the return is related to the capital management performance and therefore these financial instruments are measured at fair value through profit or loss.

## 5. Deferred tax assets

The following table presents the movements in deferred tax assets for the year ended December 31, 2019 compared with December 31, 2018.

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Util./Reclass.	IRES adjustments	As at 31.12.2019
<b>DEFERRED TAX ASSETS</b>	<b>6,108</b>	<b>1,241</b>	<b>(1,308)</b>	<b>149</b>	<b>6,190</b>

The tables below outline the breakdown of the items resulting in the recognition of deferred tax assets, broken down between IRES and IRAP.

Specifically:

- “Other deferred deductible costs” mainly include maintenance costs as per Article 107 of the CFA, deductible in future years;
- “Fiscally deferred provisions” mainly includes other provisions for disputes and charges deductible in future years;
- “Provision for renewal of airport infrastructure” refers to the portion of the provision not deducted for IRES/IRAP purposes, in addition to the quota deductible for IRES purposes in future years;

- “Listing costs” includes the costs related to the listing of the shares of the parent company on the STAR Segment of the Italian Stock Market on July 14, 2015, recorded in the Income Statement and in part in an Equity reserve and deductible over 5 years from the year 2015.

In addition, the adjustment to the receivable deriving from the establishment for the three-year period 2019-2020-2021 of the 3.5% IRES increase on companies carrying out activities under concession has been reported in a specific column, considering the year in which these activities will be carried out.

<i>in thousands of Euro</i>	at 31.12.2018	Increases	Uses	at 31.12.2019	at 31.12.2018	Increases	Uses	Adjustments for IRES change	at 31.12.2019
1) Other costs IRES deferred deductibility	7,853	1,413	(2,595)	6,671	1,884	357	(621)	123	1,743
2) Provision for doubtful accounts	902	855	(1)	1,756	217	205	0	0	422
3) Deferred tax provisions	1,581	127	(516)	1,192	379	30	(124)	0	285
4) Provision for renewal of airport infrastructure	10,473	1,556	(567)	11,462	2,512	426	(136)	24	2,826
5) Amortisation concess. rights from ENAC - ENAV agreement	221	0	(14)	207	54	0	(4)	1	51
6) Listing costs	924	0	(924)	0	222	0	(222)	0	0
7) Discounting severance provision plus other long-term personnel costs	342	297	(45)	594	57	73	(11)	1	120
8) Amortisation set-up and expansion costs	21	0	(2)	19	5	0	(1)	0	4
9) Recoverable tax losses	628	0	(355)	273	151	0	(85)	0	66
<b>Total IRES</b>	<b>22,945</b>	<b>4,248</b>	<b>(5,019)</b>	<b>22,174</b>	<b>5,481</b>	<b>1,091</b>	<b>(1,204)</b>	<b>149</b>	<b>5,517</b>

<i>in thousands of Euro</i>	at 31.12.2018	Increases	Uses	at 31.12.2019	at 31.12.2018	Increases	Uses	Adjustments for IRES change	at 31.12.2019
Other							0	(18)	70
<b>Total IRES</b>					<b>88</b>	<b>0</b>	<b>(18)</b>	<b>0</b>	<b>70</b>

<i>in thousands of Euro</i>	at 31.12.2018	Increases	Uses	at 31.12.2019	at 31.12.2018	Increases	Uses	Adjustments for IRES change	at 31.12.2019
IRAP deferred tax provisions	438	7	(1)	444	19	0	0	0	19
Provision for renewal of airport infrastructure	12,133	3,482	(2,007)	13,608	508	146	(84)	0	570
Amortisation FTA set-up and expansion costs	21	0	(2)	19	1	0	0	0	1
Amortisation concession rights from ENAC-ENAV agreement	149	0	(14)	135	6	0	0	0	6
Discounting other long-term personnel costs	118	87	(37)	168	5	4	(2)	0	7
<b>Total IRAP</b>	<b>12,859</b>	<b>3,576</b>	<b>(2,061)</b>	<b>14,374</b>	<b>539</b>	<b>150</b>	<b>(86)</b>	<b>0</b>	<b>603</b>
<b>Total</b>					<b>6,108</b>	<b>1,241</b>	<b>(1,308)</b>	<b>219</b>	<b>6,190</b>

The following table on the other hand shows the tax credits, within AdB, for the utilisation of the fiscal benefits in relation to: interventions for energy recovery; capex investments as per Article 18 of Law-Decree No. 91/2014; R&D investments as per Article 1, paragraph 35 of Law No. 190/2014.

In relation to the use of the tax credit for research and development, during 2019 the Parent Company did not develop any projects for which it is applicable, focusing on projects to improve the performance of the IT infrastructure, on projects under the new Innovation Plan to promote and facilitate the digital transformation process and for the consolidation of activities already commenced. The objective, also taking into account the overall Investment Plan, is to continue research activities during the financial years 2020-2021, also in consideration of the regulatory changes that redesign the regulations governing tax credits for research and development, technological innovation and other innovative activities of companies for the tax period subsequent to December 31, 2019.

<i>in thousands of Euro</i>	<i>Tax Credit</i>			
	As at 31.12.2018	Increases	Uses	As at 31.12.2019
Other Receivables		88	0	(18)
<b>Total “Other credits”</b>		<b>88</b>	<b>0</b>	<b>(18)</b>

## 6. Other non-current assets

The following table breaks down other non-current assets at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Non-current prepaid expenses and accrued income	184	59	125
Guarantee deposits	88	88	0
Non-current tax receivables	722	1,317	(595)
<b>OTHER NON-CURRENT ASSETS</b>	<b>994</b>	<b>1,464</b>	<b>(470)</b>

The main account relates to non-current tax receivables concerning the receivable recorded following the IRES reimbursement request for the non-deduction of IRAP on personnel costs (Legislative Decree 201/2011 and Tax Agency Decision No. 2012/140973 of 2012) for the portion concerning the years 2009-2011 for Euro 0.6 million. The amount includes the share of the subsidiaries Tag Bologna and Fast Freight within the Group fiscal consolidation whose settlement will be undertaken directly by the Parent Company based on the tax consolidation agreement in the year the amounts are recorded in the financial statements. In December 2019, the parent company received the repayment with regards to the years 2007-2008, to which the decrease in the period corresponds.

## 7. Inventories

The following table breaks down inventories at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Inventories of raw materials, supplies and consumables	519	527	(8)
Inventories of finished products	103	67	36
<b>INVENTORIES</b>	<b>622</b>	<b>594</b>	<b>28</b>

Ancillary and consumable inventories did not change significantly and concern mainly inventories held of workshop materials and consumables, such as stationary and printing, in addition to heating fuel and de-icing liquid for the runway. The inventories of finished products concerns aircraft fuel and the anti-freeze liquid for aircraft that from winter season 2019 is purchased directly from Adb, while previously covered by a contract with the handler providing the de-icing service at Bologna airport.

## 8. Trade receivables

The table below illustrates the trade receivables and the relative doubtful debt provision:

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Trade receivables	17,300	15,230	2,070
Provisions for doubtful accounts	(1,836)	(958)	(878)
<b>TRADE RECEIVABLES</b>	<b>15,464</b>	<b>14,272</b>	<b>1,192</b>

At December 31, 2019, trade receivables for Euro 15.5 million were stated net of the Provision for Doubtful Accounts of Euro 1.8 million, with an increase principally concerning greater revenues, as the average collection days were substantially in line over the two comparative years (40 days in 2019 and 41 in 2018), indicating the close attention that the Group has focused on receivable management (See Key Indicators paragraph in the Directors' Report).

The Provision for Doubtful Accounts also increased significantly (from Euro 1 million to Euro 1.8 million), due - almost exclusively - to the write-down of the receivable matured in the year from certain carriers in the Balkans area, the main one being Ernest, whose license was suspended by Enac in January 2020.

The provision in fact mainly includes write-downs based on specific analysis of overdue amounts and/or disputes, whose probability of recovery is estimated also through the support of legal advisors and taking into account guarantees received from clients. On the residual debtor balance, classified by customer category and overdue period, the simplified parameter method is applied, as permitted by IFRS 9 for companies with a diversified and fragmented client portfolio.

The movements in the provision for doubtful accounts were as follows:

<i>in thousands of Euro</i>	at 31.12.2018	Provisions	Utilizations	Releases	at 31.12.2019
<b>PROVISIONS FOR DOUBTFUL ACCOUNTS</b>	<b>(958)</b>	<b>(915)</b>	<b>0</b>	<b>35</b>	<b>(1,836)</b>

<i>in thousands of Euro</i>	at 31.12.2017	Provisions	Utilizations	Releases	at 31.12.2018
<b>PROVISIONS FOR DOUBTFUL ACCOUNTS</b>	<b>(908)</b>	<b>(97)</b>	<b>22</b>	<b>25</b>	<b>(958)</b>

The provisions in the year total Euro 915 thousand, of which Euro 897 thousand recorded as a direct reduction of the relative revenues as concerning amounts matured in 2019 which are no longer considered collectible and Euro 18 thousand classified to the provisions account in the income statement.

An analysis of the aging of trade receivables of the Group at December 31, 2019 compared with December 2018 is reported below:

<i>in thousands of Euro</i>	Not yet due	Overdue	Total as at 31.12.2019
Trade receivables for invoices/credit notes issued	9,573	7,699	17,272
Trade receivables for invoices/credit notes to be issued	28	0	28
<b>TOTAL TRADE RECEIVABLES</b>	<b>9,601</b>	<b>7,699</b>	<b>17,300</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30 days	Overdue 30-60 days	Overdue 60-90 days	Overdue beyond 90	Total
<b>TRADE RECEIVABLES</b>	<b>9,573</b>	<b>1,526</b>	<b>3,226</b>	<b>253</b>	<b>2,694</b>	<b>17,272</b>

<i>in thousands of Euro</i>	Not yet due	Overdue	Total as at 31.12.2018
Trade receivables for invoices/credit notes issued	8,459	6,733	15,192
Trade receivables for invoices/credit notes to be issued	38	0	38
<b>TOTAL TRADE RECEIVABLES</b>	<b>8,497</b>	<b>6,733</b>	<b>15,230</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30 days	Overdue 30-60 days	Overdue 60-90 days	Overdue beyond 90	Total
<b>TRADE RECEIVABLES</b>	<b>8,459</b>	<b>3,956</b>	<b>845</b>	<b>396</b>	<b>1,536</b>	<b>15,192</b>

## 9. Other current assets

The following table breaks down other current assets at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
VAT Receivable	182	136	46
Direct income tax receivables	0	22	(22)
Other tax assets	7	3	4
Employee receivables	83	88	(5)
Other receivables	4,931	4,412	519
<b>OTHER CURRENT ASSETS</b>	<b>5,203</b>	<b>4,661</b>	<b>542</b>

Other receivables are composed of:

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Prepayments and accrued income	327	298	29
Advances to suppliers	61	105	(44)
Pension and social security institutions	19	54	(35)
Municipal surtax receivables	4,799	4,538	261
Other current receivables provision for doubtful accounts	(763)	(1,088)	325
Other current receivables	488	505	(17)
<b>TOTAL OTHER RECEIVABLES</b>	<b>4,931</b>	<b>4,412</b>	<b>519</b>

Relating to the account "Municipal surtax receivable" the Group charged the carriers the boarding fee municipal surtax, as per Article 2, paragraph 11 of Law 350/2003 and subsequent integrations and modifications, and once collected, paid the amount to the State and to INPS respectively in the present measure - valid also for 2019 - of Euro 1.50 and Euro 5.00 per passenger boarded. The increase in this account relates to the greater passenger numbers.

The account "other current receivables provision for doubtful accounts" includes the provision for municipal surtax doubtful accounts obtained for reclassification under assets in the statement of financial position, as a deduction of the respective receivable, of the municipal surtax to the carriers which in the meantime were subject to administration procedures or which contested the charge. This account:

- is exclusively an asset account,
- does not involve any provisions to the Income Statement,
- was classified as a deduction of the respective receivables due to the high improbability of recovery and the changes in the period are as shown in the table below:

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions/Increases	Utilizations	Releases	As at 31.12.2019
Provision for municipal surtax doubtful accounts	(1,088)	(24)	349	0	(763)
<b>TOTAL OTHER RECEIVABLES PROVISIONS FOR DOUBTFUL ACCOUNTS</b>	<b>(1,088)</b>	<b>(24)</b>	<b>349</b>	<b>0</b>	<b>(763)</b>

## 10. Current Financial Assets

The following table breaks down current financial assets at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Deposit accounts	500	13,400	(12,900)
Other financial receivables	1	49	(48)
<b>CURRENT FINANCIAL ASSETS</b>	<b>501</b>	<b>13,449</b>	<b>(12,948)</b>

The changes in the period in other current financial assets are illustrated in the table below.

<i>in thousands of Euro</i>	As at 31.12.2018	Acquisitions	Other increases/ reclassifications	Decreases / Disposals	As at 31.12.2019
Deposit accounts	13,400	500	0	(13,400)	500
Other financial receivables	49	0	0	(48)	1
<b>TOTAL OTHER CURRENT FINANCIAL ASSETS</b>	<b>13,449</b>	<b>500</b>	<b>0</b>	<b>(13,448)</b>	<b>501</b>

At December 31, 2019, this account comprised a certificate deposits of Euro 500 thousand, subscribed in 2019 and with maturity of October 2020.

This category of financial investments also meets the Group's temporary needs to invest liquidity in order to obtain the contractual cash flows. As per IFRS 9, these investments are classified in the category "Held to collect - HTC". The contractual maturity defined, the yield defined and calculated on the notional amount permits the passing of the SPPI tests and therefore the valuation at amortised cost.

The movements in the year concern other temporary liquidity uses reaching natural maturity and collected in 2019, as follows:

- certificate deposits for Euro 3.9 million subscribed in December 2018 and with maturity in June 2019;
- time deposits for:
  - o Euro 8 million acquired in December 2017 and with maturity June 2019;
  - o Euro 1.5 million acquired in November 2017 with maturity in May 2019.

## 11. Cash and cash equivalents

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Bank and postal deposits	29,227	15,735	13,492
Cash in hand and similar	26	27	(1)
<b>CASH AND CASH EQUIVALENTS</b>	<b>29,253</b>	<b>15,762</b>	<b>13,491</b>

"Bank and postal deposits" represent the bank current account balances.

## Net Financial Position

The following table shows the breakdown of the net financial position at December 31, 2019 and December 31, 2018, in accordance with Consob Communication of July 28, 2006 and the ESMA/2011/81 Recommendations:

	<i>in thousands of Euro</i>	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>
A	Cash	26	27
B	Other cash equivalents	29,227	15,735
C	Securities held for trading	0	0
<b>D</b>	<b>Cash and cash equivalents (A)+(B)+(C)</b>	<b>29,253</b>	<b>15,762</b>
<b>E</b>	<b>Current financial receivables</b>	<b>501</b>	<b>13,449</b>
F	Current bank debt	(28)	(43)
G	Current portion of non-current debt	(3,059)	(4,433)
H	Other current financial debt	(3,086)	(2,050)
<b>I</b>	<b>Current financial debt (F)+(G)+(H)</b>	<b>(6,173)</b>	<b>(6,526)</b>
<b>J</b>	<b>Net current financial position (I)-(E)-(D)</b>	<b>23,581</b>	<b>22,685</b>
K	Non-current bank debt	(11,643)	(14,690)
L	Bonds issued	0	0
M	Other non-current debt	(1,437)	0
<b>N</b>	<b>Non-current financial debt (K)+(L)+(M)</b>	<b>(13,080)</b>	<b>(14,690)</b>
<b>O</b>	<b>Net financial debt (J)+(N)</b>	<b>10,501</b>	<b>7,995</b>

The accounts A + B are equal to the balance of the account “cash and cash equivalents”; reference should be made to note 11 for further details.

The account C + E is equal to the account “current financial assets”; reference should be made to note 10 for further details.

The accounts F + G + H are equal to the balance of the account “current financial liabilities”; reference should be made to note 22 for further details.

The account K is equal to the balance of the account “non-current financial liabilities”; reference should be made to note 17 for further details.

For a detailed analysis on the movements in the net financial position in the two-year period 2018-2017 reference should be made to the analytical analysis in the Directors’ Report.



## LIABILITIES

### 12. Shareholders' Equity

The following table breaks down the Shareholders' Equity at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Share capital	90,314	90,314	0
Reserves	67,009	65,469	1,540
Profit for the year	20,852	17,927	2,925
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>178,175</b>	<b>173,710</b>	<b>4,465</b>

#### i. Share capital

The share capital of the Parent Company at December 31, 2019 amounts to Euro 90,314,162, entirely paid-in and comprising 36,125,665 ordinary shares without par value.

The following table outlines the calculation of the basic and diluted earnings per share:

<i>in Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018
Group profit	20,685,267	18,025,716
Average number of shares outstanding	36,125,665	36,125,665
<b>Undiluted earnings/(losses) per share</b>	<b>0.57</b>	<b>0.50</b>
<b>Diluted earnings/(losses) per share</b>	<b>0.57</b>	<b>0.50</b>

(\*) *Comprehensive Consolidated Income Statement*

The undiluted earnings and diluted earnings per share of the AdB Group at December 31, 2019 and at December 31, 2018 are the same due to the absence of potential dilutive instruments.

#### ii. Reserves

The following table breaks down the Reserves at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Share premium reserve	25,683	25,683	0
Legal reserve	7,170	6,310	860
Extraordinary Reserve	37,029	36,437	592
FTA Reserve	(3,272)	(3,272)	0
Profits carried forward	1,387	1,132	255
OCI Reserve	(988)	(821)	(167)
<b>TOTAL RESERVES</b>	<b>67,009</b>	<b>65,469</b>	<b>1,540</b>

The share premium reserve comprises:

- Euro 14.35 million following the paid-in share capital increase approved by the Shareholders' Meeting of February 20, 2006;
- Euro 11.33 million following the public offering of shares in July 2015.

Pursuant to Article 2431 of the Civil Code this reserve is available but may not be distributed until the legal reserve has reached the limit established as per article 2430 of the Civil Code.

The legal reserve, the extraordinary reserve and the retained earnings/(accumulated losses) increased due to the allocation of the profit in the previous year and, in relation to the Parent Company, net of the distribution of dividends approved by the Shareholders' Meeting of April 29, 2019 for Euro 16.2 million corresponding to a gross dividend of Euro 0.449 for each of the 36,125,665 ordinary shares in circulation at the dividend coupon date. The extraordinary reserve entirely comprises profits from previous years.

The OCI reserve records the changes deriving from the discounting of the severance provision in accordance with IAS 19 revised (note 13), net of the relative tax effect as per the following table:

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
IAS 19 actuarial profits/losses	(1,300)	(1,080)	(220)
Deferred taxes on actuarial gains/losses as per IAS 19	312	259	53
<b>OCI RESERVE</b>	<b>(988)</b>	<b>(821)</b>	<b>(167)</b>
<b>of which minority interest</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>of which Group</b>	<b>(988)</b>	<b>(821)</b>	<b>(167)</b>

### 13. Severance and other personnel provisions

The following table breaks down severance and other personnel provisions at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Severance	4,088	4,087	1
Other personnel provisions	169	118	51
<b>SEVERANCE AND OTHER PERSONNEL PROVISIONS</b>	<b>4,257</b>	<b>4,205</b>	<b>52</b>

The table below shows the movements in the provisions in the period:

<i>in thousands of Euro</i>	As at 31.12.2018	Service cost	Net interest	Benefits paid	Actuarial profits/(losses)	As at 31.12.2019
Severance	4,087	22	47	(273)	205	4,088
Other personnel provisions	118	96	1	(61)	15	169
<b>SEVERANCE AND OTHER PERSONNEL PROVISIONS</b>	<b>4,205</b>	<b>118</b>	<b>48</b>	<b>(334)</b>	<b>220</b>	<b>4,257</b>

The actuarial valuation of severance provisions is carried out on the basis of the "benefits matured" with the support of actuarial experts.

The principal assumptions in the actuarial estimation process of the severance provisions for the years concerned are as follows:

- a) discount rate: 0.77% for the valuation at 31.12.2019 and 1.57% for the valuation at 31.12.2018;
- b) inflation rate: 1.20% for the valuation at 31.12.2019 and 1.50% for the valuation at 31.12.2018;

- c) demographic bases (mortality/invalidity): the mortality tables RG 48 published by the State General Office were used for the mortality rates. For invalidity, an INPS table based on age and gender was utilised;
- d) staff turnover rate (Parent Company): 1%.

As for any actuarial valuation the results depend on the technical bases adopted such as, among others, interest rate, inflation rate and expected turnover. The table below shows the sensitivity for each actuarial assumption at the end of the year, highlighting the effects of the changes of the actuarial assumptions reasonably possible at that date, in absolute terms.

<i>in thousands of Euro</i>	Valuation parameter					
	+1 % on turnover rate	-1 % on turnover rate	+ 0.25% on annual inflation rate	- 0.25% on annual inflation rate	+ 0.25% on annual discount rate	- 0.25% on annual discount rate
Severance	4,057	4,124	4,149	4,029	3,994	4,187

For completeness the following table also shows the expected disbursements of the plan over a 5-year period:

Years	Estimated future disbursements (In thousands of Euro)
1	551
2	227
3	122
4	120
5	295

The other personnel provisions at December 31, 2019 concern the long-term incentive plan and the non-competition agreement of the Chief Executive Officer/General Manager as governed by the Remuneration Policy commented upon in the Corporate Governance and Share Ownership Report, to which reference should be made.

The actuarial valuation at December 31, 2019 of the long-term incentive plan (III cycle 2017-2019, IV 2018-2020 and V cycle 2019-2021) and the non-competition agreement was made with the support of actuarial experts utilising the “benefits matured” method based on IAS 19 (paragraphs 67-69) through the “Project Unit Credit” criterion. Under this method the valuation is based on the average present value of the obligations matured based on the employment service up to the time of the valuation. The main valuation parameters were:

- a) discount rate: 0.77% for the valuation at December 31, 2019 (1.57% for the valuation at December 31, 2018) of the liability for the non-competition agreement equal to the yield on the comparable duration of the employment duration in the sector and -0.11% for the valuation at December 31, 2019 (0.12% for the valuation at December 31, 2018) of the liabilities for the long-term incentive, yield in line with the three-year duration of the plans under consideration;
- b) demographic bases (mortality/invalidity): the mortality tables RG 48 published by the State General Office were used for the mortality rates. For invalidity, the INPS table for the 2010 projections was utilised;
- c) frequency voluntary resignations and dismissals by the company: 1%;
- d) probability of reaching objectives equal to 50-80% of the second cycle.

Finally, we report the sensitivity which highlights the effects on the other employee provisions, in particular on the provision relating to the non-competitive agreement, in the case of termination of employment with probability equal to 10%:

<i>in thousands of Euro</i>	Service cost
Other personnel provisions	43

#### 14. Deferred tax liabilities

The following table breaks down the deferred tax liabilities at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Uses	As at 31.12.2019
<b>DEFERRED TAX LIABILITIES</b>	<b>2,456</b>	<b>102</b>	<b>0</b>	<b>2,558</b>

The deferred tax liability provision amounts to Euro 2.5 million. The deferred tax liabilities were recorded on transition to IFRS following the application of IFRIC 12 “*Service concession arrangements*”, as illustrated in the note relating to the Transition to International Accounting Standards IFRS in the 2014 Financial Statements. The increase in the year is also attributable to the application of IFRIC 12 on the investments in concession rights without any tax impact.

<i>in thousands of Euro</i>	Assessable				Tax			
	at 31.12.2018	Increases	Uses	at 31.12.2019	at 31.12.2018	Increases	Uses	at 31.12.2019
Amortisation concession rights	8,780	389	0	9,169	2,106	93	0	2,199
<b>Total IRES</b>	<b>8,780</b>	<b>389</b>	<b>0</b>	<b>9,169</b>	<b>2,106</b>	<b>93</b>	<b>0</b>	<b>2,199</b>

  

<i>in thousands of Euro</i>	Assessable				Tax			
	at 31.12.2018	Increases	Uses	at 31.12.2019	at 31.12.2018	Increases	Uses	at 31.12.2019
Amortisation concession rights	8,307	215	0	8,522	350	9	0	359
<b>Total IRAP</b>	<b>8,307</b>	<b>215</b>	<b>0</b>	<b>8,522</b>	<b>350</b>	<b>9</b>	<b>0</b>	<b>359</b>
<b>Total</b>					<b>2,456</b>	<b>102</b>	<b>0</b>	<b>2,558</b>

#### 15. Provision for renewal of airport infrastructure (non-current)

The provision for renewal of airport infrastructure includes the provision allocated to cover the conservation maintenance expenses and renewal of the assets held under concession which the Group must return at the end of the concession period, scheduled in 2044, in perfect functioning state.

The following table presents the movements for the provision for the year ended December 31, 2019 together with the table as per note 20, relating to the current portion of the provision.

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Utilizations	Reclassifications	As at 31.12.2019
<b>PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)</b>	<b>10,332</b>	<b>3,483</b>	<b>(289)</b>	<b>(4,002)</b>	<b>9,524</b>

The increases in 2018 totalled Euro 3.5 million, of which Euro 2.9 million classified under provisions in the income statement and the residual of Euro 0.6 million recorded under financial expenses from discounting. Utilisations at December 31, 2019 amounted to Euro 2 million and are stated also in note 20 (current portion), to which reference should be made.

The decreases from reclassifications concern the periodic reclassification to current liabilities of the disbursements expected in the twelve months subsequent to period end.

At December 31, 2019, the infrastructure renewal provision totalled Euro 13.3 million (Euro 12.1 million at December 31, 2018).

For completeness the following table shows the sensitivity in the interest rates applied for the discounting of the provision for renewal of airport infrastructure at December 31, 2019:

<i>in thousands of Euro</i>	Financial (charges)/ financial income	Sensitivity Analysis (+0.5%)	Sensitivity Analysis (-0.1%)
Provision for renewal of airport infrastructure	589	664	573

The discounting curve utilised for the valuation includes the country risk. In this specific case the input data utilised was the short, medium and long-term zero-coupon government bonds (from 3 months to 30 years), sourced from the information provider Bloomberg.

## 16. Provisions for risks and charges (non-current)

The changes in the provision for “Risks and charges” in the year are reported below:

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Util./Other decreases	As at 31.12.2019
Risk provision for disputes	875	104	(1)	978
Provisions for other risks and charges	153	259	0	412
<b>PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)</b>	<b>1,028</b>	<b>363</b>	<b>(1)</b>	<b>1,390</b>

There were no significant utilisations during the year, while the most significant increase relates to the estimate of the liability of Euro 215 thousand, linked to the definition of the cadastral category of some buildings following the deed of notification of invitation by the Municipality of Bologna to a different cadastral classification - with respect to that agreed with the Administration since 2007 - as received on February 10, 2020, with a consequent impact on the IMU (property tax) for recent years. The deed, addressed to the Parent Company, by virtue of the contractual relationship with the subsidiary Tag also concerns certain properties managed by the latter.

The increase in the year also concerns the estimate of future charges of Euro 43 thousand linked to the costs of restoring a plot of land at the end of the relative leasing contract.

### **Contingent liabilities**

With reference to the notice of invitation to a different cadastral classification of the Municipality of Bologna referred to above, the Directors, taking into account the factual and legal arguments shared with their tax advisors, have decided to qualify the contingent liability as possible for a further estimated amount of Euro 288 thousand and therefore to include appropriate information in the Notes.

On July 26, 2016, on the completion of a general review commenced on May 18, 2016 for the year 2013 of the Parent Company, the Bologna Tax Agency prepared a tax assessment highlighting a presumed derecognition of the IRES deductibility of the loss of Euro 5 million deriving from the enforcement of the surety guarantee issued in 2007 by AdB to the financial institutions of SEAF, Società di Gestione dell'Aeroporto di Forlì, company declared bankrupt in 2013.

The Directors, taking account of the factual and legal arguments of the Parent Company, as formalised in the petitions forwarded to the Tax Agency concerning the financial and therefore tax reasoning behind the

choices made, categories the liability as potential and therefore only includes appropriate disclosure in the Notes.

In relation, finally, to the extraordinary administration of Alitalia, the Group assessed the potential liability related to the revocation of receivables arising in the six months before the procedure, for an amount of Euro 1.49 million, net of municipal surtaxes. At the preparation date of this document, taking account of the information noted and the defensive arguments arising in the case in which this request is advanced, the Directors considered it appropriate to provide disclosure in the Notes, without making any accrual, although while at the same time continuing to closely monitor the airline's situation.

## 17. Non-current financial liabilities

The following table breaks down non-current financial liabilities at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Bank loans – non-current	11,643	14,690	(3,047)
Non-current financial payables for leasing	1,437	0	1,437
<b>NON-CURRENT FINANCIAL LIABILITIES</b>	<b>13,080</b>	<b>14,690</b>	<b>(1,610)</b>

At December 31, 2019, the account loans - non-current portion comprises the medium/long-term portion of the loans undertaken by the Group and in place at this date.

Total bank loans at December 31 amount to Euro 14.7 million, of which Euro 11.6 million non-current and Euro 3.1 million current (note 22).

The decrease in the year is mainly due to repayments totalling Euro 4.4 million, including the instalments of the Banca OPI S.p.A (now Intesa Sanpaolo S.p.A.) loan maturing in June 2019 and fully settled at that date.

At December 31, 2019 the account comprised:

- fifteen-year bank loan with maturity 2026, with a residual balance of Euro 3.3 million at December 31, 2019 (Euro 3.8 million at December 31, 2018), granted by Monte dei Paschi di Siena (former Banca Agricola Mantovana) to fund investments of the General Aviation Terminal. This liability is classified for Euro 2.8 million under non-current loans (Euro 3.25 million at December 31, 2018), and for Euro 0.5 million, equal to the capital portion to be repaid in 2020, under current loans (same amount at December 31, 2018);
- ten-year bank loan with 2024 maturity, with a balance of Euro 11.4 million at December 31, 2019 (Euro 13.98 million at December 31, 2018), granted by Banca Intesa to fund the infrastructure investment plan. This loan is classified for Euro 8.9 million under non-current loans (Euro 11.44 million at December 31, 2018), and for Euro 2.5 million under current loans (same amount at December 31, 2018). In 2014, the Parent Company paid Euro 0.3 million for organisation/structuring commission on this loan, recorded under Other current assets at December 31, 2014 and once the loan was granted treated in line with IFRS 9.

The Parent Company must comply with the following economic/financial covenants calculated annually on its financial statements:

- - NFP/EBITDA (lower than 1.7 for 2019 - complied with).
- - NFP/SE (lower than 0.3 for 2019 - complied with).

The contractual conditions of the loans in place at December 31, 2019 are illustrated below:

Credit Institution	Type of loan	Interest rate applied	Rate	Maturity	Covenant
Intesa San Paolo S.p.A.	Loan	Fixed rate of 3%	Half-Year	2024	Yes
Monte dei Paschi di Siena (former Banca Agricola Mantovana)	Loan	Euribor variable 3 Months + spread 0.9%	Quarterly	2026	No

The loans are not covered by secured guarantees.

A sensitivity analysis is illustrated below on variable interest rate loans held at December 31, 2019.

Credit Institution	Type of loan	Interest rate applied	in thousands of Euro			
			Balance 31.12.2019	Interest balance for year	Sensitivity Analysis (+0.5%)	Sensitivity Analysis (-0.1%)
Intesa Sanpaolo S.p.A (former Banca OPI S.p.A)	Banking	rate applied by EIB to the Bank + 0.45%	0	3	5	2
Monte dei Paschi di Siena (former Banca Agricola Mantovana)	Banking	euribor 3 months/360 + 0.9%	3,256	20	38	17

With reference to the cross-default clauses on the loan contracts of the Company, these include both clauses where the benefits are no longer applicable and where the Company financed is not in compliance with obligations of a credit or financial nature, or guarantees assumed with any party. We report that at December 31, 2019 the Group has not received any communication for application of cross default clauses by any of its lenders.

We illustrate below the table required by the amended IAS 7 - Cash Flow Statement for a greater disclosure of changes in financial liabilities:

<i>in thousands of Euro</i>	01/01/2019	Cash flows	New contracts	Interest/Other Reclassifications	31/12/2019
Loans - current portion	4,433	(7,447)	3,000	3,073	3,059
Lease liabilities - current portion	1,062	(579)	12	26	521
Loans - non-current portion	14,690	0	0	(3,047)	11,643
Lease liabilities - non-current portion	1,282	0	79	76	1,437
<b>Total</b>	<b>21,467</b>	<b>(8,026)</b>	<b>3,091</b>	<b>128</b>	<b>16,660</b>

Finally, “non-current financial liabilities for leasing” of Euro 1.4 million concern contractually due fees and with maturity beyond one year, for third party asset usage rights recognised to fixed assets from January 1, 2019 under IFRS 16.

## 18. Trade payables

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
<b>TRADE PAYABLES</b>	<b>18,537</b>	<b>19,011</b>	<b>(474)</b>

Payables are mainly to domestic suppliers and slightly decreased on December 31, 2018, substantially due to stable external operating costs, including investments and utilisations of provisions for renewal, over the two comparative years.

The table below shows the breakdown of trade payables at December 31, 2019 and December 31, 2018 by due date:

<i>in thousands of Euro</i>	Not yet due	Overdue	Total as at 31.12.2019
Invoices/credit notes received	4,712	4,529	9,241
Invoices/credit notes to be received	9,296	0	9,296
<b>TOTAL TRADE PAYABLES</b>	<b>14,008</b>	<b>4,529</b>	<b>18,537</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
<b>TRADE PAYABLES</b>	<b>4,712</b>	<b>4,225</b>	<b>160</b>	<b>17</b>	<b>127</b>	<b>9,241</b>

<i>in thousands of Euro</i>	Not yet due	Overdue	Total as at 31.12.2018
Invoices/credit notes received	7,149	1,785	8,934
Invoices/credit notes to be received	10,077	0	10,077
<b>TOTAL TRADE PAYABLES</b>	<b>17,226</b>	<b>1,785</b>	<b>19,011</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
<b>TRADE PAYABLES</b>	<b>7,149</b>	<b>1,401</b>	<b>109</b>	<b>4</b>	<b>270</b>	<b>8,934</b>

## 19. Other Liabilities

The following table breaks down current liabilities at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Current tax payables	3,598	2,123	1,475
Employee payables and social security institutions	4,708	4,113	595
ENAC concession fee and other State payables	17,669	15,710	1,959
Other current liabilities, accrued liabilities and deferred income	5,137	4,421	716
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>31,112</b>	<b>26,367</b>	<b>4,745</b>



The principal changes were as follows:

**i. Current tax payables**

The following table breaks down tax payables at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
VAT payable	0	278	(278)
Direct income taxes	2,620	808	1,812
Other tax payables	978	1,037	(59)
<b>TOTAL CURRENT TAX PAYABLES</b>	<b>3,598</b>	<b>2,123</b>	<b>1,475</b>

The increase in tax payables is mainly due to the increased tax base and of the IRES rate of Adb and Tag from 24% to 27.5% for the three-year period 2019-2021.

**ii. Employee payables and social security institutions**

The following table breaks down employee payables and social security institutions at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Due to personnel remuneration	1,030	1,162	(132)
Employee deferred compensation	2,365	1,830	535
Social security payables	1,313	1,121	192
<b>EMPLOYEE PAYABLES AND SOCIAL SECURITY INSTITUTIONS</b>	<b>4,708</b>	<b>4,113</b>	<b>595</b>

In addition to the greater number of employees and the consequent increase in personnel costs, the increase in these payables, mainly to employees for deferred compensation, follows the renewal of the Collective Bargaining Agreement in January 2020 with the consequent setting of the One-off payment in favour of employees for the “contractual renewal” period and the parallel reclassification of the employee back-dated provision (Note 21) under employees deferred compensation and social security payables.

**iii. ENAC concession fee and other State payables**

The ENAC concession fees and other State payables mainly comprises:

- Euro 14.2 million (Euro 12.7 million in 2018) concerning the fire prevention service as governed by Article 1, paragraph 1328 of the 2007 Finance Act, modified by Article 4, paragraph 3bis of Law No. 2/2009. For further details, reference should be made to the chapter on Disputes in the Directors’ Report;
- Euro 3.5 million (Euro 2.9 million in 2018) as the variable airport concession fee payable.

**iv. Other current liabilities, accrued liabilities and deferred income**

The following table breaks down current liabilities, accrued liabilities and deferred income December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Municipal surtax payables	4,036	3,449	587
Other current liabilities	1,018	910	108
Current accrued liabilities and deferred income	83	62	21
<b>TOTAL OTHER CURRENT LIABILITIES, ACCRUED LIABILITIES AND DEFERRED INCOME</b>	<b>5,137</b>	<b>4,421</b>	<b>716</b>

The main account concerns the municipal surtax relating to the receivables from carriers not yet received at December 31 for Euro 4 million. The increase is related to the growth in traffic and therefore of turnover. The portion of the municipality surtax payable relating to receivables collected from carriers, not yet paid to the creditor entities on the other hand is classified under current financial liabilities (Note 22). Other current liabilities include deposits and advances received from customers in addition to deferred income and miscellaneous payables.

## 20. Provision for renewal of airport infrastructure (current)

The following table shows the movement of the provision for renewal of airport infrastructure at December 31, 2019.

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Uses	Reclassifications	As at 31.12.2019
<b>PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)</b>	<b>1,757</b>	<b>0</b>	<b>(1,719)</b>	<b>4,002</b>	<b>4,040</b>

This is the current portion of the provision for renewal of airport infrastructure, which is expected to be used in the next twelve months, and is reported in full in note 15.

Utilisations of the provision as at December 31, 2019 amounted to Euro 2 million and mainly concerned the refurbishment of the waterproofing covering of the airport run-off water collection tank located at the Olmi quarry site, the restoration of the external sidewalks of the terminal, the roofing at the workshop, in addition to the replacement of some AHU equipment and flight information monitors for passengers.

## 21. Provisions for risks & charges (current)

The changes in the current provision for risks and charges in the year are reported below:

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Uses/Reclassifications	As at 31.12.2019
Employee back-dated provision	526	88	(596)	18
<b>PROVISIONS FOR RISKS AND CHARGES (CURRENT)</b>	<b>526</b>	<b>88</b>	<b>(596)</b>	<b>18</b>

The increase concerns the employee back-dated provision for the renewal of the Airport Operators Trade Union Agreement expired on December 31, 2016 and of the Assohandlers Trade Union Agreement expired on June 30, 2017. In January 2020, the new Airport Operators' Collective Bargaining Agreement was signed, which provides, among other matters, for the payment to employees of a one-off amount for the years of "contractual renewal". The provision as at December 31, 2019 of the Parent Company of Euro 596 thousand, calculated on the basis of this contractual clause, has been reclassified under payables to personnel and social security institutions ahead of its issue in the initial months of the current year, while the residual provision relates to the estimated liability for FFM.

## 22. Current financial liabilities

The following table breaks down current financial liabilities at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Bank loans - current	3,059	4,433	(1,374)
Municipal surtax payables	2,565	2,050	515
Current financial liabilities for leasing	521	0	521
Other current financial debt	28	43	(15)
<b>CURRENT FINANCIAL LIABILITIES</b>	<b>6,173</b>	<b>6,526</b>	<b>(353)</b>

For a breakdown of the Loans - current portion, reference should be made to account 17 Non-current Financial Liabilities which presents the outstanding Group loans at December 31, 2019 and the changes in the year.

The municipal surtax on passenger boarding fees payable concerns the portion received by airlines in the month of December and reversed to the authorities in January.

Finally, finance lease liabilities concern the current portion of charges due for third party asset usage rights recognised to non-current assets from January 1, 2019 in application of IFRS 16.

## NOTES TO THE MAIN CONSOLIDATED INCOME STATEMENT ACCOUNTS

The principal 2019 income statement accounts are compared with 2018 below.

### REVENUES

#### 23. Revenues

The tables below show the revenues by revenue stream for 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Revenues from aeronautical services	63,274	56,342	6,932
Revenues from non-aeronautical services	44,295	41,160	3,135
Revenues from construction services	16,420	15,650	770
Other operating revenues and income	1,146	940	206
<b>TOTAL REVENUES</b>	<b>125,135</b>	<b>114,092</b>	<b>11,043</b>

For the revenue performance in the period, reference should be made to the Directors' Report.

The reclassification of Group revenues based on revenue streams defined by IFRS 15, i.e. those from contracts with customers, is shown in the following table:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Airport fees	56,322	49,742	6,580
Parking	16,818	15,946	872
Revenues from construction services	16,420	15,650	770
Other	12,603	11,091	1,512
<b>TOTAL IFRS 15 REVENUE STREAMS</b>	<b>102,163</b>	<b>92,429</b>	<b>9,734</b>

The reconciliation between IFRS 15 revenue streams and total revenues is shown in the following table:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Airport fees	56,322	49,742	6,580
Parking	16,818	15,946	872
Revenues from construction services	16,420	15,650	770
Other	12,603	11,091	1,512
<b>TOTAL IFRS 15 REVENUE STREAMS</b>	<b>102,163</b>	<b>92,429</b>	<b>9,734</b>
Commercial/non-comm. sub-licenses	22,825	21,528	1,297
<b>TOTAL NON IFRS 15 REVENUE STREAMS</b>	<b>22,825</b>	<b>21,528</b>	<b>1,297</b>
TOTAL NON IFRS 15 Revenues	147	135	12
<b>TOTAL REVENUES</b>	<b>125,135</b>	<b>114,092</b>	<b>11,043</b>

### i. Revenues from aeronautical services

The table below shows revenues from aeronautical services in 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Revenues from centralised infrastructure/other airport services	721	534	187
Exclusive use revenues	1,293	1,255	38
Airport fee revenues	75,841	68,469	7,372
PRM revenues	6,091	4,466	1,625
Air traffic development incentives	(25,895)	(23,389)	(2,506)
Handling services	2,699	2,464	235
Other aeronautical revenues	2,524	2,543	(19)
<b>TOTAL REVENUES FROM AERONAUTICAL SERVICES</b>	<b>63,274</b>	<b>56,342</b>	<b>6,932</b>

For the revenue performance in the period, reference should be made to the Directors' Report. In general, the increase in revenues from aeronautical services is mainly due to the increase in traffic and the tariff update.

The breakdown of airport fee revenues is shown below:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Passenger boarding fees	38,514	34,437	4,077
Landing, take-off and parking fees	21,596	18,756	2,840
Passenger security fees	12,381	11,238	1,143
Baggage stowage control fees	3,514	3,190	324
Cargo loading and unloading fees	761	810	(49)
Reduction for provision	(925)	38	(963)
<b>TOTAL AVIATION FEE REVENUES</b>	<b>75,841</b>	<b>68,469</b>	<b>7,372</b>

### ii. Revenues from non-aeronautical services

The table below shows revenues from non-aeronautical services in 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Commercial premises and spaces sub-license	19,760	18,457	1,303
Parking	16,818	15,946	872
Other commercial revenues	7,717	6,757	960
<b>TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES</b>	<b>44,295</b>	<b>41,160</b>	<b>3,135</b>

The revenues from non-aeronautical services report an increase related to the good performance of all the components in this category and, in particular, of the commercial premises and spaces sub-licenses and parking.

Other commercial revenues are broken down as follows:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Ticketing	37	40	(3)
Marconi Business Lounge	2,887	2,539	348
Advertising	1,891	1,942	(51)
Misc. commercial revenues	2,902	2,236	666
<b>TOTAL OTHER COMMERCIAL REVENUES</b>	<b>7,717</b>	<b>6,757</b>	<b>960</b>

### iii. Revenues from construction services

Revenues from construction services concern the construction services undertaken by Aeroporto Guglielmo Marconi di Bologna S.p.A. on behalf of the ENAC granting entity for the capital investments previously commented upon in relation to the Concession Rights in Note 1.

These revenues amounted to Euro 16.42 million in 2018 and Euro 15.65 million in 2018.

### iv. Other Revenue and Income

The table below shows other revenues and income in 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Indemnities, reimbursement and misc. income	961	922	39
Operating grants	104	16	88
Revenues from Terminal Value on Provision for Renewal	81	0	81
Capital gains	0	2	(2)
<b>TOTAL OTHER REVENUES AND INCOME</b>	<b>1,146</b>	<b>940</b>	<b>208</b>

The new account “Revenues from Terminal Value on Provision for Renewal” introduced from January 1, 2019 includes the income statement counter-entry of the receivable discounted from Terminal Value, calculated on interventions and utilisations of the provision for renewal in 2019.

## COSTS

### 24. Costs

#### i. Consumables and goods

The table below presents consumables and goods in 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Consumables and goods	749	474	275
Maintenance materials	240	210	30
Fuel and gasoline	1,316	1,268	48
<b>TOTAL CONSUMABLES AND GOODS</b>	<b>2,305</b>	<b>1,952</b>	<b>353</b>

As indicated in the table, these costs increased mainly due to the greater utilisation of consumables and equipment to support operations and the direct purchase of anti-freeze liquid for aircraft, previously covered by the contract with the handler which provides the de-icing service at Bologna airport.

## ii. Service costs

The following table shows the breakdown of services costs for 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Maintenance costs	4,856	4,658	198
Utilities	2,403	2,168	235
Cleaning and accessory services	2,122	2,111	11
Services	6,549	6,439	110
MBL Services	334	343	(9)
Advertising, promotion and development	839	694	145
Insurance	816	737	79
Professional and consultancy services	2,096	1,917	179
Statutory board fees and expenses	591	570	21
Other service costs	314	393	(79)
<b>TOTAL SERVICE COSTS</b>	<b>20,920</b>	<b>20,030</b>	<b>890</b>

Total service costs increased mainly due to higher charges for:

- utilities (electricity and methane gas) as a result of higher raw material unit costs;
- maintenance for increased intervention on owned properties and third-party vehicles under service contracts;
- the PRM service due to the increased number of assistances given.

On the other hand, favourable climatic conditions have led to savings in snow clearance costs.

A further breakdown in maintenance expenses is provided below:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Owned asset maintenance expenses	1,099	1,064	35
Airport infrastructure maintenance expenses	3,031	3,033	(2)
Third party asset maintenance expenses	726	561	165
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>4,856</b>	<b>4,658</b>	<b>198</b>

The breakdown of services is illustrated below:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Snow clearance	508	965	(457)
Porterage, transport third-party services	690	587	103
PRM assistance service	1,735	1,574	161
De-icing and other public service charges	374	318	56
Security service	1,297	1,168	129
Other outsourcing	1,945	1,827	118
<b>TOTAL SERVICES</b>	<b>6,549</b>	<b>6,439</b>	<b>110</b>

In relation to the disclosures required by Article 38, paragraph 1, letter o) of Legislative Decree 127/91 we report that in 2019 there was no remuneration paid to directors and statutory auditors of the Parent Company for the undertaking of these functions also in subsidiary companies.

The table below reports the fees paid to the Board of Statutory Auditors and the Independent Audit Firm:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Statutory auditors' fees	154	157	(3)
Independent auditors' fees	147	174	(27)
<b>Total</b>	<b>301</b>	<b>331</b>	<b>(30)</b>

The independent auditors' fees are illustrated below:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Audit (*)	124	107	17
Certification work	6	6	0
Other services (**)	17	60	(44)
<b>Total</b>	<b>147</b>	<b>174</b>	<b>(27)</b>

(\*) Including review of Non-Financial Information Report

(\*\*) IFRS assistance and accounting certification

### iii. Construction service costs

Construction service costs concern the construction costs incurred by Aeroporto Guglielmo Marconi di Bologna S.p.A. Group for the capital investments previously commented upon in relation to the Concession Rights in Note 1.



iv. **Leases, rentals and other costs**

The following table shows the breakdown of leases, rentals and other costs for 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Concession fees	6,636	5,979	657
Hire charges	145	336	(191)
Rental charges	161	568	(407)
EDP processing charges	1,701	1,265	436
Other rental & hire costs	(29)	(25)	(4)
<b>TOTAL LEASES, RENTALS AND OTHER COSTS</b>	<b>8,614</b>	<b>8,123</b>	<b>491</b>

Total Rental, hire and similar costs recorded an increase in variable airport concession fees and security services, an increase related to the rise in traffic, in addition to higher fees for data elaboration for the new investments in technology and the introduction of electronic invoicing. On the other hand, hire and lease charges decreased due to the application of the new IFRS 16 leasing standard (which reduced these costs by a total of Euro 595 thousand).

v. **Other operating expenses**

The following table shows the breakdown of other operating expenses for 2019 and 2018 (no significant changes).

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Misc. and local taxes	1,354	1,361	(7)
Fire prevention service contribution	1,440	1,374	66
Capital losses	0	3	(3)
Other operating expenses	466	472	(6)
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>3,260</b>	<b>3,210</b>	<b>50</b>

vi. **Personnel costs**

The following table shows the breakdown of personnel costs for 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Wages and salaries	20,279	18,830	1,449
Social security expenses	5,627	5,170	457
Severance provisions	1,444	1,372	72
Retirement pension and others	195	191	4
Other personnel costs	1,915	1,591	324
<b>TOTAL PERSONNEL COSTS</b>	<b>29,460</b>	<b>27,154</b>	<b>2,306</b>

The increase in personnel costs mainly relates to the expanded workforce, related to the increased traffic (security and PRM areas) and also the expansion of the staff areas (+29 average personnel), the increased use of temporary staff to support operating processes and normal salary movements.

Other personnel costs are broken as follows:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Employee canteen	648	587	61
Personnel training	334	249	85
Employee expenses	296	270	26
Other personnel provisions	95	79	16
Misc. personnel costs	542	406	136
<b>TOTAL OTHER PERSONNEL COSTS</b>	<b>1,915</b>	<b>1,591</b>	<b>324</b>

The average headcount by category in the two periods under consideration is shown below:

<i>Average workforce (No.)</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Executives	9	10	(1)
White-collar	435	403	32
Blue-collar	99	102	(3)
<b>TOTAL PERSONNEL</b>	<b>543</b>	<b>515</b>	<b>28</b>

The headcount at the end of the two financial years under consideration was as follows:

<i>Workforce (number)</i>	As at 31.12.2019	As at 31.12.2018	Change
Executives	9	10	(1)
White-collar	442	417	25
Blue-collar	97	101	(4)
<b>TOTAL PERSONNEL</b>	<b>548</b>	<b>528</b>	<b>20</b>

## 25. Depreciation, amortisation and impairment

The following table shows the movement of depreciation, amortisation and impairment for the periods ended December 31, 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Amortisation/impairment of Concession Rights	6,243	5,857	386
Amortisation of other intangible assets	1,576	1,323	253
Depreciation of tangible assets	2,750	2,219	531
<b>TOTAL DEPRECIATION AND AMORTISATION</b>	<b>10,569</b>	<b>9,399</b>	<b>1,170</b>

The account includes Euro 33 thousand of write-downs of Concession Rights for the write-off of projects no longer utilisable and includes Euro 591 thousand of depreciation of leased assets, not present in the comparative year following the introduction of the new IFRS 16 standard from January 1, 2019.

## 26. Provisions for risks and charges

The following table shows the movement of the provisions for risks and charges in 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Provisions for doubtful accounts	(1)	64	(65)
Provision for renewal of airport infrastructure	2,893	3,752	(859)
Provisions for other risks and charges	409	291	118
<b>TOTAL PROVISIONS</b>	<b>3,301</b>	<b>4,107</b>	<b>(806)</b>

The decrease in this account is mainly due to the reduced accruals to the provision for renewal of airport infrastructure due to the periodic review of the scheduled actions and, above all, the higher value in the comparative period owing to the greater amount of work on the runway and the extraordinary maintenance of the taxiway during the four days of airport closure in the middle of September 2018.

As regards the provision for doubtful accounts, the decrease is due to the reduction in the corresponding revenues rather than the allocation to this line, as these are revenues and corresponding receivables accrued entirely during the year.

The "provision for other provisions for risks and charges", on the other hand, consists mainly of the following:

- employee arrears (Euro 88 thousand) which, following the expiry on December 31, 2016 of the airport operator's collective bargaining agreement and its renewal in January 2020, were recorded as a one-off payment for the "contractual renewal" period and were paid to employees in their February 2020 payslip, together with the portions provisioned in previous years and constituting the employee back-dated provision as at December 31, 2018. On the other hand, the back-dated provision of the subsidiary FFM is still in place at December 31, 2019 as the related contract has not yet been renewed;
- an estimate of Euro 215 thousand of the liability resulting from the Municipality of Bologna's notification of February 10, 2020 regarding the different cadastral classification of certain properties, with the consequent risk of the application of IMU (property tax).

## 27. Net financial income and expenses

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Profits on sale of equity investments	0	13	(13)
Income from securities	17	25	(8)
Other income	133	153	(20)
Discounting income on provisions	0	193	(193)
<b>TOTAL FINANCIAL INCOME</b>	<b>150</b>	<b>384</b>	<b>(234)</b>
Interest expenses and bank charges	(431)	(520)	89
Discounting charges on provisions	(664)	(89)	(575)
Interest charges for discounting of liabilities for leasing	(22)	0	(22)
Other financial expenses	(8)	(11)	3
<b>TOTAL FINANCIAL EXPENSES</b>	<b>(1,125)</b>	<b>(620)</b>	<b>(505)</b>
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>(975)</b>	<b>(236)</b>	<b>(739)</b>

**Net financial expense** amounted to Euro 1 million, compared to Euro 0.2 million in 2018, due mainly to the reduction in interest rates, which resulted in discounting charges on provisions of Euro 0.7 million, against net income from discounting of Euro 0.1 million in the previous year. Interest expenses also declined due to the decrease in total debt.

## 28. Income taxes

The following table shows the taxes for the year for 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Current income taxes	9,034	6,614	2,420
Deferred tax assets and liabilities	206	435	(229)
<b>TOTAL INCOME TAXES FOR THE YEAR</b>	<b>9,240</b>	<b>7,049</b>	<b>2,191</b>
% current taxes on results before taxes	30.02%	26.48%	3.54%
% income taxes for the year on results before taxes	30.71%	28.22%	2.48%

The effective tax rate for the year 2019 was 30.71% compared to 28.22% in 2018.

This negative differential was essentially due to the increase in the IRES rate from 24% to 27.5% for companies holding public transport concessions for the years 2019 to 2021.

<i>IRES effective/theoretical rate reconciliation</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Pre-tax result	30,092	24,976	5,116
<b>Ordinary rate (*)</b>	<b>27.5%</b>	<b>24%</b>	<b>3.50%</b>
Theoretical tax rate	8,275	5,994	2,281
<b>Effect of increases and decreases to ordinary rate</b>			
Provisions deductible in future years	2,825	393	2,432
Costs deductible in future years	1,659	3,015	(1,356)
Other costs deductible in previous years	18	57	(39)
Other non-deductible costs	992	985	7
Utilisation provisions deductible in future years	(554)	(636)	82
Costs not deductible in previous years	(4,097)	(3,463)	(634)
Other differences	(2,853)	(2,473)	(380)
IAS deferred tax assets / liabilities	(168)	(218)	50
Adjustment IRES 24% rate	(95)	0	(95)
<b>Total increases/decreases</b>	<b>(2,273)</b>	<b>(2,340)</b>	<b>67</b>
Tax effect on changes to ordinary rate	(625)	(562)	(63)
IRES tax in the year	7,650	5,433	8,212
<b>Effective IRES rate</b>	<b>25.42%</b>	<b>21.75%</b>	<b>3.67%</b>

The breakdown of current income taxes is illustrated below:

<i>Breakdown of income taxes</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
IRES	7,650	5,433	2,217
IRAP	1,549	1,182	367
Prior year taxes	(165)	(1)	(164)
<b>TOTAL</b>	<b>9,034</b>	<b>6,614</b>	<b>2,584</b>

## 29. Related party transactions

For the definition of "Related Parties", reference should be made to IAS 24, approved by Regulation (EC) No. 1725/2003.

Intercompany transactions are carried out within the scope of ordinary operations and at normal market conditions. Related party transactions principally concern commercial and financial transactions, in addition to participation in the tax consolidation.

None of these have particular economic or strategic significance for the Group, as the receivables, payables, revenues and costs regarding related parties do not account for a significant percentage of the total financial statement amounts.

The Bologna Chamber of Commerce shareholders were identified as a Government party, therefore exempt from the disclosure regarding related parties as defined by IAS 24. The categorisation of the Bologna Chamber of Commerce as a Government party therefore limited the checks required for the identification of related parties to the mere identification of the Bologna Chamber of Commerce. No additional information is reported in the financial statements concerning transactions undertaken by the Group with the Bologna Chamber of Commerce as no significant transactions are undertaken with this shareholder.

In 2019, there were no related party transactions further to the inter-company transactions, for which reference should be made to the section “related party transactions” in the Financial Statements of the Parent Company.

### **30. Commitments and risks**

#### **Environmental investment commitments**

In addition, the environmental commitments of the company were formalised with the signing in 2015 with the Regional Agencies of the Regional Agreement for reducing the Airport’s carbon footprint, involving investments by the company totalling Euro 6.5 million over a time period consistent with the timeframe for the rolling out of the airport Master Plan or rather by 2023. During the second half of 2019, the acoustic monitoring plan for noise-sensitive areas in the municipal territory was executed.

#### **People Mover investment commitments**

As at December 31, 2019, Adb had fully met its commitments relating to the People Mover and represented by:

- intangible assets, in the account Concession rights (note 1), which include for Euro 2.7 million the contribution granted by Adb to Marconi Express S.p.A. for the construction of the “Airport” station of the People Mover. The final tranche of Euro 0.92 million was paid in December following the technical administrative test of the airport environment works. Under the same agreement (signed by AdB, the Municipality of Bologna, the Province of Bologna and the Region of Emilia-Romagna on July 23, 2007), AdB committed to completing the connection between the “Airport” and the Terminal, which concluded in 2019 and at December 31 concession rights were recognised of Euro 1.3 million;
- non-current financial assets include Euro 10.9 million of the equity financial instrument in Marconi Express S.p.A., signed by AdB in January 2016 for a similar value. The final tranche of Euro 0.9 million was paid in December 2018 on works completion.

#### **Commitments to adjust the BHS x-ray machines**

Regulation EU 2015/1998 establishes that checked baggage security control equipment should satisfy “standard 3” from September 1, 2020. This equipment is highly complex, with lengthy production times and technical features requiring adjustments to the BHS machines. For the Group, the amendment to this regulation requires an investment estimated at Euro 4.4 million, which includes both the replacement of the x-ray machines and the change to the lay-out of the BHS, as required to introduce the new machinery.

With regards to the guarantees provided, reference should be made to the relevant chapter of the Directors’ Report.

### **Types and management of other risks**

With regards to the disclosure concerning the types and means of financial risk management under Article 2428, paragraph 2 No. 6 bis, reference should be made to the specific section of the Directors' Report, also with regards to the comment upon the other risks to which the Group is subject.

### **31. Law 124/2017 Article 1, paragraphs 125-129 - Transparency of public disbursements**

In 2019, the Group received public grants of Euro 86 thousand for the participation of the subsidiary FFM in the Logisana project, financed by the Emilia-Romagna Region, as part of the "Support for the development of infrastructure for competitiveness and the region" measures for the creation of a regional network to support health logistics, while the Parent Company received Euro 75 thousand as an advance payment of 50% of the contribution linked to the "Cyrano" project co-financed by the European Union under the "Connecting Europe Facility 2014-2020" Programme.

## **SUBSEQUENT EVENTS AND BUSINESS OUTLOOK**

No events have occurred subsequent to year end that would require changes in terms of the presented performance or equity and financial position and that would therefore necessitate adjustments and/or additional disclosures in the financial statements with reference to the amounts reported at December 31.

The main event after the reporting date, which had a severe impact on the first few months of the current year, in addition to giving rise to uncertainty surrounding the business outlook was, as noted, the health and economic crisis linked to the Covid-19 pandemic, in relation to which reference should be made to the final section of the Directors' Report.

The Chairman of the Board of Directors  
*(Enrico Postacchini)*

Bologna, March 30, 2020

**Declaration of the Chief Executive Officer and the officer responsible for the preparation of the corporate accounting documents of Aeroporto Guglielmo Marconi di Bologna S.p.A. pursuant to the provision of article 154-bis paragraph 5 TUF (Testo Unico Finanziario [Consolidated Law on Financial Intermediation]) –**

1. The undersigned, Nazareno Ventola and Patrizia Muffato in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the corporate accounting documents of Aeroporto Guglielmo Marconi di Bologna S.p.A., hereby certify, pursuant to article 154-bis, paragraphs 3 and 4, of legislative decree No. 58, of 24 February 1998:
  - the accounting procedures for the preparation of the consolidated financial statement for the year ended December 31, 2019, are adequate based on the characteristics of the company;
  - the effective adoption of the administrative and accounting procedures for the preparation of the consolidated financial statement.
2. The assessment of the adequacy of administrative and accounting procedures for the preparation of the abridged consolidated financial statement at December 31, 2019 was based on a process defined by Aeroporto Guglielmo Marconi di Bologna S.p.A., in compliance with the Internal Control-Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the standard reference generally accepted at the international level.
3. In addition we certify that:
  - 3.1 the consolidated financial statement at December 31, 2019:
    - a) has been prepared in accordance with applicable international accounting standards recognized in the European Community within the meaning of (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
    - b) correspond to the information in the books and other accounting documents and records;
    - c) provide a true and fair representation of the financial, economic and assets situation of the issuer and all the companies included in the scope of consolidation.
  - 3.2 The management report contains a reliable analysis of operations and performance, as well as, the situation of the issuer and the companies included in the consolidated financial statement, together with a description of the main risks and uncertainties that may affect the Group.

Bologna, 30 March 2020

**The Chief Executive Officer**

(Nazareno Ventola)

**Officer in charge of preparing the corporate accounting documents**

(Patrizia Muffato)

# Aeroporto Guglielmo Marconi di Bologna S.p.A.

Consolidated financial statements as at December 31, 2019

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010, and article 10 of EU Regulation n. 537/2014



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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

(Translation from the original Italian text)

To the Shareholders of  
Aeroporto Guglielmo Marconi di Bologna S.p.A.

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. and its subsidiaries (the "Group" or "Aeroporto Guglielmo Marconi di Bologna Group"), which comprise the statement of financial position as at December 31, 2019, the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in shareholders' equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Aeroporto Guglielmo Marconi di Bologna S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

Key Audit Matter	Audit Response
<p>Valuation of the provision for renewal of airport infrastructure</p> <p>The provision for renewal of airport infrastructure accounted for in the consolidated financial statements as of December 31, 2019 amounts to Euro 13.6 million and includes accruals for non-recurring maintenance expenses, as well as estimated future costs for restoration and replacement of assets under concession that the Group plans to incur in accordance with the current concession agreements.</p> <p>The processes and methodologies applied to evaluate and determine such estimated future costs are based on complex assumptions that, due to their nature, imply the use of management's judgment, in particular with reference to the nature, timing and amount of the maintenance costs, including the relevant financial component applied based on the timing of such maintenance services.</p> <p>Considering the judgment required by management in order to evaluate the nature, timing and amount of such maintenance services, we believe that the valuation of the provision for renewal of airport infrastructure represents a key audit matter.</p> <p>The disclosures relating to the valuation of the provision for renewal of airport infrastructure are included in section "Accounting Policies" under paragraph "Provisions for risks and charges", as well as in notes 15 and 20 "Provision for renewal of airport infrastructure".</p>	<p>Our audit procedures performed in response to this Key Audit Matter included, among others:</p> <ul style="list-style-type: none"> <li>• assessment of the process and key internal controls implemented by the Group;</li> <li>• understanding of the concession agreement from which the obligation arises;</li> <li>• analysis of the supporting report prepared by the Group's technical departments;</li> <li>• test of details on a sample of provisions' utilizations accounted for during the fiscal year;</li> <li>• assessment of the key changes to the amount of the provision as compared to the prior year;</li> <li>• analysis of the consistency of the assumptions used in estimating the provision against the Business Plan 2020-2024 approved by the Directors;</li> <li>• assessment of the discount rate used in the analysis.</li> </ul> <p>Lastly, we reviewed the adequacy of the disclosures provided in the notes to the consolidated financial statements in relation to the valuation of provision for renewal of airport infrastructure.</p>

## Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial

statements on a going concern basis unless they either intend to liquidate the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Group’s financial reporting process.

## Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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;
- we have obtained 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 Group’s internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as

required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

### Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Aeroporto Guglielmo Marconi di Bologna S.p.A., in the general meeting held on May 20, 2015, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2015 to December 31, 2023.

We declare that we have not provided prohibited non-audit services, referred to article 5, paragraph 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

## Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998

The Directors of Aeroporto Guglielmo Marconi di Bologna S.p.A. are responsible for the preparation of the Directors' Report and of the Report on Corporate Governance and Ownership Structure of Aeroporto Guglielmo Marconi di Bologna Group as at December 31, 2019, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Directors' Report and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998, with the consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna Group as at December 31, 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Directors' Report and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna Group as at December 31, 2019 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

#### Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated December 30, 2016

The Directors of Aeroporto Guglielmo Marconi di Bologna S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated December 30, 2016. We have verified that non-financial information has been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated December 30, 2016, such non-financial information is subject to a separate compliance report signed by us.

Bologna, March 30, 2020

EY S.p.A.

Signed by: Alberto Rosa, Auditor

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

## Financial Statements for the year ended December 31, 2019

Statement of Financial Position  
Income Statement  
Statement of Comprehensive Income  
Cash Flow Statement  
Statement of Changes in Shareholders' Equity

## Statement of Financial Position

<i>in units of Euro</i>	Note	As at 31.12.2019	As at 31.12.2018
Concession rights		171,238,190	161,147,931
Other intangible assets		2,255,143	2,049,015
<b>Intangible assets</b>	<b>1</b>	<b>173,493,333</b>	<b>163,196,946</b>
Land, property, plant and equipment		14,668,675	14,873,248
Investment property		4,732,016	4,732,016
<b>Tangible assets</b>	<b>2</b>	<b>19,400,691</b>	<b>19,605,264</b>
Investments	<b>3</b>	3,189,098	3,189,098
Other non-current financial assets	<b>4</b>	11,505,419	16,135,377
Deferred tax assets	<b>5</b>	5,963,489	5,821,701
Other non-current assets	<b>6</b>	952,662	1,422,555
<b>Other non-current assets</b>		<b>21,610,668</b>	<b>26,568,731</b>
<b>NON-CURRENT ASSETS</b>		<b>214,504,692</b>	<b>209,370,941</b>
Inventories	<b>7</b>	585,649	526,857
Trade receivables	<b>8</b>	14,706,895	13,759,090
Other current assets	<b>9</b>	4,897,509	4,358,033
Current financial assets	<b>10</b>	701	11,037,009
Cash and cash equivalents	<b>11</b>	24,609,068	12,824,687
<b>CURRENT ASSETS</b>		<b>44,799,822</b>	<b>42,505,676</b>
<b>TOTAL ASSETS</b>		<b>259,304,514</b>	<b>251,876,617</b>

<i>in units of Euro</i>	Note	As at 31.12.2019	As at 31.12.2018
Share capital		90,314,162	90,314,162
Reserves		63,544,871	62,820,972
Profit for the year		20,067,779	17,100,846
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>12</b>	<b>173,926,812</b>	<b>170,235,980</b>
Severance and other personnel provisions	<b>13</b>	3,886,797	3,870,657
Deferred tax liabilities	<b>14</b>	2,068,884	2,027,155
Provision for renewal of airport infrastructure	<b>15</b>	9,369,485	10,240,553
Provisions for risks and charges	<b>16</b>	1,248,123	1,021,116
Non-current financial liabilities	<b>17</b>	10,337,264	11,436,479
Other non-current liabilities		159,301	191,954
<b>NON-CURRENT LIABILITIES</b>		<b>27,069,854</b>	<b>28,787,914</b>
Trade payables	<b>18</b>	18,050,405	18,470,530
Other liabilities	<b>19</b>	30,646,909	26,140,510
Provision for renewal of airport infrastructure	<b>20</b>	3,974,879	1,716,590
Provisions for risks and charges	<b>21</b>	0	514,743
Current financial liabilities	<b>22</b>	5,635,655	6,010,350
<b>CURRENT LIABILITIES</b>		<b>58,307,848</b>	<b>52,852,723</b>
<b>TOTAL LIABILITIES</b>		<b>85,377,702</b>	<b>81,640,637</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<b>259,304,514</b>	<b>251,876,617</b>



## Income Statement

<i>in units of Euro</i>	Note	for the year ended 31.12.2019	for the year ended 31.12.2018
Revenues from aeronautical services		57,763,693	51,083,900
Revenues from non-aeronautical services		43,721,350	40,635,703
Revenues from construction services		16,420,459	15,619,798
Other operating revenues and income		1,274,071	1,052,840
<b>Revenues</b>	<b>23</b>	<b>119,179,573</b>	<b>108,392,241</b>
Consumables and goods		(1,084,051)	(754,866)
Service costs		(19,453,920)	(18,513,312)
Construction service costs		(15,638,533)	(14,875,998)
Leases, rentals and other costs		(8,522,965)	(7,979,278)
Other operating expenses		(3,199,970)	(3,157,534)
Personnel costs		(28,076,493)	(25,875,625)
<b>Costs</b>	<b>24</b>	<b>(75,975,932)</b>	<b>(71,156,613)</b>
Amortisation/impairment of Concession Rights		(6,045,321)	(5,659,042)
Amortisation of other intangible assets		(1,561,254)	(1,319,985)
Depreciation of tangible assets		(2,636,604)	(2,166,412)
<b>Depreciation, amortisation and impairment</b>	<b>25</b>	<b>(10,243,179)</b>	<b>(9,145,439)</b>
Provisions for doubtful accounts		5,315	(42,305)
Provision for renewal of airport infrastructure		(2,814,137)	(3,695,799)
Provisions for other risks and charges		(266,676)	(284,340)
<b>Provisions for risks and charges</b>	<b>26</b>	<b>(3,075,498)</b>	<b>(4,022,444)</b>
<b>Total Costs</b>		<b>(89,294,609)</b>	<b>(84,324,496)</b>
<b>Operating result</b>		<b>29,884,964</b>	<b>24,067,745</b>
Financial income	<b>27</b>	129,115	355,763
Financial expenses	<b>27</b>	(1,089,032)	(589,307)
<b>Result before taxes</b>		<b>28,925,047</b>	<b>23,834,201</b>
Taxes for the year	<b>28</b>	(8,857,268)	(6,733,355)
<b>Profit for the year</b>		<b>20,067,779</b>	<b>17,100,846</b>
<b>Undiluted earnings per share (in Euro)</b>		<b>0.55</b>	<b>0.48</b>
<b>Diluted earnings per share (in Euro)</b>		<b>0.55</b>	<b>0.48</b>

## Statement of Comprehensive Income

<i>in units of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018
<b>Profit for the period (A)</b>	<b>20,067,779</b>	<b>17,100,846</b>
<i>Other profits (losses) that will be reclassified in the net result for the year</i>	<b>0</b>	<b>0</b>
<b>Total other profits (losses) that will be reclassified in the net result for the period (B1)</b>	<b>0</b>	<b>0</b>
<b>Other profits (losses) that will not be reclassified in the net result for the year</b>		
Actuarial profits (losses) on severance and other personnel provisions	<b>(206,762)</b>	<b>117,718</b>
Tax impact on actuarial profits (losses) on severance and other personnel provisions	<b>50,240</b>	<b>(28,309)</b>
<b>Total other profits (losses) that will not be reclassified in the net result for the year (B2)</b>	<b>(156,523)</b>	<b>89,409</b>
<b>Total other profits (losses), net of taxes (B1 + B2) = B</b>	<b>(156,523)</b>	<b>89,409</b>
<b>Total profits, net of taxes (A + B)</b>	<b>19,911,256</b>	<b>17,190,255</b>

## Cash Flow Statement

<i>in units of Euro</i>	As at 31.12.2019	As at 31.12.2018
Core income-generating operations		
Result for the year before taxes	28,925,047	23,834,201
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(781,926)	(743,800)
+ Depreciation and amortisation	10,243,179	9,145,439
+ Provisions	3,075,498	4,022,444
+ Interest expense (income) on discounting and severance provisions	671,058	(109,918)
+/- Interest income and financial expenses	288,859	343,462
+/- Losses/gains and other non-monetary costs/revenues	879,210	1,521
+/- Severance provisions and other personnel costs	95,598	79,130
<b>Cash flow generated/(absorbed) by operating activities before changes in working capital</b>	<b>43,396,523</b>	<b>36,572,480</b>
Change in inventories	(58,792)	(39,217)
(Increase)/decrease in trade receivables	(1,821,521)	(1,236,069)
(Increase)/decrease in other receivables and current/non-current assets	(410,910)	(59,479)
Increase/(decrease) in trade payables	(420,124)	2,731,588
Increase/(decrease) in other liabilities, various and financial	2,688,722	2,370,154
Interest paid	(422,155)	(510,795)
Interest collected	140,361	200,923
Taxes paid	(7,215,753)	(6,156,966)
Severance and other personnel provisions paid	(331,100)	(204,981)
Use of provisions	(2,007,725)	(4,535,578)
<b>Cash flow generated / (absorbed) by net operating activities</b>	<b>33,537,526</b>	<b>29,132,060</b>
Purchase tangible assets	(2,415,021)	(2,604,010)
Payment from sale of tangible assets	16,000	5,982
Purchases of intangible assets/concession rights	(14,663,828)	(16,850,573)
Proceeds on sale of tangible assets	0	388,948
Purchase/capital increase of equity investments	0	(2,458,820)
Proceeds on sale of equity investments	0	117,000
Changes in current and non-current financial assets	16,000,000	10,622,068
<b>Cash flow generated / (absorbed) by investment activities</b>	<b>(1,062,849)</b>	<b>(10,779,405)</b>
Proceeds from the issuance of shares and other equity instruments	0	0
Dividends paid	(16,220,424)	(14,161,261)
Loans received	3,000,000	0
Loans repaid	(6,934,865)	(5,314,177)
Payments of leasing capital share	(535,007)	0
<b>Cash flow generated / (absorbed) by financing activities</b>	<b>(20,690,296)</b>	<b>(19,475,438)</b>
<b>Final cash change</b>	<b>11,784,382</b>	<b>(1,122,782)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>12,824,687</b>	<b>13,947,469</b>
<b>Final cash change</b>	<b>11,784,382</b>	<b>(1,122,782)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>24,609,068</b>	<b>12,824,687</b>

## Statement of changes in Shareholders' Equity

<i>in units of Euro</i>	<i>Share capital</i>	<i>Share Premium Reserve</i>	<i>Legal Reserve</i>	<i>Other Reserves</i>	<i>FTA Reserve</i>	<i>Actuarial profits/(losses) reserve</i>	<i>Profits (losses) Carried Forward</i>	<i>Reserves for assets held for sale</i>	<i>Profit (loss) for the year</i>	<i>Shareholders' Equity</i>
<b>Shareholders' Equity as at 31.12.2017</b>	<b>90,314,162</b>	<b>25,683,134</b>	<b>5,430,206</b>	<b>32,943,267</b>	<b>(3,205,671)</b>	<b>(858,375)</b>	<b>1,991,758</b>	<b>13,342</b>	<b>14,908,504</b>	<b>167,220,327</b>
Allocation of the 2017 financial year result	0	0	745,425	1,818	0	0	14,161,261	0	(14,908,504)	0
Share capital increase	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(14,161,261)	0	0	(14,161,261)
Assets held-for-sale	0	0	0	0	0	0	0	(13,342)	0	(13,342)
Total comprehensive profit (loss)	0	0	0	0	0	89,409	0	0	17,100,846	17,190,255
<b>Shareholders' Equity as at 31.12.2018</b>	<b>90,314,162</b>	<b>25,683,134</b>	<b>6,175,631</b>	<b>32,945,085</b>	<b>(3,205,671)</b>	<b>(768,966)</b>	<b>1,991,758</b>	<b>0</b>	<b>17,100,846</b>	<b>170,235,979</b>
Allocation of the 2018 financial year result	0	0	855,042	25,380	0	0	16,220,424	0	(17,100,846)	0
Share capital increase	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(16,220,424)	0	0	(16,220,424)
Total comprehensive profit (loss)	0	0	0	0	0	(156,523)	0	0	20,067,779	19,911,256
<b>Shareholders' Equity as at 31.12.2019</b>	<b>90,314,162</b>	<b>25,683,134</b>	<b>7,030,673</b>	<b>32,970,465</b>	<b>(3,205,671)</b>	<b>(925,489)</b>	<b>1,991,758</b>	<b>0</b>	<b>20,067,779</b>	<b>173,926,812</b>

# Notes to the Financial Statements for the year ended December 31, 2019

## Information on the Company's business

The company Aeroporto Guglielmo Marconi di Bologna S.p.A. (hereinafter "AdB" or the "company") is full manager of Bologna airport under Full Management Agreement No. 98 of July 12, 2004 and subsequent additional instruments, approved by Decree of the Ministry of Transport and Infrastructure and the Ministry of the Economy and Finance on March 15, 2006, with a term of 40 years from December 28, 2004. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Register.

## Accounting Standards adopted for the preparation of the Financial Statements for the year ended December 31, 2019

### Basis of preparation

These financial statements of the company concern the year ended December 31, 2019 and include the comparative figures for the year ended December, 2018 (hereafter "the financial statements of the company", "separate financial statements" or "financial statements").

The financial statements were prepared under the historic cost convention, except for financial assets held-for-sale, and Intangible Assets comprising Energy Certificates, which were recognised at fair value, and in accordance with the going concern principle. The Company considers that, although enduring a difficult economic and financial environment, no significant uncertainties exist (as defined by paragraph 25 of IAS 1) on the going concern.

The financial statements are presented in Euro, which is also the company functional currency, and all amounts are rounded to the nearest thousands of Euro, where not otherwise indicated.

### Compliance with IAS/IFRS and the enacting provisions of Article 9 of Legislative Decree 38/2005

These financial statements were prepared in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") endorsed by the European Union and in force at the preparation date of the financial statements, in addition to the provisions issued in enactment of Article 9 of Legislative Decree 38/2005 (Consob Motions No. 15519 and 15520 of July 27, 2006).

In 2014, the Company voluntarily opted to prepare the consolidated financial statements and the separate financial statements in accordance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The accounting standards and policies utilised are those adopted for the preparation of the annual financial statements at December 31, 2018 with the exception of the new accounting standards, amendments and interpretations which entered into force from January 1, 2019, applied for the first time by the Company at the obligatory effective date and summarised in this document in the paragraph "Accounting standards, amendments and interpretations endorsed by the European Union adopted by the Company". In particular, the new standard IFRS 16 - Leasing, in relation to which reference should be made to the relative paragraph. Various other amendments and interpretations are applied for the first time in 2019, but did not impact the financial statements of the Company.

The publication of the financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. for the year ended December 31, 2019 was approved by the Board of Directors on March 30, 2020.

## Content and form of the Financial Statements

The company opted to apply the Separate and Comprehensive Income Statements, as permitted by IAS 1, considering such more representative of operations.

In particular, the Statement of Financial Position has been prepared by separating assets and liabilities into current and non-current categories.

An asset is current when:

- it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held mainly for the purpose of negotiating it;
- it is expected to be realised within twelve months from the financial statements date
- it consists of cash or cash equivalents unless it is forbidden to exchange it or use it to settle a liability for at least twelve months from the closing date of the financial year.

All other assets are classified as non-current.

A liability is considered current where:

- it is expected to be settled within the normal operating cycle;
- it is held principally for trading;
- it must be settled within twelve months of the closing date of the year or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months of the closing date of the year.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Income Statement has been prepared by classifying income and expenses by their nature, whereas the Cash Flow Statement has been prepared using the indirect method, according to which cash flows are classified into operating, investing and financing categories.

## Information upon investments in subsidiaries and associates

The information at December 31, 2019 and 2018 concerning the name, Share Capital and percentage holding in the subsidiaries is provided below:

<i>in thousands of Euro</i>	Currency	Share capital	% Held	
			As at 31.12.2019	As at 31.12.2018
Fast Freight Marconi S.p.a. Società Unipersonale	Euro	520	100.00%	100.00%
Tag Bologna S.r.l. Società Unipersonale	Euro	316	100.00%	100.00%

The information at December 31, 2019 and 2018 concerning the name, Share Capital and percentage holding in the associates is provided below:

<i>in thousands of Euro</i>	Currency	Share capital	% Held	
			As at 31.12.2019	As at 31.12.2018
Ravenna Terminal Passeggeri S.r.l.	Euro	50	24.00%	24.00%

The Share Capital of the associated company Ravenna Terminal Passeggeri Srl, of Euro 165 thousand at December 31, 2018, was reduced due to losses to Euro 54 thousand by the Shareholders' Meeting of May 16, 2019, which additionally approved the subsequent voluntary Euro 50 thousand reduction. This transaction had no impact on the separate financial statements of AdB as the value of the investment was fully written down in previous financial years.

## Accounting policies

### Business combinations and goodwill

Business combinations are recognised using the purchase method. The purchase cost is calculated as the total of the fair value consideration transferred at the acquisition date, and the value of any minority equity holding. For every business combination, the company decides whether to measure the minority interest at fair value or in proportion to the amount held in the identifiable net assets of the investee. The acquisition costs are expensed in the year and classified under administration expenses.

When the company acquires a business, the financial assets acquired or liabilities assumed under the agreement are classified or designated in accordance with the contractual terms, the economic conditions and the other conditions at the acquisition date. This includes the verification to establish whether an embedded derivative must be separated from the host contract.

In the case of business combinations undertaken in a series of phases, the previous holding is remeasured at fair value at the acquisition date and any profit or loss is recorded to the income statement. It is therefore considered in the determination of goodwill.

Any potential payment to be recognised is recorded by the acquirer at fair value at the acquisition date. The change in the fair value of the potential payment classified as an asset or liability must be recorded in the income statement or in the statement of comprehensive income. Where the potential payment is not within the scope of IAS 39, the amount is measured in accordance with the appropriate IFRS. If the potential payment is classified in equity, the amount is not remeasured and its subsequent settlement is recorded in equity.

The goodwill is initially recorded at cost represented by the excess of the total consideration paid and the amount recognised for the minority interest holdings compared to the net identifiable assets acquired and liabilities assumed by the company. If the fair value of the net assets acquired exceeds the total consideration paid, the company again verifies if it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedure utilised to determine the amount to be recorded at the acquisition date. If from the new valuation the fair value of the net assets acquired is still above the consideration, the difference (profit) is recorded in the income statement.

After its initial recognition, goodwill is valued at cost net of accumulated impairment. For the purpose of impairment testing, goodwill acquired in a business combination must be allocated, from the acquisition date, to each of the company's cash-generating units which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units. If the goodwill is allocated to a cash-generating unit and the entity sells part of the activities of this unit, the goodwill associated with the activity sold is included in the book value of the activity when determining the gain or loss deriving from the sale. The goodwill associated to assets sold is calculated based on the relative values of the asset sold and the part maintained by the cash generating unit.

### Investments in subsidiaries, associates and joint ventures

A subsidiary is a company over which control may be exercised.

This occurs when and only when it has:

- power over the investment entity (or holds valid rights which confer it the current capacity to control the significant activities of the investment entity);
- exposure or rights to variable returns deriving from involvement with the investment entity;
- the capacity to exercise its power on the investment entity to affect its income streams.

When a company holds less than the majority of the voting rights (or similar rights) of an investee, it should consider all the facts and significant circumstances to establish whether control of the investment entity exists, including:



- Contractual agreements with other holders of voting rights;
- Rights deriving from contractual agreements;
- voting rights and potential voting rights.

The company reconsiders if it has control of an investee and if the facts and circumstances indicate that there have been changes in one or more of the three significant elements for the definition of control.

The investments of the company in subsidiaries are valued at cost, adjusted in the case of impairment.

An associated company is one in which the company exercises significant influence and is not classifiable as a subsidiary or joint venture.

The investments of the company in associates are valued at cost, adjusted in the case of impairment.

### **Conversion of accounts in foreign currencies**

#### *Transactions and balances*

Foreign currency transactions are initially recorded in the functional currency, applying the exchange rate at the transaction date.

Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. The profits and losses deriving from the conversion are recorded in the income statement.

Non-monetary items, measured at historical cost in foreign currency, are translated using the exchange rates on the date the transaction was first recorded. The non-monetary accounts recorded at fair value in foreign currencies are converted using the exchange rate at the date the value was determined. The profit or loss deriving from the translation of non-monetary items is treated in line with the recognition of the profit or loss recorded on the change in the fair value of these items (i.e. the translation differences on the accounts to which the fair value changes is recorded in the statement of comprehensive income or in the income statement are recorded, respectively in the statement of comprehensive income or in the income statement).

### **Intangible assets**

An intangible asset is an asset without physical substance, identifiable, under control of the entity and capable of generating future economic benefits, and those derived from business combinations.

The useful life of the intangible assets is measured as definite or indefinite.

Intangible assets with a definite useful life are recorded at acquisition or production cost or, where deriving from business combinations, are capitalised at the fair value at the acquisition date; these assets include accessory charges, amortised on a straight-line basis for the period of their residual useful life in accordance with IAS 36 and undergo an impairment test whenever there are indications of loss in value.

The residual value at the end of the useful life is presumed to be zero unless there is a commitment by a third-party purchaser of the asset at the end of the useful life or an active market for the asset exists. The Directors review the estimate of the useful life of intangible assets at each reporting date.

The amortisation of definite intangible assets is recorded in the income statement.

The company has not identified intangible assets with indefinite useful lives.

“Concession rights” refer to the amount recognised under intangible assets against the airport infrastructure assets held in relation to the concession rights acquired for the management of the infrastructures which permits the right to charge for the utilisation of such infrastructure, in execution of a public service, in accordance with the provisions of IFRIC 12 – Service Concession Arrangements.

The Concession under which the company operates meets the requirement that the concession holder must construct and operate the infrastructure on the grantor's behalf. Accordingly, the Group may not recognise it among tangible assets.

The Company contracts with third parties responsible for constructing and improving the infrastructure. Accordingly, the increases in "Concession rights" are at cost, equal to the fair value of the fees for the construction/improvement services rendered by the company and the fair value of the fees for the construction/improvement service rendered by third parties, plus a mark-up representative of the internal costs of planning and coordination of the work by a specific internal unit.

The external costs incurred to provide construction service are therefore recognised under the item "Construction service costs" of the income statement.

Together with these costs, the company also recognises an increase in the item "Concession rights" equal to the fair value of the service rendered, with a balancing entry to the item "Revenues from Construction services".

The resulting concession rights are amortised on a straight-line basis over the term of the concession, starting when the asset constructed on the grantor's behalf becomes operational.

In accordance with the new Article 703 of the Navigation Code (Article 15-*quinquies*, paragraph 1, Legislative Decree No. 148 of October 16, 2017, converted with amendments by Law No. 172 of December 4, 2017), AdB, as an airport manager, shall receive on conclusion of the concession from the succeeding party, a fee equal to the residual value, where positive (Terminal Value) of the investments made on the concession areas, net of amortisation and depreciation, calculated according to the regulatory accounting rules. During 2019, the Parent Company undertook various analyses on the Terminal Value regulation both from a legal and accounting viewpoint, following which it applied this regulation from the 2019 annual financial statements.

From January 1, 2019 consequently, a receivable is recorded for the portion of fees from construction/improvement services provided by the company regarding the investments which shall have a Terminal Value at concession conclusion (2044), calculated according to the regulatory accounting rules. The Terminal Value is discounted and recognised to non-current financial assets. With regards to the concession rights recognised at December 31, 2018 and which shall have a Terminal Value in 2044, this amount remains within the "concession rights" category of intangible assets, although does not enter into the amortisation schedule to coincide at December 31, 2044 with the residual book value of the concession rights.

In addition, the Terminal Value rule is applicable also to interventions on the provisions for renewal, while calculated according to the regulatory accounting rules. This Terminal Value is an integration to the performance obligation fee, as per IFRS 15, concerning the concession contract. Consequently, non-current financial assets are recorded, with counterentry to Other revenues and income in the income statement. Subsequent to the initial recognition of each Terminal Value, it is valued at amortised cost on the basis of a "Hold to Collect" business model. For further details, reference should be made to the accounting policies for financial assets. With regards to the Terminal Value receivable, this is subject to an impairment test as per IFRS 9, taking account of the default risk of the State counterparty.

The useful life of an intangible asset deriving from contractual rights or other legal rights is determined on the basis of the lower between the duration of the contractual or legal rights (concession duration) and the utilisation period of the asset. The recoverability of the carrying value less amortisation is verified annually adopting the impairment test criteria.

“Software, licences and similar rights” primarily refers to the costs of implementing and customising management software and of purchasing software licences, amortised at a rate of 33%.

“Energy Certificates”, where changing, refer to the White Certificates concerning the Trigeneration plant recognised to the Company by the energy services operator (GSE). These certificates are measured at fair value represented by the average sales price of the last annual market session of energy efficiency securities.

The gains and losses deriving from the elimination of an intangible asset are measured as the difference between the net sales proceeds and the book value of the intangible asset, and are recorded in the income statement in the year in which they are eliminated.

### **Tangible assets**

Tangible assets are initially recognised at purchase price or construction cost and includes the price paid to acquire or construct the asset (net of discounts) and any directly attributable costs to the acquisition and necessary for the asset to enter into service.

Land, both constructible and relating to civil and industrial buildings, is accounted for separately and is not depreciated in that it has an indefinite useful life.

Tangible fixed assets are presented net of accumulated depreciation and any losses in value, calculated as described below. Depreciation is calculated, on a straight-line basis, based on the estimated useful life. Where a tangible fixed asset comprises a number of significant components with differing useful lives, the depreciation is carried out separately for each component. Land is not depreciated and fixed assets held-for-sale are valued at the lower of the subscription value and the fair value net of selling costs.

The depreciation rates used are as follows:

- Buildings and light construction: from 3% to 10%;
- Machinery, equipment and plant: from 10% to 31.5%;
- Furnishings, office machines and vehicles: from 12% to 25%.

The residual value of the asset, useful life and the methods applied are reviewed on an annual basis and adjusted if necessary at the end of each year.

Losses in value are charged to the income statement under depreciation costs. Such losses are restated when the reasons for their write-down no longer exist.

At the time of sale, or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale’s price and book value) is charged to the income statement in the year of its elimination.

Maintenance and repair expenses, which do not increase the value and/or extend the residual useful life of the asset are expensed in the year in which they are incurred; where they increase the value and/or extend the residual life of the assets, they are capitalised.

### **Investment property**

The company classifies land purchased for the execution of future real-estate investments to be defined as investment property.

Such land is initially recognised at purchase cost and then measured at cost.

The items of tangible assets in question are not subject to depreciation because they refer to land. The company uses technical appraisals to monitor the fair value of the property in question in order to determine whether it has become impaired.

Investment properties are eliminated from the financial statement when they are sold or when they are unusable on a long-term basis and no future economic benefits are expected from their sale. Any profits or losses due to the retirement or disposal an investment property are recognised in the income statement when the property is retired or disposed of.

### **Impairment of non-financial assets**

The carrying amount of non-financial assets undergo an impairment test whenever there are signs internal or external to the entity which indicate the possibility of a loss in value of the assets or group of assets (defined as the Cash Generating Unit or CGU).

The recoverable value is the higher between the fair value of the asset or cash generating unit, net of selling costs, and its value in use. The recoverable value is determined by individual asset except when this asset generates cash flows which are not sufficiently independent from those generated by other assets or groups of assets.

If the carrying amount of an asset is higher than its recoverable value, this asset has incurred a loss in value and is consequently written down to the recoverable value. In the determination of the value in use, the estimated future cash flows are discounted by the Company at a pre-tax rate that reflects the market assessment of the current value of money and the risks specific to the asset. In determining the fair value less selling costs, an adequate valuation model is utilised. These calculations are made utilising appropriate valuation multipliers, listed equity prices for publicly traded securities and other fair value indicators available.

The losses in value incurred by operating assets are recorded in the income statement in the category of costs relating to those assets.

At each reporting date, the company evaluates, in relation to the assets other than goodwill, the existence of indicators of a reduction in the loss of value previously recorded and, where these indicators exist, makes an estimate of the recoverable value. The value of an asset previously written down may be restated only if there have been changes in the estimates used to determine the recoverable value of the asset after the last recording of a loss in value. The recovery of value cannot exceed the book value which would have been calculated, net of amortisation, where no such loss in value was recorded in previous years. This recovery is recorded in the income statement unless the fixed asset is recorded at revalued amount, in which case the recovery is treated as a revaluation profit.

The following criteria are utilised for the recording of impairments on specific categories of assets:

#### Concession rights

The company undertakes an impairment test on Concession rights annually at the year-end close or more frequently if events or changes in circumstances indicate that the carrying amount may have incurred a loss in value (whenever impairment indicators arise).

The loss in value on such intangible assets is determined through a valuation of the recoverable value of the cash generating unit (or group of units) to which they relate. When the recoverable value of the cash generating unit (or group of units) is lower than the carrying value of the cash generating unit (or group of cash-generating units) to which the intangible assets are allocated, a loss in value is recognised.

For impairment testing purposes, the company has identified a single CGU (cash generating unit), which coincides with the entity Aeroporto G. Marconi di Bologna S.p.A..

The impairment test compares the carrying amount of the asset or of the cash generating unit (CGU) with the recoverable value of the asset, arising from the higher between the fair value (net of selling costs) and the value of the net discounted cash flows which are expected to arise from the asset or from the CGU.

Each unit or Group of units to which the intangible asset is allocated represents the lowest level within the group to which the goodwill is monitored at internal management level.

The conditions and the methods for any write-back of an asset previously written down applied by the company, excluding in any case any recovery in the value of goodwill, are those as per IAS 36.

### **Financial assets**

IFRS 9 provides for a single approach for the analysis and classification of all financial assets, including those contained in embedded derivatives. The classification and the relative measurement is made considering both the management model of the financial assets and the contractual characteristics of the cash flows from the asset.

The financial asset is measured using the amortised cost method where both of the following conditions are satisfied:

- the management model of the financial asset consists of holding the asset with the sole purpose of collecting the relative cash flows; and
- the financial asset generates, at pre-determined contractual dates, cash flows exclusively representative of the return from the financial asset and repayment of capital.

The financial asset is measured at fair value, with recognition of the effects in the statement of comprehensive income, if the objectives of the management model are to hold the financial asset in order to obtain the contractual cash flows or to sell the asset.

Finally, there is the residual category of financial assets measured at fair value with recognition of the effects through the income statement, which includes assets held for trading.

A financial asset which satisfies the requirements to be classified and measured at amortised cost may, on initial recognition, be designated as a financial asset at fair value, with recognition through the income statement, if this accounting treatment permits the elimination or significant reduction of the asymmetry in the measurement or recognition (so-called "accounting mismatch"), which would otherwise arise from the measurement of the asset or liability or from the recognition of the relative profits or losses on a different basis.

In addition, in the case of investments in equity instruments for which, therefore, it is not possible the recognition and measurement at amortised cost, where this concerns equity investments not held for trading purposes, but for strategic purposes, IFRS 9 provides that on initial recognition the entity may irrevocably choose to measure these at fair value, with recognition of any subsequent changes in the statement of comprehensive income without passing through profit or loss any gains or losses in the case of disposal.

Where the financial assets are only held for the company's temporary needs to invest liquidity in order to obtain the contractual cash flows these are classified in the category "Held to collect - HTC".

Where the financial assets meet the company's objective either to collect the contractual cash flows or the future sale these are classified in the category "Held to collect and sell – HTC&S".

The company does not hold and did not hold during 2019 and 2018 derivative financial instruments.

### *Loans and receivables*

Loans, similar to trade receivables, are held until their collection at the contractual maturities and generate cash flows relating to the collection of the principal and interest. The company analysed the contractual cash flows of these instruments and concluded that they comply with the amortised cost measurement criteria in accordance with IFRS 9.

The amortised cost is calculated taking into consideration all discounts or purchase premiums and includes the commissions which are an integral part of the effective interest rate and of the transaction costs. Current trade receivables are not discounted as the effect of discounting the cash flows is immaterial. The profits and losses are recognised to the income statement when the loans and receivables are eliminated or if there is an impairment, also through the amortisation process.

### *Fair value*

In the notes, the company discloses the fair value of financial instruments at amortised cost and non-financial assets, such as investment property.

Fair value concerns the price that will be received for the sale of an asset or which will be paid for the transfer of a liability, in a transaction settled between market operators at the measurement date.

Fair value measurement requires that the sale of the asset or transfer of the liability has taken place:

- (a) in the principal market of the asset or liability; or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible for the Company.

The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.

The fair value measurement of a non-financial asset considers the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or of selling to another market operator that would utilise the asset to its maximum or best use.

The company utilises measurement techniques which are appropriate to the circumstances and for which there is sufficient available data to measure the fair value, maximising the utilisation of relevant observable inputs and minimising the use of non-observable inputs.

All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

- ▶ Level 1 - prices listed (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;
- ▶ Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;
- ▶ Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely in the same hierarchical level of the fair value in which the lowest hierarchical input level utilised for the measurement is classified.

For the assets and liabilities recognised in the financial statements on a recurring basis, the company assesses whether there have been transfers between the hierarchy levels, reviewing the classification (based on the lowest input level, which is significant for the fair value measurement in its entirety) at each reporting date.

### **Impairment of financial assets**

IFRS 9 defines a new impairment model of financial assets, with the objective to provide useful information to the readers of the financial statements in relation to expected losses. In particular, the model requires verification and recognition of any expected losses at any time over the life of the instrument and the updating of the expected losses at each reporting date to reflect the changes in the credit risk of the instrument; therefore, it is no longer necessary that a particular event arises (“trigger event”) in order to verify and recognise losses on receivables.

The impairment test must be applied to all financial instruments, with the exception of those measured at fair value with recognition through the income statement.

The company applies the simplified Provision Matrix approach and recognises the expected losses on all trade receivables based on the residual duration, defining a matrix for the provision based on the historical experience relating to the losses on receivables, adjusted to take into account specific forecast factors relating to the creditors and the economic environment (Expected Credit Loss – ECL concept).

The book value of the asset is reduced through the use of a provision and the amount of the loss recognised in the income statement.

Receivables which have incurred a loss in value are reversed when it is determined that they are irrecoverable.

### **Non-current assets held-for-sale and discontinued operations**

Non-current assets classified as held-for-sale are measured at the lower of their carrying value and the fair value less selling costs. They are classified as such if the carrying value will be recovered through a sales operation rather than through their continual use. This condition exists only when the sale is highly probable and the asset or discontinued group is available for an immediate sale in its current conditions. Management must be committed to the sale, whose completion must be expected within one year from the date of the classification.

In the income statement and the previous year comparative period, the profits and losses of discontinued operations must be classified separately from profits and losses from continuing operations, shown after taxes, even when the company maintains a minority interest in the subsidiary after the sale. The resulting profit or loss, after income taxes, is shown separately in the income statement.

Plant, property and equipment and intangible assets once classified as held-for-sale are no longer amortised or depreciated.

### **Derecognition of financial assets**

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised firstly (e.g. eliminated from the balance sheet) when:

- the rights to receive cash flows from the asset are extinguished, or
- the company has transferred to a third party the right to receive the cash flows of the asset or has assumed the contractual obligation to pay entirely and without delay and (a) has substantially transferred all of the risks and rewards of ownership of the financial asset, or (b) has not substantially transferred all of the risks and rewards of the asset, but has transferred control.

### **Construction and service contracts work-in-progress**

Construction contracts work-in-progress are measured on the basis of the contractual payments matured with reasonable certainty in relation to the advancement of work under the percentage of completion method, determined through the measurement of work completed, to be attributed to the revenues and economic result of the contract to each year in proportion to the advancement of work. The positive or negative difference between the value of the completed portion of the contracts and that of the advances received is recognised in the statement of financial position, as an asset or liability, respectively, while also taking account of any impairment losses recognised due to risks associated with non-payment for work done on behalf of clients.

The contract revenues, in addition to the contractual payments, include the variances, price revisions and any claims up to the amount it is probable that they represent effective revenues that can be determined reliably.

If a project is expected to yield a loss, this loss is immediately recognised in full, regardless of the progress on the project.

Construction services for the grantor relating to the concession agreement to which the company is a party are also recognised in the income statement according to the state of progress. In particular, construction and/or improvement revenue – which represents the consideration due for the services rendered – is measured at fair value, determined on the basis of the total costs incurred, consisting primarily of the costs of external services and the costs of benefits for employees engaged in the activities concerned. The balancing entry for such construction service revenue is to a financial asset or airport concession taken to concession rights among intangible assets, as discussed in the relevant section.

### **Inventories**

Inventories are recorded at the lower of purchase or production cost and realisable value represented by the amount that the company expects to obtain from their sale in the normal course of operations. The cost of inventories is calculated using the weighted average cost method.

### **Cash and cash equivalents**

Cash and cash equivalents include those values which are available on demand at short notice, certain in nature and with no payment expenses.

### **Employee benefits**

The benefits guaranteed to employees paid on the conclusion of employment (leaving indemnity) or other long-term benefits (e. g. non-competitive agreements, long-term incentive plans) are recognised in the period the right matures.

The liability, net of any plan assets, is calculated on the basis of actuarial assumptions and is recorded by the accrual method consistent with the years of employment necessary to obtain such benefits. The liability is calculated by independent actuaries utilising the projected unit credit method.

The amount not only reflects the payables matured at the financial statement date but also the future salary increases and related statistical data.

Revaluations, which include actuarial profits and losses, changes in the effect of the limit on the assets, not including net interest (not applicable to the company) and the return on plan assets (not including net interest) are recognised immediately in the statement of financial position by debiting or crediting profits/(losses) carried forward through other comprehensive income in the year in which they occur. Revaluations are not reclassified to the income statement in subsequent years.

The cost of employee service in prior periods is recognised in the income statement on the later of the following dates:

- (a) the date on which the plan is changed or reduced; and
- (b) the date on which the company recognises the related restructuring costs.

Net interest on the net defined-benefit liabilities/assets are calculated by multiplying the net asset/liability by the discount rate. The company recognises the following changes in the net defined-benefit obligation in the cost of goods sold, administrative expenses and selling and distribution costs in the income statement (by nature):

- Costs of employee service, inclusive of costs of both current and prior employee service, profits and losses on non-routine curtailments and settlements;
- Net interest income or expenses.

Following the amendments to severance benefits introduced by Law No. 296 of December 27, 2006 (Finance Law 2007) and subsequent Decrees and Regulations, the severance benefits of Italian companies with more than 50 employees matured from January 1, 2007, or from the option date chosen by the employee, is included under defined contribution plans, both in the case of supplementary pension options and in the case of allocation to the INPS Treasury Fund. The severance benefits accrued until December 31, 2006 have been treated as defined-benefit.



The contributions to be paid into a defined-contribution plan in exchange for the employee service in question are treated both as a liability (account payable) after having deducted any contributions already paid, and as a cost.

### **Provisions for risks and charges**

Provisions for risks and charges relate to costs and expenses of a defined nature and of certain or probable existence whose amount or date of occurrence is uncertain at the present financial statement date.

The provisions are recorded when:

- (i) it is probable the existence of a current obligation, legal or implicit, deriving from a past event;
- (ii) it is probable that compliance with the obligation will result in a charge;
- (iii) the amount of the obligation can be estimated reliably.

Provisions are recorded at the value representing the best estimate, supported by expert opinion, of the amount that the Company would rationally pay to discharge the obligation or to transfer it to a third party at the reporting date. When the financial effect of the time is significant and the payment dates of the obligations can be reliably estimated, the provision shall be discounted at the average cost of debt to the company; the increase of the provision due to the passing of time is recorded in the income statement in the account "Net financial income/(charges)".

If the liability relates to a tangible fixed asset (demolition of assets), the provision is recognised in line with the asset to which it refers; the recognising of the charge to the income statement is made through depreciation.

The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discounting rate; the revision of estimates is recorded in the same income statement accounts in which the provision was recorded, when the liability relates to tangible fixed assets, and in the asset account to which it refers.

### *Provision for renewal of airport infrastructure*

In accordance with the obligations assumed under current agreements, the provision for renewal of airport infrastructure includes accruals relating to extraordinary maintenance, refurbishment and replacement to be undertaken at a future point in time to ensure that airport infrastructure remains duly functional and secure. Accruals to this provision are recognised according to the degree of use of the infrastructure, indirectly reflected in the expected date of replacement/renewal. The values recorded in this line item also take due account of a financial component, to be applied according to the intervals between the various renewal cycles, intended to ensure that the provisions set aside are adequate. The estimate of the provision for renewal of airport infrastructure therefore requires complex professional technical judgement, in particular in relation to the nature of the costs to be incurred, their amount and the timing of the expected interventions.

### **Trade payables and other non-financial liabilities**

Short-term trade payables, which mature within the normal commercial terms, are recognised at cost (their nominal value) and are not discounted as the discounting of cash flows is insignificant.

The other non-financial liabilities are recorded at cost (identified as nominal value).

### **Loans**

Other financial liabilities, with the exception of the derivatives, are recognised initially at cost, corresponding to the fair value of the liability plus transaction costs that are directly attributable at the issue of the liability.

After initial recognition, the financial liabilities are measured at amortised cost using the original effective interest rate, which is the rate that renders equal, on the initial recognition, the present cash flow value and the initial recognition value (amortised cost method).

All profits and losses are recognised in the income statement when the liability is settled, in addition to the amortisation process.

### **Financial guarantee liabilities**

Financial guarantee liabilities issued by the company are contracts which require a specific payment to reimburse the holder of a debt security against a loss incurred following non-compliance of the debtor in the payment at the scheduled contractual maturity date. Financial guarantee contracts are initially recognised as a liability at fair value, increased by the directly attributable transaction costs to the issue of the guarantee. After initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised, less accumulated amortisation.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the underlying obligation of the liability is extinguished, settled or cancelled. If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the separate income statement.

### **Recognition of revenues**

Revenues are recognised for an amount which reflects the payment which the entity considers to have the right to in exchange for the transfer of goods or services to the customer and are calculated on the basis of the following five phases:

1. identification of the contract;
2. identification of the performance obligations present in the contract;
3. Establishment of the sales price;
4. Allocation of the transaction price to each of the performance obligations identified;
5. Recognition of the revenues on the satisfaction of the performance obligation.

These are recognised when the contractual obligations have been complied with and in particular when control has been transferred to the customer. In addition, in the measurement of revenue it is necessary to take into account the probability of obtaining and/or collecting the economic benefit related to the income.

The Company has identified the following revenue streams:

1. Airport fees
2. Commercial/non-comm. sublicense/lease
3. Parking
4. Construction Services
5. Others.

Revenues are recorded net of returns, discounts and premiums and promotional charges directly related to the sales revenue, in addition to direct sales taxes.

Commercial discounts, recorded as a direct deduction of revenues, are measured on the basis of contracts signed with airlines and tour operators.

Royalties are recorded based on the accruals principle in accordance with the contracts in force and as per IFRS 15.

Interest income is recognised in accordance with the accruals principle, which takes into account the effective yield of the assets to which it refers.

Dividends are recorded when the shareholders have the right to receive them.

### **Recognition of costs and expenses**

Costs are recorded when relating to goods and services sold or consumed in the year or when there is no future utility.

Interest expense is recognised in accordance with the accruals principle, which takes into account the effective yield of the liabilities to which it refers. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which requires a lengthy period before availability for use shall be capitalised as part of the cost of that asset.

### **Taxes for the year**

#### *Current income taxes*

Current income taxes are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially issued as at the reporting date of the operational financial statements. Current income taxes relating to items recorded directly in equity are charged directly to shareholders' equity and not to the income statement. The Directors periodically assess the positions assumed in the income tax returns where the fiscal regulations are subject to interpretations and, where appropriate, record appropriate provisions.

#### *Deferred taxes*

Deferred taxes are calculated using the liability method on temporary differences between values used for fiscal purposes and the assets and liabilities reported in the present financial statements. The deferred tax liabilities are recorded against all temporary taxable differences, with the exception of:

- the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the year's profit calculated for purposes of the Financial Statements or on profit or loss calculated for tax purposes;
- the reversal of the temporary differences, related to investments in subsidiaries, associates and joint ventures, can be controlled and it is probable that such will not occur in the foreseeable future.

Deferred tax assets are recognised on all temporary differences and fiscal losses carried forward to the extent of the probable existence of adequate future tax profits that can justify the use of deductible temporary differences and fiscal losses carried forwards, except:

- when deferred tax assets relate to the temporary differences deriving from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the year's profit calculated for the purposes of the Financial Statements or on profit or loss calculated for tax purposes;
- in the case of temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are only recognised to the probable extent that the temporary differences will reverse in the foreseeable future and there are sufficient assessable amounts to utilise such temporary differences.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent it is unlikely that sufficient tax profits will be available in the future, so that some or all of the asset may be used. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent of the probability that the tax profit is sufficient to permit such deferred tax assets to be recovered.

Deferred tax assets and liabilities are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the amounts are paid, considering the rates in effect and those already issued or substantially issued as of the closing date of the financial statements.

Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to equity or to the statement of comprehensive income, in line with the item to which they refer.

The Group offsets deferred tax assets and deferred tax liabilities when there is a legal right to offset current tax assets and current tax liabilities and the deferred tax assets and liabilities relate to income taxes due to the same tax authority.

The fiscal benefits acquired following a business combination, but which do not satisfy the criteria for separate recognition at the acquisition date, may be recognised subsequently, when updated information is received on the facts and on the circumstances. The adjustment is recognised as a reduction of goodwill (up to the value of the goodwill), where this is recorded during the measurement period, or in the income statement, if recorded subsequently.

The rates utilised for the calculation of deferred taxes, which reflect the expected rates on the basis of national legislation in force, are the following:

- IRES 24%
- IRES 27.5% rate, increased for the 2019-2020-2021 tax periods (Airport Companies)
- IRAP 4.2% (Airport Companies)
- IRAP (3.9%)

#### *Indirect taxes*

Costs, revenues, assets and liabilities are recognized net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognized as part of the purchase cost of the asset or part of the cost recognized in the income statement;
- the trade receivables and payables include the indirect taxes applicable.

The net amount of the indirect taxes to be recovered or be paid to the Tax Authorities is included in the financial statements under receivables or payables.

## **Earnings per share**

### Undiluted

The earnings/(loss) per share is calculated by dividing the result of the company by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

### Diluted

The diluted earnings/(loss) per share is calculated by dividing the result of the company by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted in respect of the dilution potential of ordinary shares, while the profit or loss of the company is adjusted to take into account the effects, net of income taxes, of the conversion.

## **Dividends and distribution of assets other than Cash and Cash Equivalents**

The company records a liability against the distribution to its shareholders of available liquidity or assets other than available liquidity when the distribution is appropriately authorised and is no longer at the discretion of the company. Based on company law in Europe, a distribution is authorised when it is approved by the shareholders. The corresponding amount is recorded directly in shareholders' equity.

The distribution of assets other than available liquidity is measured at fair value of the assets to be distributed; the remeasurement of the fair value is recorded directly in shareholders' equity.

On the payment of the dividend, any difference between the book value of the assets distributed and the book value of the dividend payable is recorded in the statement of comprehensive income.

### **Listing costs**

Within the listing project concluded on July 14, 2015 with the commencement of trading of the shares on the Star Segment of the Electronic Equities Market (Mercato Telematico Azionario) organised and managed by Borsa Italiana Spa, the Parent Company incurred specific costs, such as (i) commissions recognised to the coordinating banks of the offer, (ii) fees paid to consultants, specialists and legal advisors, (iii) other costs such communication costs, prospectus printing costs and other miscellaneous expenses and charges.

In a listing operation, where the Issuer issues new shares and lists both the new and existing shares, some costs are incurred jointly for the share capital increase and the sale of the new shares, and for the sale of existing shares. In this situation, the criteria for their allocation to the two activities must be identified based on reasonable criteria which reflects the substance of IAS 32, recognising them in part as a decrease of Shareholders' Equity and in part in the Income Statement.

The listing costs which are incremental in nature directly attributable to the share capital increase which would otherwise be avoided, such as for example purposes the intermediary fees, were recorded in 2015 as a decrease in the Shareholders' Equity in the Share Premium Reserve; the remainder, again for example purposes, such as the costs relating to consultants, specialists and legal advisors, was recorded in part in the Income Statement and in part under Shareholders' Equity in accordance with the criterion illustrated above.

### **Cash Flow Statement**

The Company prepared the cash flow statement in accordance with the indirect method as permitted by IAS 7. The Company reconciled the pre-tax profit with the net cash flows from operating activities. IAS 7, paragraph 33 allows classification of interest income and expense as an operating activity or financial activity based on the presentation considered most representative by the entity; the Company classifies interest income received and interest expense paid as cash flows from operating activities.

## **Accounting standards, amendments and interpretations endorsed by the European Union adopted by the company**

From 2019 the following new accounting standards, amendments and interpretations, revised by the IASB, entered into force:

### *IFRS 16 – Leasing*

IFRS 16 was published in January 2016 and replaces IAS 17 Leasing, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating leases - Incentives and SIC 27 Evaluating the substance of transactions in the legal form of a lease.

The scope of application of the new standard, which enters into force from January 1, 2019, concerns all leasing contracts, with some exceptions. The accounting method of all leasing reassumes the model under IAS 17, although excluding leasing for insignificant amounts and short-term lease contracts. At the recognition date of the lease it is necessary to recognise the liability for the lease instalments and the asset for which the entity has the right of utilisation, separately recognising the financial expenses and depreciation relating to the asset. The liability may be remeasured (for example changes in the contractual terms or changes in indices related to the payment of the instalments) and this change must be recorded on the underlying asset. From the lessor's viewpoint the accounting model is substantially unchanged from the previous IAS 17.

The Company has underwritten leasing contracts as lessor with the sub-license of airport areas and spaces to its customers and also has undertaken leasing contracts mainly as lessee for equipment, plant, machinery, automotive vehicles and land.

Adb chose to apply the standard retrospectively from January 1, 2019 (modified retrospective method) and also utilised the options proposed by the standard on leasing contracts which, at the date of initial application, have a duration of equal to or less than 12 months and which do not contain a purchase option ("short-term leasing") and on leases whose underlying asset is of a low value ("low value asset"). From the lessor's viewpoint, there are no changes in the new standard compared to the previous accounting method. In terms of the lessee, for leases classified previously as operating leases, the Company recorded the lease liability at the present value of the remaining payments due, discounted using the incremental borrowing rate of the lessee at the date of initial application, and recording the right-of-use asset for an amount equal to that of the liability. In particular, the net assets recognised at the date of initial application amount to Euro 2.3 million and the lease liabilities to Euro 2.3 million. Consequently, no cumulative effects have been accounted for as adjustments to opening equity, nor have the figures from the comparative period been restated.

The difference between the commitments at December 31, 2018 concerning operating leases and rentals and the liabilities from the impact of IFRS 16 is outlined below:

<b>Finance lease liabilities reconciliation table</b>	<b>in thousands of Euro</b>
Operating lease charges at December 31, 2018	2,450
Discounting effect at January 1, 2019	80
<b>Operating lease charges discounted at January 1, 2019</b>	<b>2,370</b>
Short-term lease charges	(38)
Low value asset lease charges	(13)
Charges concerning leases previously classified as finance leases	0
Expenses for any extensions not recorded at December 31, 2018	0
<b>Lease liabilities at January 1, 2019</b>	<b>2,319</b>

In addition, the 2019 figures include the following impacts from the introduction of the new accounting standard:

- ✓ depreciation increased by Euro 533 thousand and concerns right-of-use assets on land, equipment and vehicles, as set out in note 2;
- ✓ lease charges decreased by Euro 538 thousand and concern prior operating leases;
- ✓ financial expenses rose by Euro 22 thousand with regards to the interest expense on additional lease liabilities recorded.

Cash absorbed by operating activities reduced by Euro 535 thousand and cash absorbed by financing activities increased by the same amount; these amounts regard the payments of the capital portion of the lease liabilities recorded.

Finally, the capital employed in lease assets amounts to Euro 2.4 million, of which Euro 0.04 million for charges to recover land next to the parking area, as contractually established; a future charges provision

was recorded as a counter-entry in accordance with IAS 37.

For further details on the right-of-use assets of the Company with the relative movements in the period, reference should be made to note 2.

#### *IFRIC 23 - Uncertainty over Income Tax treatments*

(applicable from financial years ending after January 1, 2019).

The interpretation clarifies the application of the requirements for recognition and measurement in IAS 12 - "Income taxes" in the case of uncertainty on the treatment of income taxes. The Interpretation concerns specifically: (i) the case in which an entity considers separately the uncertain fiscal treatment, (ii) the assumptions which an entity makes on the review of the fiscal treatment by the tax authorities, (iii) how an entity determines assessable income (or fiscal loss), assessable base, fiscal losses not utilised, tax credits not utilised and tax rates and (iv) in what manner an entity considers changes of facts and circumstances. The Interpretation does not add new disclosure requirements, however outlines the existing requirements in IAS 1 relating to disclosure on opinions, information on assumptions of facts and other estimates and information on tax under/over accruals within AS 12 "Income taxes". The interpretation provides a choice between two transition models: (i) retroactive application which utilises IAS 8 - "Accounting policies, changes in accounting estimates and errors", only if the application is possible, or (ii) retroactive application with cumulative effect of the initial application recorded as an adjustment to shareholders' equity at the date of the initial application and without remeasurement of the comparative information. The date of the initial application is the beginning of the annual reference period in which an entity applies the interpretation for the first time. At the time of adoption of the interpretation, the Company examined the existence of uncertain tax positions and assessed that such had no impact on its financial statements.

#### *Amendments to IFRS 9 - Prepayment Features with Negative Compensation*

(applicable from financial years ending after January 1, 2019).

This allows companies to measure specific prepayments on financial assets through the so-called negative compensation at amortised cost or at fair value from "other comprehensive income" in the case where a specific condition is met, rather than at the fair value of the income statement. These amendments did not have any impact on the company's financial statements.

#### *Amendments to IAS 28 - Long-term interests in associates and joint ventures*

(applicable from financial years ending after January 1, 2019).

This clarifies how the entity should use IFRS 9 to represent long-term interests in an associate company or joint venture, for which the equity method is not applied. These amendments did not have any impact on the company's financial statements.

#### *Amendment to IAS 19 - Plan Amendment, Curtailment or Settlement*

(applicable from financial years ending after January 1, 2019).

In February 2018, the IASB issued amendments to IAS 19 which specifies how companies should determine the pension payable when changes to a given pension plan occur. IAS 19 "Employee Benefits" specifies how a company should account for a defined benefit pension plan. When a change is made to a plan, an adjustment, a reduction or a regulation, IAS 19 requires that the net defined benefit asset or liability is to be re-measured. The changes require a company to use the updated assumptions from this recalculation to determine the cost of the current service and the net interest for the remainder of the reference period after the plan is changed. These amendments did not have any impact on the financial statements.

### *Improvements to IFRS - 2015-2017 Cycle*

(applicable from financial years ending after January 1, 2019).

In December 2017, the IASB also issued Annual Improvements to IFRS 2015-2017, a series of amendments to IFRS in response to issues raised, mainly: (I) to IFRS 3 - Business Combinations, clarifying how a company must re-measure holdings, previously held in a joint operation, once control of the business is obtained; (II) to IFRS 11 – Joint Arrangements, for which a company does not re-value holdings previously held in a joint operation when it obtains joint control of the activity, (III) to IAS 12 - Income Tax, which clarifies that the impact on income tax deriving from dividends (that is, the distribution of profits) should be recognised in the income statement, regardless of how the tax arises; (IV) and to IAS 23 – Borrowing costs, which clarifies that a company is to treat as part of a general debt any debt originally assumed for the development of an asset when this asset is ready for its intended use or for sale. These amendments did not have any impact on the financial statements.

### **New accounting standards and amendments not yet effective and not adopted in advance by the company**

The standards and interpretations which at the date of the preparation of this financial report were issued but not yet in force are reported below. The Company will adopt these standards when they enter into force, if applicable.

### *Amendments to References to the Conceptual Framework in IFRS Standards*

On March 29, 2018, the IASB issued a revised version of the Conceptual Framework for Financial Reporting, which updates existing references in various standards and interpretations that are now outdated. This instrument guarantees that the accounting standards are conceptually correct and that transactions of the same type are treated in the same manner, providing useful information to investors and other stakeholders. The Conceptual Framework helps in addition, businesses to implement adequate accounting policies when no IFRS standard disciplines the specific transaction; in addition, it assists the stakeholders in general to understand the accounting standards. The revised Conceptual Framework includes: a new chapter on the measurement and reporting rules for financial results; more accurate definitions and rules - particularly with regard to the definition of liabilities; clarifications on important concepts, such as administration, prudence and uncertainty in valuations; clarifications on definitions and recognition criteria for assets and liabilities. The amendments enter into force from January 1, 2020.

### *Amendments to IAS 1 and IAS 8: Definition of Material*

On October 31, 2018, the IASB published amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', in order to align the definition of 'material' in the standards and clarify certain aspects of the definition. On the basis of these amendments, information is considered material, where by omitting, misstating or obscuring it, such could reasonably be expected to influence decisions that the primary users of financial statements make on the basis of the financial information that they contain. The amendments enter into force on January 1, 2020 and are not expected to have a significant impact on the separate financial statements.



#### *Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform.*

On September 26, 2019, the IASB issued these amendments which provide temporary relief to allow for the continued use of hedge accounting during the period of uncertainty preceding the reform to replace the current interest rate benchmark with a risk-free alternative interest rate. These amendments shall enter into force on January 1, 2020 and early application is permitted.

At the preparation date of these financial statements, the competent bodies of the European Union have not yet completed the endorsement process relating to the new standards and amendments applicable to the financial statements for years that commence from January 1, 2020 and illustrated below:

#### *Amendments to IFRS 3 Business Combination*

On October 22, 2018, the IASB published, in the updated version of IFRS 3 - Business Combinations, the amendment to the definition of a business in order to support entities in determining whether or not a set of assets acquired constitutes a business. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing inputs or processes, add guidance to help entities assess whether a substantive process has been acquired, narrow the definitions of a business and of outputs and add an optional fair value concentration test. As the amendments apply prospectively to transactions or other events occurring on or after the date of initial application, the Company applies the amendments to IFRS 3 to business combinations from the effective date (January 1, 2020) or subsequently.

#### *Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*

On January 23, 2020, the IASB issued an amendment to IAS 1 that seeks to clarify one of the criteria in IAS 1 for classifying a liability as non-current or the requirement that the entity must have the right to defer settlement of the liability for at least 12 months subsequent to the reporting date. The amendment includes:

- an indication that the right to defer settlement must exist at the reporting date;
- a clarification that the classification is not influenced by management's intentions or expectations regarding the possibility of using the right of deferral;
- a clarification on how the conditions of funding affect the classification and;
- a clarification of the requirements for the classification of liabilities that an entity intends to settle or could settle by issuing its own equity instruments.

The amendments to the accounting standards are effective from periods beginning on, or after, January 1, 2022.

*IFRS 17 - Insurance contracts* are excluded from the list since this accounting standard does not pertain to the activity carried out by the company.

#### **Discretionary valuations and significant accounting estimates**

The preparation of the financial statements requires the directors of the Company to undertake discretionary valuations, estimates and assumptions which impact upon the amount of revenue, costs, assets and liabilities and related disclosures, as well as potential liabilities. The uncertainty concerning these assumptions and estimates could result in significant changes in the book value of these assets and/or liabilities in the future.

### *IAS 8 Changes in accounting estimates and errors*

Some elements in the financial statements may not be measured with precision and therefore are subject to estimates which depend on future and uncertain conditions of the company's operations. These estimates over time will incur revision to take into account data and information which is available subsequent to the initial estimates. The effect of the change of accounting estimates must be recorded prospectively in the year in which they occur, including them in the economic result of the year and of future years, where the change also affects this latter. The prospective recognition of the effects of the estimates means that the changes are applied to the transactions on the change in the estimate. The revision or change in the accounting estimate arises from new information or new developments in operating activities and for this reason they do not represent a correction of errors.

The errors of previous years are omissions and incorrect measurements of accounts in the financial statements of an entity for one or more years deriving from the non-utilisation or the erroneous utilisation of reliable information which was available when the financial statements were authorised for their publication and it is reasonable to consider that such information could have been obtained and utilised in the preparation and presentation of these financial statements. These errors include the effects of arithmetic errors, errors in the application of accounting policies, inaccuracies or distorted interpretations of facts, and fraud. The financial statements are not in accordance with IFRS if they contain significant errors or irrelevant if committed intentionally in order to obtain a specific presentation of the statement of financial position, of the economic result or of the cash flows of the entity. Potential errors of the current year, recorded in the same year, are corrected before the financial statements are authorised for publication. The errors uncovered in subsequent years, if considered significant and if the correction is considered feasible, must be corrected in the comparative disclosure presented in the financial statements for the following year, remeasuring the opening balances of assets, liabilities and shareholders' equity (restatement).

The restatement is not applied and the error is not recorded using the prospective method where the errors and the omissions are considered insignificant.

Omissions or incorrect measurements of accounts are recorded if, individually or overall, they may impact the economic decisions of the readers of the financial statements. The restatement depends on the size and nature of the omission or incorrect measurement assessed depending upon the circumstances.

### *Estimates and assumptions*

The key assumptions undertaken by management and which have the most significant effect on the reported amounts or have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. The company based its estimates and assumptions on information available at the preparation date of the separate financial statements. However, the current circumstances and assumptions on future developments may alter due to changes in the market and events outside of the Company's control. These changes, where occurring, are reflected in the assumptions.

### *Impairment of non-financial assets*

Reference should be made to that previously illustrated in the standard "impairment of non-financial assets" and that illustrated below in Note 1-Intangible Assets.

### *Fair value of investment property*

The company records investment property at cost, which approximates the fair value of the investment properties given their particular nature (absence of a comparable active market).

### *Fair value of financial instruments*

The company provides in the Notes the fair value of the financial instruments. When the fair value of a financial asset or financial liability may no longer be measured based on the prices on an active market, the fair value is determined utilising various valuation techniques, including the discounted cash flow model. The inputs inserted in this model are recorded from observable markets, where possible, but when this is not possible, a certain level of estimation is required to define the fair values. The estimates include considerations on variables such as the liquidity risk, the credit risk and volatility. The changes of the assumptions on these elements may have an impact on the fair value of the financial instrument recorded.

### *IAS 10\_Subsequent events to the reporting date*

The company in the analysis of subsequent events to the reporting date analyses the conditions on which it is necessary to make changes on the accounting data and relative disclosures, depending on whether this concerns events occurring after the reporting date:

- to operations existing at the reporting date for which an adjustment to the financial statements is necessary (adjusting events);
- to operations which arose after the reporting date and for which no adjustment to the financial statements is necessary (non-adjusting events).

## ANALYSIS OF THE MAIN ITEMS ON THE STATEMENT OF FINANCIAL POSITION

### ASSETS

#### 1. Intangible assets

The following table breaks down intangible assets at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>	<b>Change</b>
Concession rights	171,238	161,148	10,090
Software, licences and similar rights	1,733	1,611	122
Other intangible assets	60	65	(5)
Other intangible assets in progress	463	373	90
<b>TOTAL INTANGIBLE ASSETS</b>	<b>173,494</b>	<b>163,197</b>	<b>10,297</b>

The table below shows the changes in intangible assets for the period ended December 31, 2019 compared to December 31, 2018, by intangible asset category.

<i>in thousands of Euro</i>	31.12.2018			Changes of the year				31.12.2019		
	Historical cost	Accumulated Amortisation	Book value	Increases / Acquisitions	Amortisation	Decreases/Disposals/Writes-downs/Reclassifications	Decrease provision	Historic cost	Accumulated Amortisation	Book value
Concession rights	194,979	(33,831)	161,148	13,678	(6,012)	2,424	0	211,081	(39,843)	171,238
Software, licences and similar rights	11,679	(10,068)	1,611	1,678	(1,556)	0	0	13,357	(11,624)	1,733
Other intangible assets	100	(35)	65	0	(5)	0	0	100	(40)	60
Energy Certificates	0	0	0	0	0	0	0	0	0	0
Other intangible assets in progress	373	0	373	90	0	0	0	463	0	463
<b>TOTAL INTANGIBLE ASSETS</b>	<b>207,131</b>	<b>(43,934)</b>	<b>163,197</b>	<b>15,446</b>	<b>(7,573)</b>	<b>2,424</b>	<b>0</b>	<b>225,001</b>	<b>(51,507)</b>	<b>173,494</b>

In 2019, the Concession rights account increased Euro 16.1 million, of which Euro 13.7 million (equal to the fair value of construction services provided during the year), due to constructions and advancements in the year and Euro 2.4 million due to the reclassification from tangible assets to concession rights of the investment in the People Mover, already incurred as at December 31, 2018.

The main investments in the year principally concerned:

- construction works on the new de-icing apron and the relative service building;
- works on the construction of the People Mover connecting to the passenger terminal (in addition to the reclassification of the relative works in progress at December 31, 2018 for Euro 0.7 million from the tangible assets category);
- upgrading and restructuring works on the former Autogrill area in the passenger terminal, for the construction of the new gymnasium serving the entire airport community;
- installation of new runway TVCC systems;
- work in progress on a ventilation system for the P2 car park in order to obtain greater availability of parking spaces;
- construction work on a new cargo building and related courier annexes;
- upgrading work on the underground premises at the Passenger Terminal to create additional spaces for sub-licensees and changing rooms for staff on duty;
- license plate reading system to support the car parks to reduce illegal parking and, at the same time, optimise parking spaces;
- other activities to prepare for the passenger terminal extension.

The concession rights include also Euro 2.7 million regarding the contribution granted to Marconi Express Spa for the construction of the “Airport” station of the People Mover, of which Euro 0.9 million paid in 2019.

Amortisation of concession rights in the period amounted to Euro 6 million and was applied according to the residual duration of the concession.

Software, licenses and similar rights increased Euro 1.7 million. This increase principally concerns:

the updating, modernisation and introduction of the GSTAR System and the activation of other modules (PRM and De Icing)

- the introduction of the SAP process for the transition to the new IFRS 16 standard;
- the introduction and development of new features and new operational reports on the Oracle Business Intelligence system;
- the introduction of the “Heelp” tele-warning system regarding the automatic warning of those involved in managing the Airport Emergency Plan (AEP);
- the purchase of software licenses for various operating systems and some management applications.

Other intangible assets in progress include software development not concluded at December 31, 2019.

## Test on the recoverability of assets and group of assets

For financial year 2019, impairment tests were undertaken to assess the existence of impairments regarding the amounts recognised to Concession rights.

The impairment test, as per IAS 36, compares the carrying value of the asset or group of assets of the cash generating unit (CGU) with the recoverable value, arising from the higher between the fair value (net of selling costs) and the discounted net cash flows which are expected to be produced from the asset or group of assets of the CGU (value in use).

For impairment testing purposes, the company has identified a single CGU which coincides with the Aeroporto G. Marconi Group.

For the analysis outlined above, the cash flows were taken from the 2020-2044 economic-financial projections formulated by the Board of Directors of February 24, 2020. This latter also approved the methodology relating to the impairment test.

These operating cash flows was discounted utilising the UDCF (Unlevered Discounted Cash Flow) at a rate equal to the weighted average cost of debt and own funds (WACC - Weighted Average Cost of Capital), equal to 5.96%.

This method is based on the presumption that the economic capital value of a company at a certain date (in the present case December 31, 2019) is representative of the algebraic sum of the following elements:

- ▶ 'operating' value, i.e. the present value of the cash flows from operating activities over a defined time period (explicit projection period; in the present case this coincides with the end of the airport concession expected for 2044);
- ▶ value of the non-strategic surplus assets at the measurement date.

The test performed did not identify any impairment of the carrying amounts of Concession rights for 2019.

An impairment test simulation was also undertaken considering in the determination of the WACC a duration of the interest rates (free risk rate and swap rate) of 30 years, a duration which approximates the residual duration of the airport concession. Also in these cases, the test did not result in any impairment.

For further details, reference should be made to that detailed at Note 1 of the Separate Financial Statements. Finally, in light of the COVID-19 health and economic crisis, the Group deemed it necessary to conduct a further sensitivity analysis to assess the effect of a potential reduction in EBITDA of nearly 40% over the next three years; this analysis showed that, even in this eventuality, no impairment indicators would result.

## 2. Tangible assets

The following table breaks down tangible assets at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>	<b>Change</b>
Land	2,763	2,763	0
Buildings, light constructions and improvements	3,877	4,124	(247)
Machinery, equipment & plant	2,936	2,867	69
Furniture, EDP and internal transport	2,097	2,140	(43)
Tangible fixed assets in progress	1,037	2,979	(1,942)
Investment property	4,732	4,732	0
<b>TOTAL TANGIBLE ASSETS</b>	<b>17,442</b>	<b>19,605</b>	<b>(2,163)</b>
Land in leasing	1,732	0	1,732
Leased buildings and minor construction and improvements	2	0	2
Leased machinery, equipment & plant	7	0	7
Leased furniture, office machinery, transport equipment	218	0	218
<b>TOTAL LEASED TANGIBLE ASSETS</b>	<b>1,959</b>	<b>0</b>	<b>1,959</b>
<b>TOTAL TANGIBLE ASSETS</b>	<b>19,401</b>	<b>19,605</b>	<b>(204)</b>



The table below shows the changes in tangible assets for the period ended December 31, 2019 compared to December 31, 2018, by asset category.

<i>in thousands of Euro</i>	31.12.2018			Changes of the year				31.12.2019		
	Historical cost	Accumulated depreciation	Book value	Increases/Acquisitions	Depreciation	Decreases/Disposals/Reclassifications	Decrease provision	Historic cost	Accumulated depreciation	Book value
Land	2,763	0	2,763	0	0	0	0	2,763	0	2,763
Buildings, light constructions and improvements	8,411	(4,287)	4,124	151	(398)	0	0	8,562	(4,685)	3,877
Machinery, equipment & plant	13,574	(10,707)	2,867	1,125	(1,040)	(91)	75	14,608	(11,672)	2,936
Furniture, EDP and internal transport	9,115	(6,975)	2,140	623	(666)	(60)	60	9,678	(7,581)	2,097
Assets in progress and advances	2,979	0	2,979	515	0	(2,457)	0	1,037	0	1,037
Investment property	4,732	0	4,732	0	0	0	0	4,732	0	4,732
<b>TOTAL TANGIBLE ASSETS</b>	<b>41,574</b>	<b>(21,969)</b>	<b>19,605</b>	<b>2,414</b>	<b>(2,104)</b>	<b>(2,608)</b>	<b>135</b>	<b>41,380</b>	<b>(23,938)</b>	<b>17,442</b>
Land in leasing	0	0	0	2,136	(404)	0	0	2,136	(404)	1,732
Leased buildings and minor construction and improvements	0	0	0	13	(11)	0	0	13	(11)	2
Leased machinery, equipment & plant	0	0	0	18	(11)	0	0	18	(11)	7
Leased furniture, office machinery, transport equipment	0	0	0	325	(107)	(12)	12	313	(95)	218
<b>TOTAL LEASED TANGIBLE ASSETS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,492</b>	<b>(533)</b>	<b>(12)</b>	<b>12</b>	<b>2,480</b>	<b>(521)</b>	<b>1,959</b>
<b>TOTAL TANGIBLE ASSETS</b>	<b>41,574</b>	<b>(21,969)</b>	<b>19,605</b>	<b>4,906</b>	<b>(2,637)</b>	<b>(2,620)</b>	<b>147</b>	<b>43,860</b>	<b>(24,459)</b>	<b>19,401</b>

In 2019, this category increased by Euro 4.9 million, of which Euro 2.4 million concerning mainly the acquisition and installation of:

- a snow-clearance vehicle;
- three new automatic passport control units (ABC Gate);
- explosives detectors, equipment and devices for security checks.

The remaining Euro 2.5 million concerns the recognition of the right-of-use of leased assets following the application from January 1, 2019 of the new IFRS 16, whose movements are detailed in the table below. The value of leased land was increased by the estimate of restoration charges for an area allocated to parking as contractually stipulated, for Euro 0.04 million; against this, a future charges provision was established (note 16).

Investment property includes the total value of land owned earmarked for the construction of investment property; these amounts were initially recorded at purchase cost and subsequently measured using the cost method.

This land is not subject to amortisation but, as per IAS 40, a technical report is undertaken to support the fair value. The technical report undertaken internally by the Company confirms that the recognition cost approximates, for nature and strategic value of the investment, its fair value. At the preparation date of the financial statements, there were no impairment indicators on these assets.

### 3. Investments

The following table breaks down the investments at December 31, 2019 (compared with December 31, 2018). There were no movements in the year.

<i>in thousands of Euro</i>	As at 31.12.2018	Increases / Acquisitions	Decreases / Disposals	Write-downs	As at 31.12.2019
Investments in subsidiaries	3,147	0	0	0	3,147
Investments in associated companies	0	0	0	0	0
Other investments	42	0	0	0	42
<b>TOTAL INVESTMENTS</b>	<b>3,189</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,189</b>

The following table breaks down investments in subsidiaries at the end of the two comparative years:

<i>in thousands of Euro</i>	Holding	As at 31.12.2019	As at 31.12.2018	Change
Fast Freight Marconi Spa	100%	597	597	0
Tag Bologna Srl	100%	2,550	2,550	0
<b>TOTAL INVESTMENTS IN SUBSIDIARIES</b>		<b>3,147</b>	<b>3,147</b>	<b>0</b>

The following table presents investments in associated companies:

<i>in thousands of Euro</i>	Quota	As at 31.12.2019	As at 31.12.2018	Change
Ravenna Terminal Passeggeri Srl	24%	0	0	0

The Share Capital of the associated company Ravenna Terminal Passeggeri Srl, of Euro 165 thousand at December 31, 2018, was reduced due to losses to Euro 54 thousand by the Shareholders' Meeting of May 16, 2019, which additionally approved the subsequent voluntary Euro 50 thousand reduction. This transaction had no impact on the financial statements of AdB as the value of the investment was fully written down in previous financial years.

Finally, the following table breaks down investments in other companies in the two comparative years:

<i>in thousands of Euro</i>	Quota	As at 31.12.2019	As at 31.12.2018	Change
Consorzio Energia Fiera District	7.14%	2	2	0
CAAF dell'Industria Spa	0.07%	0	0	0
Bologna Welcome Srl	10%	40	40	0
<b>TOTAL OTHER INVESTMENTS</b>		<b>42</b>	<b>42</b>	<b>0</b>

Investments held at December 31, 2019 are broken down below, with indication of the holding and the relative carrying amount.

<i>in thousands of Euro</i>	Registered office	Currency	% holding	Share Capital 31.12.2019	Profits (loss) 2019	Net Equity 31.12.2019	Share Net Equity 31.12.2019	Book value	Difference
Fast Freight Marconi Spa	Bologna	Euro	100%	520	562	5,256	5,256	597	4,659
Tag Bologna Srl	Bologna	Euro	100%	316	111	984	984	2,550	(1,566)
<b>TOTAL INVESTMENTS IN SUBSIDIARIES</b>								<b>3,147</b>	

<i>in thousands of Euro</i>	Registered office	Currency	% holding	Share Capital 31.12.2019	Profits (loss) 2019	Net Equity 31.12.2019	Share Net Equity 31.12.2019	Book value	Difference
Ravenna Terminal Passeggeri Srl	Ravenna	Euro	24%	50	(111)	(57)	(14)	0	(14)

<i>in thousands of Euro</i>	Registered office	Currency	% holding	Share Capital 31.12.2019	Profits (loss) 2019	Net Equity 31.12.2019	Share Net Equity 31.12.2019	Book value	Difference
Consorzio Energia Fiera District	Bologna	Euro	7.14%	33	0	33	2	2	0
CAAF dell'Industria Spa	Bologna	Euro	0.07%	378	2	670	0	0	0
Bologna Welcome Srl	Bologna	Euro	10%	310	68	521	52	40	12
<b>TOTAL OTHER INVESTMENTS</b>								<b>42</b>	

The figures relating to the shareholders' equity and the profit of Bologna Welcome S.r.l. concern financial year 2018 (latest approved financial statements).

The figures relating to the shareholders' equity and the profit of CAAF dell'Industria S.p.A. relate to the financial year ending August 31, 2019.

The negative difference concerning the subsidiary TAG Bologna S.r.l. is not considered an impairment.

#### 4. Other non-current financial assets

The following table shows the movements in other non-current financial assets for the year ended December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2018	Increases/ Acquisitions	Decreases / Reclass.	Write-downs	As at 31.12.2019
Receivable from Terminal Value	0	364	0	0	364
Equity Financial Instruments	10,873	0	0	0	10,873
Escrow bank accounts/ Saving bonds	5,000	0	(5,000)	0	0
Other non-current financial assets	262	7	0	0	269
<b>TOTAL OTHER NON-CURRENT FINANCIAL ASSETS</b>	<b>16,135</b>	<b>371</b>	<b>(5,000)</b>	<b>0</b>	<b>11,506</b>

At December 31, 2019 the account “Other non-current financial assets” mainly comprises:

- Euro 0.4 million in receivables from Terminal Value for the portion of fees for construction/improvement services provided by the Company relating to investments, as well as a supplement to the performance obligation fee, in accordance with IFRS 15, on the interventions carried out on the provisions for renewal relating to the concession contract. This receivable for the Terminal Value corresponds to the present value of the receivable from application of the Terminal Value regulation, as per the updated Article 703 of the Navigation Code (Article 15 *quinquies*, paragraph 1, Legislative Decree No. 148 of 16/10/2017, converted with amendments by Law No. 172/2017), which established that, for investments in concession rights, the airport manager shall receive from the succeeding concession holder, on conclusion of the concession, an amount equal to the residual value at that date of the investment, in addition to the interventions made on the provisions for renewal, both calculated according to the regulatory accounting rules;
- Euro 10.9 million of equity financial instruments in Marconi Express Spa, concession holder for the construction and management of the rapid rail link infrastructure between the Airport and Bologna Central Station called People Mover. This financial instrument, subscribed on January 21, 2016 for a total value of Euro 10.9 million, is recorded at December 31, 2019 corresponding to the amount effectively paid or rather the cost incurred at that date. The investment, in addition to the strategic/operating interest related to improving accessibility to the airport, meets the company’s objective both in relation to the collection of the contractual cash flows and to any future sale of the financial asset. In accordance with IFRS 9, since it is an equity instrument, financial assets are measured at fair value through profit or loss. Specifically, considering the difficulty in measuring the fair value of this Equity Financial Instrument, Adb availed of the exemption permitted for equity financial instruments where the fair value may not be reliably measured. Consequently, the subsequent valuations of this SFP are at cost and any reductions in value, quantified comparing the book value with the present value of the expected cash flows discounted at the market rate for similar instruments, are recorded in the Income Statement and may not be written back;
- the account “Deposit accounts/Savings bonds”, amounting to zero at December 31, 2019, reported movements relating to temporary investments of liquidity undertaken in order to collect the contractual cash flows. In accordance with IFRS 9, these investments are classified to “Held to collect – HTC” and the contractual maturity defined, the yield defined and calculated on the notional amount, permitting the passing of the SPPI tests. At December 31, 2018, the account includes Euro 5 million of Savings Bonds acquired in December 2018, with maturity in December 2020. The advance settlement was undertaken in view of the payment maturities, among which the distribution of dividends on the 2018 result for Euro 16.2 million, as approved by the Shareholders’ Meeting of April 29, 2019. The advance sale does not reflect a change in the business model underlying the purchase of this financial instrument, but represented an opportunity to maximise financial income;
- Euro 0.27 million of a capitalisation product with a duration of 5 years and maturity in May 2021 which the company has classified in accordance with the new standard IFRS 9 in the category “Held to collect – HTC”, as this complies with the company’s need to invest temporary liquidity held in order to collect the contractual cash flows. In this specific case, the maturity is defined contractually, but the return is related to the capital management performance and therefore this financial instrument is measured at fair value through profit or loss.

## 5. Deferred tax assets

The following table presents the movements in deferred tax assets for the year ended December 31, 2019 compared with December 31, 2018.

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Util./Reclass.	IRES adjustments	As at 31.12.2019
<b>DEFERRED TAX ASSETS</b>	<b>5,822</b>	<b>1,204</b>	<b>(1,212)</b>	<b>149</b>	<b>5,963</b>

The tables below outline the breakdown of the items resulting in the recognition of deferred tax assets, broken down between IRES and IRAP.

Specifically:

- “Other deferred deductible costs” mainly include maintenance costs as per Article 107 of the CFA, deductible in future years;
- “Fiscally deferred provisions” mainly includes other provisions for disputes and charges deductible in future years;
- “Provision for renewal of airport infrastructure” refers to the portion of the provision not deducted for IRES/IRAP purposes, in addition to the quota deductible for IRES purposes in future years;
- “Listing costs” includes the costs related to the listing of the shares of the company on the STAR Segment of the Italian Stock Market on July 14, 2015, recorded in the Income Statement and in part in an Equity reserve and deductible over 5 years from the year 2015.

In addition, the adjustment to the receivable deriving from the establishment for the three-year period 2019-2020-2021 of the 3.5% IRES increase on companies carrying out activities under concession has been reported in a specific column, considering the year in which these activities will be carried out.

IRES rate 24%	Assessable				Tax				
	at 31.12.2018	Increases	Uses	at 31.12.2019	at 31.12.2018	Increases	Uses	Adjustments for IRES change	at 31.12.2019
Other costs IRES deferred deductibility	7,535	1,370	(2,547)	6,358	1,808	347	(611)	123	1,667
Provision for doubtful accounts	859	854	0	1,713	206	205	0	0	411
IRES deferred tax provisions	1,528	105	(516)	1,117	367	25	(124)	0	268
Provision for renewal of airport infrastructure	10,395	1,498	(567)	11,326	2,495	412	(136)	24	2,795
Amortisation concess. rights from ENAC - ENAV Agreement	221	0	(14)	207	53	0	(4)	1	50
Listing costs	924	0	(924)	0	222	0	(222)	0	0
Disc. severance prov. plus other Long-term personnel costs	336	279	(44)	571	52	69	(11)	1	111
<b>Total IRES</b>	<b>21,798</b>	<b>4,106</b>	<b>(4,612)</b>	<b>21,292</b>	<b>5,203</b>	<b>1,058</b>	<b>(1,108)</b>	<b>149</b>	<b>5,302</b>

IRAP rate 4.2%	Assessable				Tax				
	at 31.12.2018	Increases	Uses	at 31.12.2019	at 31.12.2018	Increases	Uses	at 31.12.2019	
IRAP deferred tax provisions	421	0	(1)	420	18	0	0	18	
Provision for renewal of airport infrastructure	11,957	3,394	(2,007)	13,344	502	142	(84)	560	
Amortisation concess. rights from ENAC - ENAV Agreement	149	0	(14)	135	6	0	0	6	
Discounting other Long-term personnel costs	118	87	(37)	168	5	4	(2)	7	
<b>Total IRAP</b>	<b>12,645</b>	<b>3,481</b>	<b>(2,059)</b>	<b>14,067</b>	<b>531</b>	<b>146</b>	<b>(86)</b>	<b>591</b>	
<b>TOTAL</b>					<b>5,822</b>	<b>1,204</b>	<b>(1,212)</b>	<b>5,963</b>	

The following table on the other hand shows the tax credits, within AdB, for the utilisation of the fiscal benefits in relation to: interventions for energy recovery; capex investments as per Article 18 of Law-Decree No. 91/2014; R&D investments as per Article 1, paragraph 35 of Law No. 190/2014.

In relation to the use of the tax credit for research and development, during 2019 the Company did not develop any projects for which it is applicable, focusing on projects to improve the performance of the IT infrastructure, on projects under the new Innovation Plan to promote and facilitate the digital transformation process and for the consolidation of activities already commenced. The objective, also taking into account the overall Investment Plan, is to continue research activities during the financial years 2020-2021, also in consideration of the regulatory changes that redesign the regulations governing tax credits for research and development, technological innovation and other innovative activities of companies for the tax period subsequent to December 31, 2019.

<i>Other</i>	<i>Tax Credit</i>			
	<i>As at 31.12.2018</i>	<i>Increases</i>	<i>Uses</i>	<i>As at 31.12.2019</i>
<i>in thousands of Euro</i>				
Other Receivables	88	0	(18)	70
<b>Total "Other credits"</b>	<b>88</b>	<b>0</b>	<b>(18)</b>	<b>70</b>

## 6. Other non-current assets

The following table breaks down other non-current assets at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	<i>As at 31.12.2019</i>	<i>As at 31.12.2018</i>	<i>Change</i>
Security deposits	47	47	0
Accrued income and prepayments	184	59	125
Tax receivables	722	1,317	(595)
<b>OTHER NON-CURRENT ASSETS</b>	<b>953</b>	<b>1,423</b>	<b>(470)</b>

The main account relates to non-current tax receivables concerning the receivable recorded following the IRES reimbursement request for the non-deduction of IRAP on personnel costs (Legislative Decree 201/2011 and Tax Agency Decision No. 2012/140973 of 2012) for the portion concerning the years 2009-2011 for Euro 0.6 million. The amount includes the share of the subsidiaries Tag Bologna and Fast Freight within the Group fiscal consolidation whose settlement will be undertaken directly by the Parent Company based on the tax consolidation agreement in the year the amounts are recorded in the financial statements. In December 2019, the parent company received the repayment with regards to the years 2007-2008, to which the decrease in the period corresponds.

## 7. Inventories

The following table breaks down inventories at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	<i>As at 31.12.2019</i>	<i>As at 31.12.2018</i>	<i>Change</i>
Inventories of raw materials, supplies and consumables	519	527	(8)
Inventories of Finished Products	66	0	66
<b>INVENTORIES</b>	<b>585</b>	<b>527</b>	<b>58</b>

Ancillary and consumable inventories did not change significantly and concern mainly inventories held of workshop materials and consumables, such as stationary and printing, in addition to heating fuel and de-icing liquid for the runway. The inventories of finished products concerns the anti-freeze liquid for aircraft that from winter season 2019 is purchased directly by the Company, while previously covered by a contract with the handler providing the de-icing service at Bologna airport.

## 8. Trade receivables

The table below illustrates the trade receivables and the relative doubtful debt provision:

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Trade receivables	16,492	14,670	1,822
Provisions for doubtful accounts	(1,785)	(911)	(874)
<b>TRADE RECEIVABLES</b>	<b>14,707</b>	<b>13,759</b>	<b>948</b>

At December 31, 2019, trade receivables for Euro 14.7 million are stated net of the Provisions for Doubtful accounts for Euro 1.8 million, whose most significant portion comprises write-downs based on specific analysis of overdue amounts and/or disputes and whose probability of recovery is estimated also through the support of legal advisors and taking into account guarantees received from clients. On the residual debtor balance, classified by customer category and overdue period, the simplified parameter method is applied, as permitted by IFRS 9 for companies with a diversified and fragmented client portfolio (Provision Matrix).

The increase in gross trade receivables is mainly due to the increase in revenues, as there was a decrease in days sales outstanding (from 41 to 40 days). The increase in the provisions for doubtful accounts, on the other hand, is mainly related to the aviation sector and the write-down of certain receivables in default, particularly from carriers in the Balkan area. Among these, in particular Ernest whose license was suspended by ENAC from January 13, 2020.

In relation to that above, the movements in the provision for doubtful accounts in the year and in the previous year were as follows:

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Uses	Releases	As at 31.12.2019
<b>PROVISIONS FOR DOUBTFUL ACCOUNTS</b>	<b>(911)</b>	<b>(909)</b>	<b>0</b>	<b>35</b>	<b>(1,785)</b>

The provisions in the year total Euro 909 thousand, of which Euro 897 thousand recorded as a direct reduction of the revenues as concerning amounts matured in the year which are no longer considered collectible.

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Uses	Releases	As at 31.12.2018
<b>PROVISIONS FOR DOUBTFUL ACCOUNTS</b>	<b>(873)</b>	<b>(75)</b>	<b>12</b>	<b>25</b>	<b>(911)</b>

The following tables provide an analysis of the aging of trade receivables of the company at December 31, 2019 and December 31, 2018:

<i>in thousands of Euro</i>	Not yet due	Overdue	Total at 31.12.2019
Trade receivables for invoices/credit notes issued	9,388	7,039	16,427
Trade receivables for invoices/credit notes to be issued	65	0	65
<b>TOTAL TRADE RECEIVABLES</b>	<b>9,453</b>	<b>7,039</b>	<b>16,492</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
<b>TRADE RECEIVABLES</b>	<b>9,388</b>	<b>1,253</b>	<b>3,106</b>	<b>161</b>	<b>2,519</b>	<b>16,427</b>

<i>in thousands of Euro</i>	Not yet due	Overdue	Total at 31.12.2018
Trade receivables for invoices/credit notes issued	8,273	6,367	14,640
Trade receivables for invoices/credit notes to be issued	30	0	30
<b>TOTAL TRADE RECEIVABLES</b>	<b>8,303</b>	<b>6,367</b>	<b>14,670</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
<b>TRADE RECEIVABLES</b>	<b>8,273</b>	<b>3,745</b>	<b>793</b>	<b>385</b>	<b>1,444</b>	<b>14,640</b>

## 9. Other current assets

The following table breaks down other current assets at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
VAT Receivable	24	0	24
Other tax assets	5	3	2
Tax consolidation receivables	19	0	19
Receivables from employees	82	88	(6)
Other receivables	4,767	4,267	500
<b>OTHER CURRENT ASSETS</b>	<b>4,897</b>	<b>4,358</b>	<b>539</b>

The breakdown of “other receivables” is as follows:

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Prepayments and accrued income	315	281	34
Advances to suppliers	49	98	(49)
Pension and social security institutions	16	53	(37)
Municipal surtax receivables	4,801	4,539	262
Other current receivables provision for doubtful accounts	(763)	(1,088)	325
Other current receivables	349	384	(35)
<b>TOTAL OTHER RECEIVABLES</b>	<b>4,767</b>	<b>4,267</b>	<b>500</b>

The account “other current receivables provision for doubtful accounts” includes the provision for municipal surtax doubtful accounts obtained for reclassification under assets in the statement of financial position, as a deduction of the respective receivable, of the municipal surtax to the carriers which in the meantime were subject to administration procedures or which contested the charge. This account:

- is exclusively an asset account,
- does not involve any provisions to the Income Statement,
- was classified as a deduction of the respective receivables due to the high improbability of recovery, reporting the following movements:



<i>in thousands of Euro</i>	As at 31.12.2018	Provisions/Increases	Uses	Releases	As at 31.12.2019
Provision for municipal surtax doubtful accounts	(1,088)	(24)	349	0	(763)
<b>TOTAL PROVISIONS FOR OTHER DOUBTFUL RECEIVABLES</b>	<b>(1,088)</b>	<b>(24)</b>	<b>349</b>	<b>0</b>	<b>(763)</b>

## 10. Current Financial Assets

The following table breaks down current financial assets at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Deposit accounts	0	11,000	(11,000)
Other financial receivables	1	37	36
<b>CURRENT FINANCIAL ASSETS</b>	<b>1</b>	<b>11,037</b>	<b>(11,036)</b>

The changes in the period in other current financial assets are illustrated in the table below.

<i>in thousands of Euro</i>	As at 31.12.2018	Acquisitions	Other increases Reclassifications	Decreases / Disposals	As at 31.12.2019
Deposit accounts	11,000	0	0	(11,000)	0
Other financial receivables	37	0	0	(36)	1
<b>TOTAL OTHER CURRENT FINANCIAL ASSETS</b>	<b>11,037</b>	<b>0</b>	<b>0</b>	<b>(11,036)</b>	<b>1</b>

At December 31, 2019, Escrow bank accounts concerns temporary investments in liquidity in:

- certificate deposits for Euro 3 million subscribed in December 2018;
- time deposits for Euro 8 million acquired in December 2017

both matured and collected on schedule in June 2019.

This category of financial investments also meets the company's temporary needs to invest liquidity in order to obtain the contractual cash flows. As per IFRS 9, these investments are classified in the category "Held to collect - HTC". The contractual maturity defined, the yield defined and calculated on the notional amount permits the passing of the SPPI tests and therefore the valuation at amortised cost.

## 11. Cash and cash equivalents

The following table breaks down cash and cash equivalents at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Bank and postal deposits	24,587	12,803	11,784
Cash in hand and similar	22	22	0
<b>CASH AND CASH EQUIVALENTS</b>	<b>24,609</b>	<b>12,825</b>	<b>11,784</b>

"Bank and postal deposits" represent the bank current account balances available.

## Net Financial Position

The following table shows the breakdown of the net financial position at December 31, 2019 and December 31, 2018, in accordance with Consob Communication of July 28, 2006 and the ESMA/2011/81 Recommendations:

	<i>in thousands of Euro</i>	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>
A	Cash	22	22
B	Other cash equivalents	24,587	12,803
C	Securities held for trading	0	0
<b>D</b>	<b>Cash and cash equivalents (A)+(B)+(C)</b>	<b>24,609</b>	<b>12,825</b>
<b>E</b>	<b>Current financial receivables</b>	<b>1</b>	<b>11,037</b>
F	Current bank debt	(27)	(40)
G	Current portion of non-current debt	(2,544)	(3,920)
H	Other current financial debt	(3,065)	(2,050)
<b>I</b>	<b>Current financial debt (F)+(G)+(H)</b>	<b>(5,636)</b>	<b>(6,010)</b>
<b>J</b>	<b>Net current financial position (I)-(E)-(D)</b>	<b>18,974</b>	<b>17,852</b>
K	Non-current bank debt	(8,903)	(11,436)
L	Bonds issued	0	0
M	Other non-current debt	(1,434)	0
<b>N</b>	<b>Non-current financial debt (K)+(L)+(M)</b>	<b>(10,337)</b>	<b>(11,436)</b>
<b>O</b>	<b>Net Financial Position (J) + (N)</b>	<b>8,637</b>	<b>6,416</b>

The accounts A + B are equal to the balance of the account “cash and cash equivalents”; reference should be made to note 11 for further details.

The account C + E is contained in the account “current financial assets”; reference should be made to note 10 for further details.

The accounts F + G + H are equal to the balance of the account “current financial liabilities”; reference should be made to note 22 for further details.

The account K is equal to the balance of the account “non-current financial liabilities”; reference should be made to note 17 for further details.

For a detailed analysis on the movements in the net financial position, reference should be made to the analytical analysis in the Directors’ Report.

## LIABILITIES

### 12. Shareholders' Equity

The following table breaks down the Shareholders' Equity at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Share capital	90,314	90,314	0
Reserves	63,545	62,821	724
Profit for the year	20,068	17,101	2,967
<b>SHAREHOLDERS' EQUITY</b>	<b>173,927</b>	<b>170,236</b>	<b>3,691</b>

#### a. Share capital

The share capital of the Parent Company at December 31, 2018 amounts to Euro 90,314,162, entirely paid-in and comprising 36,125,665 ordinary shares without par value.

The following table outlines the calculation of the basic and diluted earnings per share:

<i>in Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018
Group profit for the year	19,911,256	17,190,255
Average number of shares outstanding	36,125,665	36,125,665
<b>Undiluted earnings/(losses) per share</b>	<b>0.55</b>	<b>0.48</b>
<b>Diluted earnings/(losses) per share</b>	<b>0.55</b>	<b>0.48</b>

(\*) from Statement of Comprehensive Income

The undiluted earnings and diluted earnings per share of AdB at December 31, 2019 and at December 31, 2018 are the same due to the absence of potential dilutive instruments.

#### b. Reserves

The following table breaks down the Reserves at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Share premium reserve	25,683	25,683	0
Legal reserve	7,031	6,176	855
Extraordinary Reserve	32,970	32,945	25
FTA Reserve	(3,206)	(3,206)	0
Profits (losses) carried forward	1,992	1,992	0
OCI Reserve	(925)	(769)	(156)
<b>TOTAL RESERVES</b>	<b>63,545</b>	<b>62,821</b>	<b>724</b>

The share premium reserve comprises:

- Euro 14.35 million following the paid-in share capital increase approved by the Shareholders' Meeting of February 20, 2006;
- Euro 11.33 million following the public offering of shares in July 2015.

Pursuant to Article 2431 of the Civil Code this reserve is available but may not be distributed until the legal reserve has reached the limit established as per article 2430 of the Civil Code.

The legal reserve and the extraordinary reserve increased due to the allocation of the profit in the previous year, net of the distribution of dividends approved by the Shareholders' Meeting of April 29, 2019 for Euro 16.2 million corresponding to a gross dividend of Euro 0.449 for each of the 36,125,665 ordinary shares in circulation at the dividend coupon date. The extraordinary reserve entirely comprises profits from previous years.

The OCI reserve records the changes deriving from the discounting of the Severance and other personnel provisions (Note 13) in accordance with IAS 19 revised, net of the relative tax effect.

The following table breaks down the OCI reserve for the year ended December 31, 2019 and the comparative period:

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Actuarial gains/losses as per IAS 19	(1,218)	(1,011)	(207)
Deferred taxes on actuarial gains/losses as per IAS 19	293	242	51
<b>OCI RESERVE</b>	<b>(925)</b>	<b>(769)</b>	<b>(156)</b>

### 13. Severance and other personnel provisions

The following table breaks down severance and other personnel provisions at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Severance	3,718	3,752	(34)
Other personnel provisions	169	118	51
<b>SEVERANCE AND OTHER PERSONNEL PROVISIONS</b>	<b>3,887</b>	<b>3,870</b>	<b>17</b>

The table below shows the movements in the provisions in the period:

<i>in thousands of Euro</i>	As at 31.12.2018	Service cost	Net interest	Benefits paid	Actuarial profits/(losses)	As at 31.12.2019
Severance	3,752	0	44	(270)	192	3,718
Other personnel provisions	118	96	1	(61)	15	169
<b>SEVERANCE AND OTHER PERSONNEL PROVISIONS</b>	<b>3,870</b>	<b>96</b>	<b>45</b>	<b>(331)</b>	<b>207</b>	<b>3,887</b>

The actuarial valuation of severance provisions is carried out on the basis of the "benefits matured" with the support of actuarial experts.

The principal assumptions in the actuarial estimation process of the severance provisions for the years concerned are as follows:

- a) discount rate: 0.77% for the valuation at 31.12.2019 and 1.57% for the valuation at 31.12.2018;
- b) inflation rate: 1.20% for the valuation at 31.12.2019 and 1.50% for the valuation at 31.12.2018;

- c) demographic bases (mortality/invalidity): the mortality tables RG 48 published by the State General Office were used for the mortality rates. For invalidity, an INPS table based on age and gender was utilised;
- d) staff turnover rate: 1%.

As for any actuarial valuation the results depend on the technical bases adopted such as, among others, interest rate, inflation rate and expected turnover. The table below shows the sensitivity for each actuarial assumption at the end of the year, highlighting the effects of the changes of the actuarial assumptions reasonably possible at that date, in absolute terms.

in thousands of Euro	Valuation parameter					
	+1 % on turnover rate	-1 % on turnover rate	+ 0.25% on annual inflation rate	- 0.25% on annual inflation rate	+ 0.25% on annual discount rate	- 0.25% on annual discount rate
Severance	3,688	3,751	3,774	3,663	3,630	3,809

For completeness the following table also shows the expected disbursements of the plan over a 5-year period:

Years	Future estimated disbursements (in thousands of Euro)
1	500
2	199
3	94
4	94
5	269

The other personnel provisions at December 31, 2019 concern the long-term incentive plan and the non-competition agreement of the Chief Executive Officer/General Manager as governed by the Remuneration Policy commented upon in the Corporate Governance and Share Ownership Report, to which reference should be made.

The actuarial valuation at December 31, 2019 of the long-term incentive plan (III cycle 2017-2019, IV 2018-2020 and V cycle 2019-2021) and the non-competition agreement was made with the support of actuarial experts utilising the “benefits matured” method based on IAS 19 (paragraphs 67-69) through the “Project Unit Credit” criterion. Under this method the valuation is based on the average present value of the obligations matured based on the employment service up to the time of the valuation. The main valuation parameters were:

- a) discount rate: 0.77% for the valuation at December 31, 2019 (1.57% for the valuation at December 31, 2018) of the liability for the non-competition agreement equal to the yield on the comparable duration of the employment duration in the sector and -0.11% for the valuation at December 31, 2019 (0.12% for the valuation at December 31, 2018) of the liabilities for the long-term incentive, yield in line with the three-year duration of the plans under consideration;
- b) demographic bases (mortality/invalidity): the mortality tables RG 48 published by the State General Office were used for the mortality rates.

- c) frequency voluntary resignations and dismissals by the company: 1%;
- d) probability of reaching objectives equal to 50-80% of the second cycle.

Finally, we report the sensitivity which highlights the effects on the other employee provisions, in particular on the provision relating to the non-competitive agreement, in the case of termination of employment with probability equal to 10%:

<i>in thousands of Euro</i>	Service cost
Other personnel provisions	43

#### 14. Deferred tax liabilities

The following table breaks down the deferred tax liabilities at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Uses	As at 31.12.2019
<b>DEFERRED TAX LIABILITIES</b>	<b>2,027</b>	<b>42</b>	<b>0</b>	<b>2,069</b>

<i>IRES rate 24%</i> <i>in thousands of Euro</i>	<i>Assessable</i>				<i>Amount</i>			
	As at 31.12.2018	Increases	Uses	As at 31.12.2019	As at 31.12.2018	Increases	Uses	As at 31.12.2019
Amortisation of concession rights	7,259	174	0	7,433	1,742	42	0	1,784
<b>Total IRES</b>	<b>7,259</b>	<b>174</b>	<b>0</b>	<b>7,433</b>	<b>1,742</b>	<b>42</b>	<b>0</b>	<b>1,784</b>

<i>IRAP rate 4.2%</i> <i>in thousands of Euro</i>	<i>Assessable</i>				<i>Tax</i>			
	As at 31.12.2018	Increases	Uses	As at 31.12.2019	As at 31.12.2018	Increases	Uses	As at 31.12.2019
Amortisation of concession rights	6,786	0	0	6,786	285	0	0	285
<b>Total IRAP</b>	<b>6,786</b>	<b>0</b>	<b>0</b>	<b>6,786</b>	<b>285</b>	<b>0</b>	<b>0</b>	<b>285</b>
<b>Total</b>					<b>2,027</b>	<b>42</b>	<b>0</b>	<b>2,069</b>

The deferred tax liabilities were recorded on transition to IFRS following the application of IFRIC 12 “*Service concession arrangements*”, as illustrated in the note relating to the Transition to International Accounting Standards IFRS in the 2014 Financial Statements.

The increase in the assessable amount, exclusively for IRES purposes, which results in the recognition of the deferred tax liabilities, is attributable to the construction services margin (mark up) recognised on investments in progress concerning Concession rights without tax relevance.

#### 15. Provision for renewal of airport infrastructure (non-current)

The provision for renewal of airport infrastructure include the provision allocated to cover the maintenance and renewal expenses of the airport infrastructure in the areas obtained under concession until 2044, which the company is required to return in a perfect operational state.

The following table presents the movements of the provision in the year ended December 31, 2019:

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Uses	Reclassifications	As at 31.12.2019
<b>PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)</b>	10,241	3,394	(289)	(3,977)	9,369

The increases in the year totalled Euro 3.4 million, of which Euro 2.8 million classified under provisions in the income statement and the residual of Euro 0.6 million recorded under financial expenses from discounting.

Utilisations of the provision for renewal of airport infrastructure are stated also in note 20 (current portion), to which reference should be made.

The decreases from reclassifications concern the periodic reclassification to current liabilities of the disbursements expected in the twelve months subsequent to period end.

For completeness the following table shows the sensitivity in the interest rates applied for the discounting of the provision for renewal of airport infrastructure at December 31, 2019:

<i>in thousands of Euro</i>	Interest balance for year	Sensitivity Analysis (+0.5%)	Sensitivity Analysis (-0.1%)
Provision for renewal of airport infrastructure	580	646	566

The discounting curve utilised for the valuation includes the country risk. In this specific case the input data utilised was the short, medium and long-term zero-coupon government bonds (from 3 months to 30 years), sourced from the information provider Bloomberg.

## 16. Provisions for risks and charges (non-current)

The following table presents the movements in the year ending December 31, 2019 in the provisions for risks and charges:

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Util./Other decreases	As at 31.12.2019
Risk provision for disputes	869	104	(1)	972
Provisions for other risks and charges	152	124	0	276
<b>PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)</b>	<b>1,021</b>	<b>228</b>	<b>(1)</b>	<b>1,248</b>

There were no significant utilisations during the year, while the most significant increase relates to the liability, estimated at Euro 80 thousand, linked to the definition of the cadastral category of some buildings following the deed of notification of invitation by the Municipality of Bologna to a different cadastral classification - with respect to that agreed with the Administration since 2007 - as received on February 10, 2020, with a consequent impact on the IMU (property tax) for recent years.

The increase in the year also concerns the establishment of a provision for future charges of Euro 43 thousand against the estimate for costs of restoring a plot of land at the end of the leasing contract.

### **Contingent liabilities**

With reference to the notice of invitation to a different cadastral classification of the Municipality of Bologna referred to above, the Directors, taking into account the factual and legal arguments shared with their tax advisors, have decided to qualify the contingent liability as possible for a further estimated amount of Euro 202 thousand and therefore to include appropriate information in the Notes.

On July 26, 2016, on the completion of a general review commenced on May 18, 2016 for the year 2013 of the Parent Company, the Bologna Tax Agency prepared a tax assessment highlighting a presumed derecognition of the IRES deductibility of the loss of Euro 5 million deriving from the enforcement of the surety guarantee issued in 2007 by AdB to the financial institutions of SEAF, Società di Gestione dell'Aeroporto di Forlì, company declared bankrupt in 2013.

The Directors, taking account of the factual and legal arguments of the Parent Company, as formalised in the petitions forwarded to the Tax Agency concerning the financial and therefore tax reasoning behind the choices made, categories the liability as potential and therefore only includes appropriate disclosure in the Notes.

In relation, finally, to the extraordinary administration of Alitalia, the Company assessed the potential liability related to the revocation of receivables arising in the six months before the procedure, for an amount of Euro 1.49 million, net of municipal surtaxes. At the preparation date of this document, taking account of the information noted and the defensive arguments arising in the case in which this request is advanced, the Directors considered it appropriate to provide disclosure in the Notes, without making any accrual, although while at the same time continuing to closely monitor the airline's situation.

## 17. Non-current financial liabilities

The following table breaks down non-current financial liabilities at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Bank loans – non-current	8,903	11,436	(2,533)
Non-current financial payables for leasing	1,434	0	1,434
<b>NON-CURRENT FINANCIAL LIABILITIES</b>	<b>10,337</b>	<b>11,436</b>	<b>(1,099)</b>

At December 31, 2019, non-current financial liabilities comprise the medium/long-term portion of loans subscribed by the Company, for Euro 8.9 million, and “non-current financial liabilities for leasing” of Euro 1.4 million concern contractually due fees and with maturity beyond one year, for third party asset usage rights recognised to fixed assets from January 1, 2019 under IFRS 16.

Regarding the former account, at December 31, 2019 this concerns a single ten-year loan with 2024 maturity as the loan issued by Banca OPI S.p.A (now Intesa Sanpaolo S.p.A.) for the delivery of the infrastructural investment plan reached maturity in June 2019 and was fully repaid.

The loan in place at December 31, 2019 for Euro 11.4 million (Euro 13.98 million at December 31, 2018), issued by Banca Intesa for infrastructure investment, is classified for Euro 8.9 million under non-current loans (Euro 11.44 million at December 31, 2018), and for Euro 2.5 million under current loans (same amount at December 31, 2018). In 2014, the Parent Company paid Euro 0.3 million for organisation/structuring commission on this loan, recorded under Other current assets at December 31, 2014 and once the loan was granted treated in line with IFRS 9. The decrease in the period is mainly due to repayments totalling Euro 3.9 million.

Finally, Adb must comply with the following economic/financial covenants calculated annually on its financial statements:

- NFP/EBITDA (lower than 1.7 for 2019 - complied with).
- NFP/SE (lower than 0.3 for 2019 - complied with).



The contractual conditions of the loan in place at December 31, 2019 are illustrated below:

Issuing financial institution	Debt	Interest rate applied	Rate	Maturity	Covenant
Intesa San Paolo S.p.A.	Loan	Fixed rate of 3%	Half-Year	2024	Yes

This loan is not covered by secured guarantees.

With reference to the cross-default clauses on the loan contracts of the Company, these include both clauses where the benefits are no longer applicable and where the Company financed is not in compliance with obligations of a credit or financial nature, or guarantees assumed with any party. We report that at December 31, 2019 the Company has not received any communication for application of cross default clauses by any of its lenders.

We illustrate below the table required by the amended IAS 7 - Cash Flow Statement for a greater disclosure of changes in financial liabilities, including those for leasing:

<i>in thousands of Euro</i>	01/01/2019	Cash flows	New contracts	Interests/Other /Reclass.	31/12/2019
Loans - current portion	3,920	(6,935)	3,000	2,559	2,544
Lease liabilities - current portion	1,013	(535)	0	22	500
Loans - non-current portion	11,436	0	0	(2,533)	8,903
Lease liabilities - non-current portion	1,275	0	79	80	1,434
<b>Total</b>	<b>17,644</b>	<b>(7,470)</b>	<b>3,079</b>	<b>128</b>	<b>13,381</b>

## 18. Trade payables

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
<b>TRADE PAYABLES</b>	<b>18,051</b>	<b>18,471</b>	<b>(420)</b>

Trade payables principally concern Italian suppliers and slightly decreased on December 31, 2018.

The table below shows the breakdown of trade payables at December 31, 2019 and December 31, 2018 by due date:

<i>in thousands of Euro</i>	Not yet due	Overdue	Total at 31.12.2019
Invoices/credit notes received	4,558	4,364	8,922
Invoices/credit notes to be received	9,129	0	9,129
<b>TOTAL TRADE PAYABLES</b>	<b>13,687</b>	<b>4,364</b>	<b>18,051</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
<b>TRADE PAYABLES</b>	<b>4,558</b>	<b>4,111</b>	<b>149</b>	<b>15</b>	<b>89</b>	<b>8,922</b>

The increase in overdue amounts compared to December 31, 2018 is attributable to revenues falling due in the 0-30 day interval - therefore concerning payables not significantly overdue.

<i>in thousands of Euro</i>	Not yet due	Overdue	Total as at 31.12.2018
Invoices/credit notes received	6,939	1,611	8,550
Invoices/credit notes to be received	9,921	0	9,921
<b>TOTAL TRADE PAYABLES</b>	<b>16,860</b>	<b>1,611</b>	<b>18,471</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
<b>TRADE PAYABLES</b>	<b>6,939</b>	<b>1,269</b>	<b>96</b>	<b>3</b>	<b>243</b>	<b>8,550</b>

## 19. Other liabilities

The following table breaks down other liabilities at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Current tax payables	3,506	2,063	1,443
Employee payables and social security institutions	4,510	3,956	554
ENAC concession fee and other State payables	17,669	15,710	1,959
Other current payables, accrued expenses and deferred income	4,961	4,308	653
Fiscal consolidation payables	0	104	(104)
<b>OTHER LIABILITIES</b>	<b>30,646</b>	<b>26,141</b>	<b>4,505</b>

The principal changes were as follows:

### c. Current tax payables

The following table breaks down tax payables at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
VAT payables	0	278	(278)
Direct income taxes	2,606	808	1,798
Other tax payables	900	977	(77)
<b>CURRENT TAX PAYABLES</b>	<b>3,506</b>	<b>2,063</b>	<b>1,443</b>

The increase in the payable for direct taxes is due to the higher IRES (+Euro 1.6 million) and, to a lesser extent, IRAP (+Euro 0.2 million), due to both the increase in the tax base and the increase in the IRES rate from 24% to 27.5% for the 2019-2021 three-year period.

Other tax payables mainly concern the payable for employee IRPEF withholding taxes.

#### d. Employee payables and social security institutions

The following table breaks down employee payables and social security institutions at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Payables to personnel for salaries	960	1,115	(155)
Payables to personnel for deferred compensation	2,305	1,775	530
Payables to social security institutions	1,245	1,066	179
<b>CURRENT PAYABLES TO PERSONNEL AND SOCIAL SECURITY INSTITUTIONS</b>	<b>4,510</b>	<b>3,956</b>	<b>554</b>

In addition to the greater number of employees and the consequent increase in personnel costs, the increase in these payables, mainly to employees for deferred compensation, follows the renewal of the National Collective Bargaining Agreement in January 2020 with the consequent setting of the One-off payment in favour of employees for the “contractual renewal” period and the parallel reclassification of the employee back-dated provision (Note 21) under employees deferred compensation and social security payables.

#### e. ENAC concession fee and other State payables

The ENAC concession fees and other State payables mainly comprises:

- Euro 14.2 million (Euro 12.7 million in 2018) concerning the fire prevention service as governed by Article 1, paragraph 1328 of the 2007 Finance Act, modified by Article 4, paragraph 3bis of Law No. 2/2009. For further details, reference should be made to the chapter on Disputes in the Directors’ Report;
- Euro 3.5 million (Euro 2.9 million in 2018) as the variable airport concession fee payable.

#### f. Other current liabilities, accrued liabilities and deferred income

The following table breaks down current liabilities, accrued liabilities and deferred income December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Municipal surtax payables	4,036	3,449	587
Other current liabilities	853	807	46
Current accrued liabilities and deferred income	72	52	20
<b>TOTAL OTHER CURRENT PAYABLES, ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>4,961</b>	<b>4,308</b>	<b>653</b>

The former account concerns the boarding fee municipal surtax recharged to airlines, but not yet collected at December 31, 2019. The increase is related to the growth in traffic and therefore of turnover. Finally, the portion of the municipal surtax payable relating to receivables for surtaxes collected from carriers, not yet paid to the creditor entities on the other hand is classified under current financial liabilities (Note 22). Other current payables is a residual account which includes, among others, guarantee deposits received from clients. The account does not report significant changes.

## 20. Provision for renewal of airport infrastructure (current portion)

The following table shows the movement of the provision for renewal of airport infrastructure at December 31, 2019 and 2018.

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Uses	Reclassifications	As at 31.12.2019
<b>PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)</b>	1,717	0	(1,717)	3,977	3,977

The account includes the provision for renewal of airport infrastructure, the current portion of which is reported at note 15.

Utilisations at December 31, 2019 amounted to Euro 2 million. The accounts mainly concerns costs incurred for the refurbishment of the waterproofing covering of the airport run-off water collection tank located at the Olmi quarry site, the restoration of the external sidewalks of the terminal, the roofing at the workshop, in addition to the replacement of some AHU equipment and flight information monitors for passengers.

The increase in the current provision for renewal concerns the periodic reclassification to current liabilities of the disbursements expected in the twelve months subsequent to period end, amounting to Euro 4 million.

## 21. Provisions for risks and charges (current portion)

The changes in the current provision for risks and charges in the year ending December 31, 2019 are reported below.

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Uses/ Reclassifications	As at 31.12.2019
Employee back-dated provision	515	81	(596)	0
<b>PROVISIONS FOR RISKS AND CHARGES (CURRENT)</b>	515	81	(596)	0

The increase concerns the employee back-dated provision for the renewal of the Airport Operators Trade Union Agreement expired on December 31, 2016. The new Collective Bargaining Agreement signed in January 2020 provides for, among other matters, the payment to employees of a one-off amount for the years of “contractual renewal”. The provision as at December 31, 2019 of Euro 596 thousand, calculated on the basis of this contractual clause, has been reclassified under payables to personnel and social security institutions ahead of its issue in the initial months of the current year.

## 22. Current financial liabilities

The following table breaks down current financial liabilities at December 31, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2019	As at 31.12.2018	Change
Bank loans - current	2,544	3,920	(1,376)
Municipal surtax payables	2,565	2,050	515
Other current financial debt	27	40	(13)
Current financial liabilities for leasing	500	0	500
<b>CURRENT FINANCIAL LIABILITIES</b>	5,636	6,010	(374)

For a breakdown of the Loans - current portion and other financial payables, reference should be made to account 17 Non-current Financial Liabilities.

Municipal surtax payables comprise the municipal surtax on passenger boarding fee payables concerning the portion received by airlines in the month of December and reversed to the credit institutions in January.

Finally, finance lease liabilities concern the current portion of charges due for third party asset usage rights recognised to non-current assets from January 1, 2019 in application of IFRS 16.

## NOTES TO THE MAIN INCOME STATEMENT ACCOUNTS

The principal 2019 income statement accounts are compared with 2018 below.

### REVENUES

#### 23. Revenues

The table below presents revenues by category in 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Revenues from aeronautical services	57,764	51,084	6,680
Revenues from non-aeronautical services	43,721	40,636	3,085
Revenues from construction services	16,420	15,620	800
Other operating revenues and income	1,274	1,053	221
<b>REVENUES</b>	<b>119,179</b>	<b>108,393</b>	<b>10,786</b>

For the revenue performance in the period, reference should be made to the Directors' Report. In general, the increase in revenues from aeronautical services is due to the increase in traffic and the tariff update.

The reclassification of Company revenues based on revenue streams defined by IFRS 15, i.e. those from contracts with customers, is shown in the following table:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Airport fees	56,322	49,742	6,580
Parking	16,819	15,948	871
Revenues from construction services	16,420	15,620	800
Other	6,735	5,556	1,179
<b>TOTAL IFRS 15 REVENUE STREAMS</b>	<b>96,296</b>	<b>86,866</b>	<b>9,430</b>

The reconciliation between IFRS 15 revenue streams and total revenues is shown in the following table:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Airport fees	56,322	49,742	6,580
Parking	16,819	15,948	871
Revenues from construction services	16,420	15,620	800
Other	6,735	5,556	1,179
<b>TOTAL IFRS 15 REVENUE STREAMS</b>	<b>96,296</b>	<b>86,866</b>	<b>9,430</b>
Commercial/non-comm. sub-licenses	22,744	21,401	1,343
<b>TOTAL NON IFRS 15 REVENUE STREAMS</b>	<b>22,744</b>	<b>21,401</b>	<b>1,343</b>
TOTAL NON IFRS 15 Revenues	139	126	13
<b>TOTAL REVENUES</b>	<b>119,179</b>	<b>108,393</b>	<b>10,786</b>

### i. Revenues from aeronautical services

The table below shows revenues from aeronautical services in 2019 and 2018

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Revenues from centralised infrastructure/other airport services	285	196	89
Exclusive use revenues	1,378	1,340	38
Airport fee revenues	75,841	68,469	7,372
PRM revenues	6,091	4,466	1,625
Air traffic development incentives	(25,895)	(23,389)	(2,506)
Other aeronautical revenues	64	2	62
<b>TOTAL REVENUES FROM AERONAUTICAL SERVICES</b>	<b>57,764</b>	<b>51,084</b>	<b>6,680</b>

The breakdown of airport fee revenues is shown below:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Passenger boarding fees	38,514	34,437	4,077
Landing, take-off and parking fees	21,596	18,756	2,840
Passenger security fees	12,381	11,238	1,143
Baggage stowage control fees	3,514	3,190	324
Freight loading and unloading charges	761	810	(49)
Reduction FSC fees and miscellaneous	(925)	38	(963)
<b>TOTAL AVIATION FEE REVENUES</b>	<b>75,841</b>	<b>68,469</b>	<b>7,372</b>

The "reduction of provision for doubtful accounts and other receivables" mainly refers to the write-down of aviation receivables accrued in 2019 and considered uncollectible.

### ii. Revenues from non-aeronautical services

The table below shows revenues from non-aeronautical services in 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Sub-licensing of areas and premises	19,597	18,244	1,353
Parking	16,819	15,948	871
Other commercial revenues	7,305	6,444	861
<b>TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES</b>	<b>43,721</b>	<b>40,636</b>	<b>3,085</b>

The revenues from non-aeronautical services report an increase related to the good performance of all the components in this category and, in particular, of the commercial premises and spaces sub-licenses and parking.

Other commercial revenues are broken down as follows:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Ticketing	37	40	(3)
Marconi Business Lounge	2,887	2,539	348
Advertising	1,891	1,942	(51)
Misc. commercial revenues	2,490	1,923	567
Reduction in other commercial revenues to FSC	0	0	0
<b>TOTAL OTHER COMMERCIAL REVENUES</b>	<b>7,305</b>	<b>6,444</b>	<b>861</b>

### iii. Revenues from construction services

Revenues from construction services concern the construction services undertaken by Aeroporto Guglielmo Marconi di Bologna S.p.A. on behalf of the ENAC granting entity for the capital investments previously commented upon in relation to the Concession Rights in Note 1.

These revenues amounted to Euro 16.4 million in 2019 and Euro 15.6 million in 2018.

### iv. Other Revenue and Income

The table below shows other revenues and income in 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Compensation, reimbursements and other income	1,146	1,035	111
Operating grants	48	16	32
Revenues from Terminal Value on Provision for Renewal	80	0	80
Capital gains	0	2	(2)
<b>TOTAL OTHER REVENUES AND INCOME</b>	<b>1,274</b>	<b>1,053</b>	<b>221</b>

The new account "Terminal Value Revenues on Provisions for Renewal" introduced from January 1, 2019 includes the income statement counter-entry of the receivable discounted from Terminal Value, calculated on interventions and utilisations of the provision for renewal in 2019.

## COSTS

### 24. Costs

#### i. Consumables and goods

The table below presents consumables and goods in 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Consumables and goods	631	363	268
Maintenance materials	240	210	30
Fuel and gasoline	213	182	31
<b>TOTAL CONSUMABLES AND GOODS</b>	<b>1,084</b>	<b>755</b>	<b>329</b>

As indicated in the table, these costs increased mainly due to the greater utilisation of consumables and equipment to support operations and the direct purchase of anti-freeze liquid for aircraft, previously covered by the contract with the handler which provides the de-icing service at Bologna airport.



## ii. Service costs

The following table shows the breakdown of services costs for 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Maintenance costs	4,743	4,551	192
Utilities	2,324	2,095	229
Cleaning and accessory services	2,092	2,084	8
Third-party services	5,747	5,725	22
MBL Services	334	343	(9)
Advertising, promotion and development	836	686	150
Insurance	731	656	75
Professional and consultancy services	2,004	1,725	279
Fees and reimbursements for statutory bodies	518	478	40
Other service costs	124	171	(47)
<b>TOTAL SERVICE COSTS</b>	<b>19,453</b>	<b>18,514</b>	<b>939</b>

Total service costs increased mainly due to higher charges for:

- utilities (electricity and methane gas) as a result of higher raw material unit costs;
- maintenance for increased intervention on owned properties and third-party vehicles under service contracts;
- the PRM service due to the increased number of assistances given.

On the other hand, favourable climatic conditions have led to savings in snow clearance costs.

A further breakdown in maintenance expenses is provided below:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Owned asset maintenance expenses	1,041	1,001	40
Airport infrastructure maintenance expenses	2,977	2,989	(12)
Third party asset maintenance expenses	725	561	164
<b>TOTAL MAINTENANCE COSTS</b>	<b>4,743</b>	<b>4,551</b>	<b>192</b>

The breakdown of services is illustrated below:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Snow clearance	508	965	(457)
Porterage, transport third-party services	665	558	107
PRM assistance service	1,735	1,574	161
De-icing and other public service charges	548	508	40
Security service	1,242	1,114	128
Other outsourcing	1,049	1,006	43
<b>TOTAL SERVICES</b>	<b>5,747</b>	<b>5,725</b>	<b>22</b>

### iii. Construction service costs

Construction service costs concern the construction costs incurred by Aeroporto Guglielmo Marconi di Bologna S.p.A. for the capital investments previously commented upon in relation to the Concession Rights in Note 1.

### iv. Leases, rentals and other costs

The following table shows the breakdown of this category of services costs for 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Concession fees	6,636	5,979	657
Hire charges	128	264	(136)
Rental charges	161	568	(407)
EDP processing charges	1,627	1,196	431
Other rental & hire costs	(29)	(28)	(1)
<b>TOTAL LEASES, RENTALS AND OTHER COSTS</b>	<b>8,523</b>	<b>7,979</b>	<b>544</b>

Total Rental, hire and similar costs recorded an increase in airport concession fees and security services, related to the rise in traffic, in addition to higher fees for data elaboration for the new investments in technology and the entry into use of electronic invoicing. On the other hand, following the application of the new accounting standard on leasing IFRS 16, hire and rental charges decreased by Euro 538 thousand.

### v. Other operating expenses

The following table shows the breakdown of other operating expenses for 2019 and 2018, which did not change significantly in the year.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Tax charges	1,305	1,318	(13)
Fire prevention service contribution	1,440	1,374	66
Capital losses	0	3	(3)
Other operating costs and expenses	462	463	(1)
Non-recurring expenses (income)	(7)	0	(7)
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>3,200</b>	<b>3,158</b>	<b>42</b>

### vi. Personnel costs

The following table shows the breakdown of personnel costs for 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Salaries and wages	19,329	17,952	1,377
Social security contributions	5,347	4,904	443
Severance	1,372	1,309	63
Retirement pension and similar	184	180	4
Other personnel costs	1,844	1,531	313
<b>TOTAL PERSONNEL COSTS</b>	<b>28,076</b>	<b>25,876</b>	<b>2,200</b>

The increase in personnel costs mainly relates to the expanded workforce, related to the increased traffic (security and PRM areas) and also the expansion of the staff areas (+26 average personnel), the increased use of temporary staff to support operating processes and normal salary movements.

Other personnel costs are broken as follows:

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Staff canteen	617	561	56
Personnel training and refresher courses	298	219	79
Personnel travel expenses	293	268	25
Other personnel provisions	95	79	16
Misc. personnel costs	541	404	137
<b>TOTAL OTHER PERSONNEL COSTS</b>	<b>1,844</b>	<b>1,531</b>	<b>313</b>

The average headcount by category in the two periods under consideration is shown below:

<i>Average workforce (number)</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Executives	9	10	(1)
White-collar	411	381	30
Blue-collar	95	98	(3)
<b>TOTAL PERSONNEL</b>	<b>515</b>	<b>489</b>	<b>26</b>

The headcount at the end of the two financial years under consideration was as follows:

<i>Workforce (number)</i>	As at 31.12.2019	As at 31.12.2018	Change
Executives	9	10	(1)
White-collar	417	395	22
Blue-collar	93	97	(4)
<b>TOTAL PERSONNEL</b>	<b>519</b>	<b>502</b>	<b>17</b>

## 25. Depreciation, amortisation and impairment

The table below shows amortisation, depreciation and write-downs in 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Amortisation/impairment of Concession Rights	6,045	5,659	386
Amortisation of other intangible assets	1,561	1,320	241
Depreciation of tangible assets	2,637	2,166	471
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT</b>	<b>10,243</b>	<b>9,145</b>	<b>1,098</b>

The increase in depreciation and amortisation is due to the effects of the full year application from the progressive roll-out of investments over the last twelve months.

The account includes Euro 33 thousand of write-downs of Concession Rights for the write-off of projects no longer utilisable and includes Euro 533 thousand of leased asset amortisation as per the new IFRS 16 standard.

## 26. Provisions for risks and charges

The following table shows the movement of the provisions for risks and charges in 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Provisions for doubtful accounts	(5)	42	(47)
Provision for renewal of airport infrastructure	2,814	3,696	(882)
Provisions for other risks and charges	267	284	(17)
<b>TOTAL PROVISIONS</b>	<b>3,076</b>	<b>4,022</b>	<b>(946)</b>

The decrease in this account is mainly due to the reduced accruals to the provision for renewal of airport infrastructure due to the periodic review of the scheduled actions and, above all, the higher value in the comparative period owing to the greater amount of work on the runway and the extraordinary maintenance of the taxiway during the four days of airport closure in the middle of September 2018.

As regards the provision for doubtful accounts, the decrease is due to the reduction in the corresponding revenues rather than the allocation to this line, as these are revenues and corresponding receivables accrued entirely during the year.

The "provision for other provisions for risks and charges", on the other hand, consists mainly of the following:

- employee arrears (Euro 81 thousand) which, following the expiry on December 31, 2016 of the airport operator's collective bargaining agreement and its renewal in January 2020, were recorded as a one-off payment for the "contractual renewal" period and were paid to employees in their February 2020 payslip, together with the portions provisioned in previous years and constituting the employee back-dated provision as at December 31, 2018.
- an estimate of Euro 80 thousand of the liability resulting from the Municipality of Bologna's notification of February 10, 2020 regarding the different cadastral classification of certain properties, with the consequent risk of the application of IMU (property tax).

## 27. Financial income and expenses

The following table shows the breakdown of Financial income and financial expenses for 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Investment income	0	13	(13)
Income from securities	6	25	(19)
Other income	123	125	(2)
Discounting income on provisions	0	192	(192)
<b>TOTAL FINANCIAL INCOME</b>	<b>129</b>	<b>355</b>	<b>(226)</b>
Interest expenses and bank charges	(411)	(496)	85
Discounting charges on provisions	(649)	(82)	(567)
Interest charges for discounting of liabilities for leasing	(22)	0	(22)
Other financial expenses	(7)	(11)	4
<b>TOTAL FINANCIAL EXPENSES</b>	<b>(1,089)</b>	<b>(589)</b>	<b>(500)</b>
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>(960)</b>	<b>(234)</b>	<b>(726)</b>

**Net financial expense** amounted to nearly Euro 1 million, compared to Euro 0.2 million in 2018, due mainly to the reduction in interest rates, which resulted in discounting charges on provisions of Euro 0.7 million, against net income from discounting of Euro 0.1 million in the previous year. Interest expenses also declined due to the decrease in total debt.

## 28. Income taxes

The following table shows the taxes for the year for 2019 and 2018.

<i>in thousands of Euro</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Current income taxes	8,775	6,381	2,394
Deferred tax assets and liabilities	82	352	(270)
<b>TOTAL TAXES FOR THE YEAR</b>	<b>8,857</b>	<b>6,733</b>	<b>2,124</b>
<b>Current taxes as a % of result before tax</b>	<b>30.34%</b>	<b>26.77%</b>	<b>3.56%</b>
<b>Taxes for the year as a % of result before taxes</b>	<b>30.62%</b>	<b>28.25%</b>	<b>2.37%</b>

The effective tax rate for the year 2019 was 30.62% compared to 28.25% in 2018.

This negative differential was essentially due to the increase in the IRES rate from 24% to 27.5%.

The reconciliation between the IRES effective and theoretical tax rate is illustrated below:

<i>Reconciliation between actual/theoretical Tax Rate (IRES)</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
Result before taxes	28,925	23,834	5,091
<b>Ordinary tax rate</b>	<b>27.5%</b>	<b>24%</b>	<b>3.5%</b>
Theoretical tax charge	7,954	5,720	2,234

<i>Effect of increases or decreases with regards to ordinary IRES rate:</i>	as at 31.12.2019	as at 31.12.2018	Change
Taxed provisions deductible in subsequent financial years	1,112	368	744
Costs deductible in subsequent financial years	3,114	3,004	110
Other costs deducted in previous years	18	0	18
Other non-deductible costs	936	914	22
Use of provisions taxed in prior financial years	(553)	(634)	81
Costs not deductible in prior financial years	(4,052)	(3,416)	(636)
Other differences	(2,415)	(2,211)	(204)
<b>Total increases/decreases</b>	<b>(1,840)</b>	<b>(1,975)</b>	<b>135</b>
Tax effect on changes to 24%	0	(474)	37
Tax effect on changes to 27.5%	(506)	0	10
IRES tax 27.5% - 24%	7,448	5,246	2,202
<b>Effective tax rate</b>	<b>25.75%</b>	<b>22.01%</b>	<b>3.74%</b>

The breakdown of current income taxes is illustrated below:

<i>Breakdown of taxes for the year</i>	for the year ended 31.12.2019	for the year ended 31.12.2018	Change
IRES	7,448	5,246	2,202
IRAP	1,492	1,135	357
IRES Income for Research & Development bonus	0	0	0
Adjustment to IRES tax rate deferred taxes to be reabsorbed in '20-21	(149)	0	(149)
Prior year taxes	(16)	0	(16)
<b>TOTAL</b>	<b>8,775</b>	<b>6,381</b>	<b>2,394</b>

## 29. Related party transactions

For the definition of "Related Parties", reference should be made to IAS 24, approved by Regulation (EC) No. 1725/2003.

Intercompany transactions are carried out within the scope of ordinary operations and at normal market conditions. Related party transactions principally concern commercial and financial transactions, in addition to participation in the tax consolidation. None of these have particular economic or strategic significance for the company as they do not account for a significant percentage of the total financial statement amounts.

The Bologna Chamber of Commerce shareholders were identified as a Government party, therefore exempt from the disclosure regarding related parties as defined by IAS 24. The categorisation of the Bologna Chamber of Commerce as a Government party therefore limited the checks required for the identification of related parties to the mere identification of the Bologna Chamber of Commerce. No additional information is reported in the financial statements concerning transactions undertaken by the company with the Bologna Chamber of Commerce as no significant transactions are undertaken with this shareholder.

No transactions with related parties are reported in the year other than the inter-company transactions presented below.

Commercial transactions between the Parent Company and the subsidiary Tag Bologna Srl, in terms of receivables, principally concern the twenty-year sub-concession of the General Aviation traffic assistance infrastructure and the provision of services, including the compensation reversed to the employer Adb of directors of the Parent Company and the secondment of personnel, for Euro 87 thousand (Euro 35 thousand in 2018).

Adb payables to the subsidiary mainly concern the capital grant for the covering of General Aviation terminal infrastructure operation and maintenance costs for the boarding and disembarking of passengers, against the financial advantage for AdB of including these costs in the calculation of passenger boarding fees. Costs in 2019 to the subsidiary amount to Euro 180 thousand (Euro 194 thousand in 2018).

Non-commercial transactions with Tag concerned:

- the tax consolidation contract renewed in January 2018 for the financial years 2018-2020, on the basis of which at December 31, 2019 the Parent Company recognises non-current liabilities of Euro 8 thousand, unchanged on the previous year, relating to the application for the reimbursement of IRAP from IRES (Legislative Decree 201/2011 Article 2 c.a.) and current receivables, for Euro 14 thousand, for the IRES balance in the year;
- a letter of patronage concerning the mortgage loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena), equal to the residual principal, which at the end of the period amounted to Euro 3.3 million.

Commercial transactions between the Parent Company and the subsidiary Fast Freight Marconi S.p.A. concern the provision by AdB of the following services:

- sub-concession of offices, areas and operating rooms;
- management and staffing, including the following staff services: accounting, administration, finance, operating control, management reporting, personnel, legal, ICT, personnel secondment and directors' competences;
- packages and goods x-ray controls.

Revenues in the period from the subsidiary amount to Euro 434 thousand (substantially unchanged on 2018).

Non-commercial transactions with FFM included:

- the tax consolidation contract renewed in January 2018 for the financial years 2018-2020, on the basis of which at December 31, 2019 a receivable of Euro 6 thousand is reported for the IRES balance in the year and a payable of Euro 15 thousand, unchanged on the previous year, relating to the application for the reimbursement of IRAP from IRES (Legislative Decree 201/2011 Article 2 c.a.).
- the co-obligation of AdB on sureties of Euro 1.15 million issued by Assicurazioni Generali in favour of the Bologna Customs Agency for various customs deposits of FFM.

The following tables present the balances of related parties transactions contained in the financial statement's balances.

<i>in thousands of Euro</i>	for the year ended 31.12.2019		for the year ended 31.12.2018	
	Total	of which related parties	Total	of which related parties
Concession rights	171,238	0	161,148	0
Other intangible assets	2,256	0	2,049	0
<b>Intangible assets</b>	<b>173,494</b>	<b>0</b>	<b>163,197</b>	<b>0</b>
Land, property, plant and equipment	14,669	0	14,873	0
Investment property	4,732	0	4,732	0
<b>Tangible assets</b>	<b>19,401</b>	<b>0</b>	<b>19,605</b>	<b>0</b>
Equity investments	3,189	0	3,189	0
Other non-current financial assets	11,506	0	16,135	0
Deferred tax assets	5,963	0	5,822	0
Other non-current assets	953	0	1,423	0
<b>Other non-current assets</b>	<b>21,611</b>	<b>0</b>	<b>26,569</b>	<b>0</b>
<b>NON-CURRENT ASSETS</b>	<b>214,506</b>	<b>0</b>	<b>209,371</b>	<b>0</b>
Inventories	585	0	527	0
Trade receivables	14,707	219	13,759	156
Other current assets	4,897	28	4,358	1
Current financial assets	1	0	11,037	0
Cash and cash equivalents	24,609	0	12,825	0
<b>CURRENT ASSETS</b>	<b>44,799</b>	<b>247</b>	<b>42,506</b>	<b>157</b>
<b>TOTAL ASSETS</b>	<b>259,305</b>	<b>247</b>	<b>251,877</b>	<b>157</b>

<i>in thousands of Euro</i>	for the year ended 31.12.2019		for the year ended 31.12.2018	
	Total	of which related parties	Total	of which related parties
Share capital	90,314	0	90,314	0
Reserves	63,545	0	62,821	0
Profit for the year	20,068	0	17,101	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>173,927</b>	<b>0</b>	<b>170,236</b>	<b>0</b>
Severance and other personnel provisions	3,887	0	3,870	0
Deferred tax liabilities	2,069	0	2,027	0
Provision for renewal of airport infrastructure	9,369	0	10,241	0
Provisions for risks and charges	1,248	0	1,021	0
Non-current financial liabilities	10,337	0	11,436	0
Other non-current liabilities	160	24	192	24
<b>NON-CURRENT LIABILITIES</b>	<b>27,070</b>	<b>24</b>	<b>28,787</b>	<b>24</b>
Trade payables	18,051	23	18,471	39
Other liabilities	30,646	1	26,141	105
Provision for renewal of airport infrastructure	3,975	0	1,717	0
Provisions for risks and charges	0	0	515	0
Current financial liabilities	5,636	0	6,010	0
<b>CURRENT LIABILITIES</b>	<b>58,308</b>	<b>24</b>	<b>52,854</b>	<b>144</b>
<b>TOTAL LIABILITIES</b>	<b>85,378</b>	<b>48</b>	<b>81,641</b>	<b>167</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>259,305</b>	<b>48</b>	<b>251,877</b>	<b>167</b>



<i>in thousands of Euro</i>	for the year ended 31.12.2019		for the year ended 31.12.2018	
	Total	of which related parties	Total	of which related parties
Revenues from aeronautical services	57,764	85	51,084	85
Revenues from non-aeronautical services	43,721	242	40,636	262
Revenues from construction services	16,420	0	15,620	0
Other operating revenues and income	1,274	194	1,053	122
<b>Revenues</b>	<b>119,179</b>	<b>521</b>	<b>108,393</b>	<b>469</b>
Consumables and goods	(1,084)	0	(755)	0
Service costs	(19,453)	(179)	(18,514)	(303)
Construction service costs	(15,639)	0	(14,876)	0
Leases, rentals and other costs	(8,523)	0	(7,979)	0
Other operating charges	(3,200)	0	(3,158)	0
Personnel costs	(28,076)	(1)	(25,876)	0
<b>Costs</b>	<b>(79,975)</b>	<b>(180)</b>	<b>(71,158)</b>	<b>(303)</b>
Amortisation/write-downs Concession rights	(6,045)	0	(5,659)	0
Amortisation of other intangible assets	(1,561)	0	(1,320)	0
Depreciation of tangible assets	(2,637)	0	(2,166)	0
<b>Depreciation, amortisation and impairment</b>	<b>(10,243)</b>	<b>0</b>	<b>(9,145)</b>	<b>0</b>
Provisions for doubtful accounts	5	0	(42)	0
Provision for renewal of airport infrastructure	(2,814)	0	(3,696)	0
Provisions for other risks and charges	(267)	0	(284)	0
<b>Provisions for risks and charges</b>	<b>(3,076)</b>	<b>0</b>	<b>(4,022)</b>	<b>0</b>
<b>Total Costs</b>	<b>(89,294)</b>	<b>(180)</b>	<b>(84,325)</b>	<b>(303)</b>
<b>EBIT</b>	<b>29,885</b>	<b>0</b>	<b>24,068</b>	<b>0</b>
Financial income	129	0	355	0
Financial expenses	(1,089)	0	(589)	0
<b>Result before taxes</b>	<b>28,925</b>	<b>0</b>	<b>23,834</b>	<b>0</b>
<b>Taxes for the year</b>	<b>(8,857)</b>	<b>0</b>	<b>(6,733)</b>	<b>0</b>
<b>Profit for the year</b>	<b>20,068</b>	<b>0</b>	<b>17,101</b>	<b>0</b>

The movements with regards to the individual related parties respectively in 2019 and 2018 are presented below.

2019														
<i>in thousands of Euro</i>	Land, Property, plant and equipment	Other non-current financial assets	Total Non-Current Assets	Trade Receivables	Other current assets	Current financial assets	Total Current Assets	Total Assets	Other non-current liabilities	Trade payables	Other liabilities	Current financial liabilities	Total Current Liabilities	Total liabilities
Tag Bologna Srl	0	0	0	103	22	0	126	126	8	23	0	0	23	31
Fast Freight Marconi Spa	0	0	0	116	6	0	121	121	15	0	1	0	1	16
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>219</b>	<b>28</b>	<b>0</b>	<b>247</b>	<b>247</b>	<b>24</b>	<b>23</b>	<b>1</b>	<b>0</b>	<b>24</b>	<b>48</b>

2018														
<i>in thousands of Euro</i>	Land, Property, plant and equipment	Other non-current financial assets	Total Non-Current Assets	Trade Receivables	Other current assets	Current financial assets	Total Current Assets	Total Assets	Other non-current liabilities	Trade payables	Other liabilities	Current financial liabilities	Total Current Liabilities	Total liabilities
Tag Bologna Srl	0	0	0	64	1	0	65	65	8	39	9	0	48	57
Fast Freight Marconi Spa	0	0	0	93	0	0	93	93	15	0	96	0	96	111
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>156</b>	<b>1</b>	<b>0</b>	<b>157</b>	<b>157</b>	<b>24</b>	<b>39</b>	<b>105</b>	<b>0</b>	<b>144</b>	<b>167</b>

2019										
<i>in thousands of Euro</i>	Revenues from aeronautical services	Revenues from non-aeronautical services	Other operating revenues and income	TOTAL REVENUES	Service costs	Other operating expenses	Personnel costs	TOTAL COSTS	Financial Income	Financial Expenses
Tag Bologna Srl	0	47	40	87	(179)	0	(1)	(180)	0	0
Fast Freight Marconi Spa	85	195	154	434	0	0	0	0	0	0
<b>Total</b>	<b>85</b>	<b>242</b>	<b>194</b>	<b>521</b>	<b>(179)</b>	<b>0</b>	<b>(1)</b>	<b>(180)</b>	<b>0</b>	<b>0</b>

2018										
<i>in thousands of Euro</i>	Revenues from aeronautical services	Revenues from non-aeronautical services	Other operating revenues and income	TOTAL REVENUES	Service costs	Other operating expenses	Personnel costs	TOTAL COSTS	Financial Income	Financial Expenses
Tag Bologna Srl	0	35	0	35	(194)	0	0	(194)	0	0
Fast Freight Marconi Spa	85	227	122	433	0	0	0	0	0	0
Telepass Spa	0	0	0	0	(109)	0	0	(109)	0	0
<b>Total</b>	<b>85</b>	<b>262</b>	<b>122</b>	<b>469</b>	<b>(303)</b>	<b>0</b>	<b>0</b>	<b>(303)</b>	<b>0</b>	<b>0</b>

All the related party transactions described above were undertaken during the course of ordinary operations and on an arm's length basis.

### 30. Commitments and risks

#### Environmental investment commitments

In addition, the environmental commitments of the company were formalised with the signing in 2015 with the Regional Agencies of the Regional Agreement for reducing the Airport's carbon footprint, involving investments by the company totalling Euro 6.5 million over a time period consistent with the timeframe for the rolling out of the airport Master Plan or rather by 2023. During the second half of 2019, the acoustic monitoring plan for noise-sensitive areas in the municipal territory was executed.

#### People Mover investment commitments

As at December 31, 2019, Adb had fully met its commitments relating to the People Mover and represented by:

- intangible assets, in the account Concession rights (note 1), which include for Euro 2.7 million the contribution granted by Adb to Marconi Express S.p.A. for the construction of the "Airport" station of the People Mover. The final tranche of Euro 0.92 million was paid in 2019 following the technical administrative test of the airport environment works. Under the same agreement (signed by AdB, the Municipality of Bologna, the Province of Bologna and the Region of Emilia-Romagna on July 23, 2007), AdB committed to completing the connection between the "Airport" and the Terminal, which concluded in 2019 and at December 31 concession rights were recognised of Euro 1.3 million;
- non-current financial assets include Euro 10.9 million of the equity financial instrument in Marconi Express S.p.A., signed by AdB in January 2016 for a similar value. The final tranche of Euro 0.9 million was paid in December 2018 on works completion.

#### Commitments to adjust the BHS x-ray machines

Regulation EU 2015/1998 establishes that checked baggage security control equipment should satisfy "standard 3" from September 1, 2020. This equipment is highly complex, with lengthy production times and technical features requiring adjustments to the BHS machines. For the Company, the amendment to this regulation requires an investment estimated at Euro 4.4 million, which includes both the replacement of the x-ray machines and the change to the lay-out of the BHS, as required to introduce the new machinery.

#### Guarantees granted

With regards to the guarantees provided, reference should be made to the summary table at December 31 presenting the two comparative years. These concern:

- sureties, mainly:
  - to ENAC (the Italian Civil Aviation Authority) pursuant to the Full Management Agreement (Euro 5.4 million);
  - co-obligation sureties of Adb and FFM for Euro 1.15 million issued by Assicurazioni Generali in favour of the Bologna Customs Agency for various customs deposits of the subsidiary;
- a pledge of the equity financial instrument issued by Marconi Express S.p.a. and subscribed for by the company for a nominal value of Euro 10.87 million, securing the obligations of Marconi Express to the credit institutions that financed the People Mover project, settled at December 31, 2017 for Euro 10 million. The Pledge on Equity Financial Instruments agreement was signed on September 30, 2016;

a letter of patronage concerning the mortgage loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena) which at the end of the period amounted to Euro 3.3 million.

in thousands of Euro	31/12/2019	31/12/2018	Change	% Change
Sureties	6,630	6,428	202	3%
Pledge on Equity Financial Instruments	10,873	10,873	0	0%
Patronage letters	3,267	3,779	(512)	-13%
<b>Total guarantees provided</b>	<b>20,769</b>	<b>21,079</b>	<b>(310)</b>	<b>-1,1%</b>

### Types and management of other risks

With regards to the disclosure concerning the types and means of financial risk management under Article 2428, paragraph 2 No. 6 *bis*, reference should be made to the specific section of the Directors' Report, also with regards to the comment upon the other risks to which the company is subject.

### 31 Law 124/2017 Article 1, paragraphs 125-129 - Transparency of public disbursements

In 2019, the Company received Euro 75 thousand as an advance payment of 50% of the public contribution linked to the "Cyrano" project co-financed by the European Union under the "Connecting Europe Facility 2014-2020" Programme.

## SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

No events have occurred subsequent to year end that would require changes in terms of the presented performance or equity and financial position and that would therefore necessitate adjustments and/or additional disclosures in the financial statements with reference to the amounts reported at December 31.

The main event after the reporting date, which had a severe impact on the first few months of the current year, in addition to giving rise to uncertainty surrounding the business outlook was, as noted, the health and economic crisis linked to the Covid-19 pandemic, in relation to which reference should be made to the final section of the Directors' Report.

## ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders,

the financial statements of the company Aeroporto Guglielmo Marconi di Bologna Spa, which we present for your approval, report a net profit of Euro 20,067,778.59. It is proposed that a prudent approach be taken to protect financial solidity and stem the future impacts on operating performance of the Covid-19 emergency, in a break from the practice of recent years, when the pay-out ratio was 95%, by allocating this net profit as follows:

- to the legal reserve 5% on the basis of the statutory provisions and Article 2430 of the Civil Code, for Euro 1,003,388.93;
- the residual of Euro 19,064,389.66 to the extraordinary reserve.

The Chairman of the Board of Directors

*(Enrico Postacchini)*

Bologna, March 30, 2020

**Declaration of the Chief Executive Officer and the officer responsible for the preparation of the corporate accounting documents of Aeroporto Guglielmo Marconi di Bologna S.p.A. pursuant to the provision of article 154-bis paragraph 5 TUF (Testo Unico Finanziario [Consolidated Law on Financial Intermediation]) –**

1. The undersigned, Nazareno Ventola and Patrizia Muffato in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the corporate accounting documents of Aeroporto Guglielmo Marconi di Bologna S.p.A., hereby certify, pursuant to article 154-bis, paragraphs 3 and 4, of legislative decree No. 58, of 24 February 1998:
  - the accounting procedures for the preparation of the financial statement for the year ended December 31, 2019, are adequate based on the characteristics of the company,
  - the effective adoption of the administrative and accounting procedures for the preparation of the financial statement .
2. The assessment of the adequacy of administrative and accounting procedures for the preparation of the financial statement at December 31, 2019 was based on a process defined by Aeroporto Guglielmo Marconi di Bologna S.p.A., in compliance with the Internal Control-Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the standard reference generally accepted at the international level.
3. In addition we certify that:
  - 3.1 the financial statement at December 31, 2019:
    - a) has been prepared in accordance with applicable international accounting standards recognized in the European Community within the meaning of (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
    - b) correspond to the information in the books and other accounting documents and records;
    - c) provide a true and fair representation of the financial, economic and assets situation of the issuer.
  - 3.2 The management report contains a reliable analysis of operations and performance, as well as, the situation of the issuer, together with a description of the main risks and uncertainties that may affect the company.

Bologna, 30 March 2020

**The Chief Executive Officer**

(Nazareno Ventola)

**Officer in charge of preparing the  
corporate accounting documents**

(Patrizia Muffato)

Aeroporto Guglielmo Marconi di Bologna S.p.A.  
Registered Office in Bologna  
Share capital Euro 90,314,162 fully paid-in  
Enrolled in the Bologna Companies Registry at No. 03145140376  
Bologna Economic & Administrative Register No. - 268716

**Report of the Board of Statutory Auditors to the Shareholders' Meeting**  
(pursuant to Article 153 of Legislative Decree 58/1998 and Article 2429, paragraph 2 of the  
Civil Code)

Dear Shareholders,  
this report, drawn up as per Article 153 of Legislative Decree 58/1998 (hereafter “CFA”) and Article 2429, paragraph 2 of the Civil Code, outlines the oversight activities carried out by the Board of Statutory Auditors during financial year 2019, in compliance with the indications of Consob Communication DEM/1025564 of April 6, 2001 and subsequent amendments and supplements.

During the year, the Board of Statutory Auditors performed its supervisory activities, as the chief body of the corporate controls system, as required by law, the “Rules of conduct for Boards of Statutory Auditors of listed companies” issued by the Italian Accounting Profession (Consigli Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and the CONSOB provisions concerning corporate controls and activities of the Board of Statutory Auditors and the indications of the Self-Governance Code.

The Board of Statutory Auditors verified, when accepting the appointment, that its members met the requirements of integrity and professionalism specified by Ministerial Decree No. 162 of March 30, 2000, that there were no reasons for removal from office or ineligibility pursuant to Article 148, paragraph 3 of the CFA and that they met the same independence requirements that apply to directors under the Self-Governance Code.

The execution of the accounting and statutory audits is assigned to the Independent Audit Firm EY S.p.A. (hereinafter the “Independent Audit Firm” or “EY”), following appointment for the financial years 2015-2023 by the Shareholders' Meeting of May 20, 2015.

The following is reported based on information obtained during meetings of the Board of Directors and Internal Committees to the Board (the Control and Risks Committee and the Remuneration Committee) and through meetings with corporate departments and as a result of audits performed.

### **Significant transactions**

The Board of Statutory Auditors considers that sufficient information was obtained on significant economic, equity and financial transactions carried out by the company, as shown in the documents that comprise the consolidated and separate financial statements and in the Directors' Report.

It is noted that 2019 was a year of passenger traffic growth of 10.6%, more than double that of domestic traffic overall, which grew by 4%, and this was reflected in the increase in revenues and earnings.

### **Atypical or unusual transactions**

No atypical or unusual transactions carried out in 2019 emerged from the information received from the Directors and from meetings with representatives of the Independent Audit Firm, including any inter-company or related party transactions. The Board did not receive communications from subsidiaries' Control Bodies or from the Independent Audit Firm, containing findings in this respect.

### **Related party or inter-company transactions**

The characteristics of inter-company transactions carried out during the year, the parties involved and the corresponding financial effects are suitably reported in the Notes to the company's separate and consolidated financial statements, which also set out the related receivables/payables and cost/revenue transactions.

Related party transactions, implemented in compliance with the applicable "Related Party Transaction Policy" adopted by the Board of Directors in the meeting of April 13, 2015, are of an ordinary nature and principally concern commercial and financial transactions, in addition to participation in the tax consolidation. These transactions are also listed in the Notes to the company's separate and consolidated financial statements, which also set out the related receivables/payables and cost/revenue transactions, and the fact that these transactions will be carried out at normal market conditions.

### **Supervisory Activities of the Board of Statutory Auditors**

In exercising its functions pursuant to Article 2403 of the Civil Code and Article 149 of the CFA, the Board of Statutory Auditors:

- verified compliance with law and the company's By-Laws;
- continuously obtained information from Directors on the activities performed, the general operating performance and its outlook, in addition to significant economic,



equity and financial transactions carried out by the company, including through its subsidiaries, and in relation to such can reasonably assure that approved and executed transactions are in conformity with law and the by-laws of the company and were not manifestly imprudent, risk-related, in conflict of interest or contrary to the motions passed by the Shareholders' Meeting, or such as to compromise the integrity of company assets;

- in particular, it received sufficient information concerning:
  - the initiatives adopted to ensure implementation of Regulation EU No. 679/2016 (General Data Protection Regulation “GDPR”), in terms of executing appropriate organisational process changes;
  - the contribution intended for the fund indicated in Article 1, paragraph 1328 of Law No. 296 of December 27, 2006, established to finance the fire prevention service at national airports, with the company filing in 2012 specific legal proceedings at the Civil Court of Rome, which has not yet stated its conclusions and has established its next hearing for 28.10.2020. Although consolidated jurisprudence has emerged in the meantime, not lastly the pronouncement of the Court of Cassation No. 3162 of February 1, 2019 which affirmed: i) the nature of the contribution to the Fire Prevention Fund, ii) the consequent competent tax jurisdiction, iii) the non-obligation to pay the tax from 2009, due to the non-applicability of its original legislative purpose, the Company is awaiting a definitive pronouncement of non-competence by the civil judge and does not expect any new legal or extra-judicial evidence - in the absence of a ruling that would have direct effect on AdB - such as to determine the conditions for a change with respect to the financial statement treatment of the contribution to the Fire Prevention Fund. Consequently, in line with previous years, the company recorded this contribution under payables and suspended its payment pending the conclusion of the complex legal proceedings;
- verified compliance with the principles of correct administration;
- oversaw the adequacy of the indications to the subsidiaries as per Article 114, paragraph 2 of the CFA, ensuring that subsidiaries' coordination activities (Fast Freight Marconi S.p.A and TAG Bologna S.r.l.) are also carried out through the presence of Parent Company executives on the corporate boards;

- exchanged information with subsidiaries' corresponding boards pursuant to Art. 151, paragraph 2 of the CFA;
- held periodic meetings with the Independent Audit Firm, also in accordance with the provisions of Article 19, paragraph 1 of Legislative Decree No. 39/2010 and Article 150, paragraph 3 of the CFA, in order to supervise the financial disclosure process and its suitability and integrity, as well as compliance with legal provisions concerning the formation of financial statements, their layout and structure;
- verified the suitability of the administrative and accounting system and its capacity to accurately reflect operating events by obtaining information from managers of the respective departments and analysing the results of work carried out by the Independent Audit Firm. The certification as per Article 154-bis, paragraph 5 of the CFA, signed by the Chief Executive Officer and the Executive Officer for financial reporting, on the adequacy of the administrative and accounting procedures for the drafting of the statutory financial statements and the consolidated financial statements are annexed to these documents;
- acquired information and supervised the suitability of the company's organisational structure and the internal control system, including through participation in the meetings of the Control and Risks Committee. The Board of Statutory Auditors examined the assessment expressed by the Board of Directors in the meeting of March 30, 2020, on the basis of the preliminary report undertaken by the Control and Risks Committee, which considered AdB's internal control and risk management system to be generally suitable with respect to the characteristics of the company and the risk profile assumed.
- verified the internal audit manager's activity, taking note of his observations during periodic audits and examining the content of the drafted annual report for 2019, which highlights that no matters emerged to indicate that AdB's internal control and risk management system is not generally suitable to guarantee sound and correct business conduct in line with pre-set objectives;
- examined the annual disclosure report of the Supervisory Board relating to the updating of the Model, control on the functioning and compliance of the Model pursuant to Legislative Decree No. 231/2001, from which no significant events emerged;

- reviewed the report of the Ethics and Anticorruption Committee (a collective body which replaces the position of Prevention, Transparency and Anticorruption Manager (RPCT)), which has been assigned the duty to monitor and verify the effective implementation of the “Anticorruption Policy” and reviewed the activities carried out;
- did not receive any statements pursuant to Article 2408 of the Civil Code, nor any petitions from third parties;
- verified the correct application of assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members and has no observations to make in this regard;
- supervised compliance with the corporate governance rules laid down by the Self-Governance Code of listed companies, issued by Borsa Italiana and approved by the Corporate Governance Committee, to which the company declared and confirmed its compliance. The governance system adopted by the company is described in detail in the Corporate Governance and Ownership Structure Report for the year 2019, approved by the Board of Directors at today’s meeting.
- supervised the independence of the Independent Audit Firm EY S.p.A., pursuant to Article 19 of Legislative Decree 39/2010 and, in its concomitant capacity of Internal Control and Audit Committee, ascertained the compatibility of services, other than the statutory audit provided to the company, with the limitations envisaged by Article 5 of EU Regulation No. 537/2014. In 2019, the company paid Euro 93,533 in fees to EY S.p.A. for assignments involving audit services and the auditing of regulatory accounts, while subsidiaries (Fast Freight Marconi S.p.A and TAG Bologna S.r.l.) paid Euro 18,742 for auditing services, including the CONSOB supervisory contribution. In addition, the following non-audit services assignments were conferred by the Parent Company to EY S.p.A.: the review of the requirements concerning the Non-Financial Information Report (Euro 22,638) and the certifications for the purposes of Legislative Decree No. 118 of June 23, 2011 (Euro 6,480). Moreover, the assignment, conferred to EY S.p.A. in 2018, concerning the assistance in the analysis of the impacts of the new accounting standard IFRS 16 (balance of Euro 4,720) continued. The Parent Company also paid EY S.p.A. Euro 1,100 for the participation of one of its employees in the *GRI Sustainability Standards* course. The Independent Audit Firm issued the "Statement of Independence" certifying that no situations were in place that may compromise their

independence nor were there grounds for incompatibility in respect of AdB. Considering the above statement, it should be noted that no critical aspects emerged that could have compromised the Independent Audit Firm's independence.

The current Board of Directors was appointed by the Shareholders' Meeting of April 27, 2019 and will remain in office until the approval of the Financial Statements as at December 31, 2021.

The Board of Directors shall comprise nine members. Eight directors are non-executive, while five of these are independent as envisaged by Article 147-ter, paragraph 4, of the CFA and the Self-Governance Code,

During 2019, the Board of Statutory Auditors attended:

- the Shareholders' Meeting of April 27, 2019;
- 10 Board of Directors' meetings (3 of the previous Board and 7 of the undersigned Board of Statutory Auditors);
- 4 Control and Risks Committee meetings (1 of the previous Board and 3 of the undersigned Board of Statutory Auditors);
- 4 Remuneration Committee meetings (2 of the previous Board and 2 of the undersigned Board of Statutory Auditors);

In all the above meetings, the undersigned Board of Statutory Auditors always received sufficient information on activities performed and the nature of transactions carried out. In 2019 the undersigned Board of Statutory Auditors held 5 meetings, in addition to 3 meetings of the previous Board.

In 2020 (and until the date of this report), the Board of Statutory Auditors met on 1 occasion.

During the supervisory activities carried out and on the basis of the information obtained from the Independent Audit Firm, at the periodic meetings, as per Article 150, paragraph 3 of the CFA, no significant data and information were noted that would need to be highlighted in this report, nor were there omissions and/or citable events and/or irregularities or, in any case, significant matters meriting mention in this report.

### **Non-Financial Information Report**

As per Article 3, paragraph 7 of Legs. Decree No. 254 of December 30, 2016, it is confirmed that, with regards to the Non-Financial Information Report, the Board of Statutory Auditors oversaw, to the extent of its remit, compliance with the provisions

set out in the stated decree. The company appointed EY S.p.A. as the auditor, and to also undertake the tasks as per Article 3, paragraph 10 of the decree. The Independent Audit Firm issued a certification upon the consistency of the information provided in the Non-Financial Information Report against that required by Articles 3 and 4 of the decree and the reporting standard adopted.

### **Separate and Consolidated Financial Statements**

The Board of Statutory Auditors carried out the necessary audits on compliance with the rules concerning the compilation of the statutory financial statements and Group consolidated financial statements as at December 31, 2019, approved by the Board of Directors today, following the postponement resolved by the Board of Directors on March 12, 2020, together with the provision for a second call of the Shareholders' Meeting on May 25, 2020 in relation to the global impact of the COVID-19 pandemic. In this regard, the Board of Statutory Auditors has expressed its consent to the waiver of the terms set forth in Article 2429 of the Italian Civil Code.

In particular, it acknowledges that the separate and consolidated financial statements were drawn up in compliance with International Financial Reporting Standards adopted by the European Union and that the company applied the format of financial statements and company information as established by CONSOB. Compliance with regulations relating to the preparation of the Directors' Report was verified and, in this regard, there are no particular matters to report. With reference to its content, we point out that this Directors' Report sufficiently illustrates the operating result, cash flows, financial position and operating performance during the year and provides significant data concerning the company within the scope of consolidation, also providing information on the principal risks and uncertainties which the company is exposed to.

The Independent Audit Firm EY S.p.A. issued on March 30, 2020 the reports as per Article 14 of Legislative Decree No. 39 of January 27, 2010 and Article 10 of Regulation (EU) No. 537/2014, in which it declared that the separate and consolidated financial statements at December 31, 2019, provide a true and fair view of the statement of financial position, the result and cash flows of the company and the Group and that the Directors' Report and information contained in the Corporate Governance and Ownership Structure Report indicated in Article 123-bis, paragraph 4 of the CFA, are

consistent with the company's statutory financial statements and Group consolidated financial statements.

The Independent Audit Firm also produced the Additional Report indicated in Article 11 of Regulation (EU) No. 537/2014 which denotes that there were no significant deficiencies in the internal control system or in the administrative and accounting system of the company.

### **Conclusions**

The Board of Statutory Auditors concludes this Report on auditing activities carried out during 2019 by expressing a positive opinion on the activity performed by the company, its organisation, the effectiveness of the internal control system and the administrative and accounting system, compliance with the principles of correct administration and compliance with law and the By-Laws and, also in view of the results of the activity performed by the Independent Audit Firm appointed for the financial audit, expresses a favourable opinion on the approval of the financial statements at December 31, 2019 as drafted and approved by the Board of Directors at today's meeting, and are in agreement with the proposal of the allocation of the net profit by the Board of Directors.

Bologna, March 30, 2020

The Board of Statutory Auditors

Mr. Pietro VOCI, Chairman

Ms. Samantha GARDIN

Mr. Alessandro BONURA

# Aeroporto Guglielmo Marconi di Bologna S.p.A.

Financial statements as at December 31, 2019

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010, and article 10 of EU Regulation n. 537/2014



**Building a better  
working world**

EY S.p.A.  
Via Massimo D'Azeglio, 34  
40123 Bologna

Tel: +39 051 278311  
Fax: +39 051 236666  
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014  
(Translation from the original Italian text)

To the Shareholders of  
Aeroporto Guglielmo Marconi di Bologna S.p.A.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2019, the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:



Key Audit Matter	Audit Response
<p data-bbox="177 369 790 436">Valuation of the provision for renewal of airport infrastructure</p> <p data-bbox="177 459 790 1232">The provision for renewal of airport infrastructure accounted for in the financial statements as of December 31, 2019 amounts to Euro 13.3 million and includes accruals for non-recurring maintenance expenses, as well as estimated future costs for restoration and replacement of assets under concession that the Company plans to incur in accordance with the current concession agreements. The processes and methodologies applied to evaluate and determine such estimated future costs are based on complex assumptions that, due to their nature, imply the use of management's judgment, in particular with reference to the nature, timing and amount of the maintenance costs, including the relevant financial component applied based on the timing of such maintenance services. Considering the judgment required by management in order to evaluate the nature, timing and amount of such maintenance services, we believe that the valuation of the provision for renewal of airport infrastructure represents a key audit matter.</p> <p data-bbox="177 1254 790 1456">The disclosures relating to the valuation of the provision for renewal of airport infrastructure are included in section "Accounting Policies" under paragraph "Provisions for risks and charges", as well as in notes 15 and 20 "Provision for renewal of airport infrastructure".</p>	<p data-bbox="790 459 1402 526">Our audit procedures performed in response to this Key Audit Matter included, among others:</p> <ul data-bbox="845 526 1402 1209" style="list-style-type: none"> <li>• assessment of the process and key internal controls implemented by the Company;</li> <li>• understanding of the concession agreement from which the obligation arises;</li> <li>• analysis of the supporting report prepared by the Company's technical departments;</li> <li>• test of details on a sample of provisions' utilizations accounted for during the fiscal year;</li> <li>• assessment of the key changes to the amount of the provision as compared to the prior year;</li> <li>• analysis of the consistency of the assumptions used in estimating the provision against the Business Plan 2020-2024 approved by the Directors;</li> <li>• assessment of the discount rate used in the analysis.</li> </ul> <p data-bbox="790 1232 1402 1366">Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements in relation to the valuation of provision for renewal of airport infrastructure.</p>

## Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Company’s financial reporting process.

## Auditor’s Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

### Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Aeroporto Guglielmo Marconi di Bologna S.p.A., in the general meeting held on May 20, 2015, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2015 to December 31, 2023.

We declare that we have not provided prohibited non-audit services, referred to article 5, paragraph 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

### Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998

The Directors of Aeroporto Guglielmo Marconi di Bologna S.p.A. are responsible for the preparation of the Directors' Report and of the Report on Corporate Governance and Ownership Structure of Aeroporto Guglielmo Marconi di Bologna S.p.A. as at December 31, 2019, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Directors' Report and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998, with the financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. as at December 31, 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Directors' Report and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. as at December 31, 2019 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated December 30, 2016

The Directors of Aeroporto Guglielmo Marconi di Bologna S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated December 30, 2016. We

have verified that non-financial information has been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated December 30, 2016, such non-financial information is subject to a separate compliance report signed by us.

Bologna, March 30, 2020

EY S.p.A.

Signed by: Alberto Rosa, Auditor

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