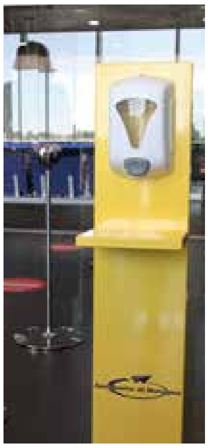
# Annual Report 2020

Aeroporto di Bologna

## 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, 2020

*This document is a courtesy translation from Italian into English.*

*In case of any inconsistency between the two versions, the Italian original version shall prevail.*

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**Dear Shareholders**,

After several years of uninterrupted progress and a **record year** for traffic and earnings growth in **2019**, **2020** was truly an "**annus horribilis"** for Bologna Airport and the aviation sector.

As COVID-19 spread across the globe at the beginning of 2020, forcing governments to impose contagion containment measures and restrict movement, traffic at Bologna Airport came to a near-total standstill, with just one passenger flight a day to Rome for a long period, from March to May 2020. At this time Bologna Airport was one of the few airports allowed to remain open in Italy, by express provision of Ministerial Decree No. 112 of March 12, 2020. On the other hand, during the first few months and those that followed, a large number of cargo charter flights were arranged to import medical equipment, allowing Bologna Airport to provide a vital public service.

A little more than a year on from the outbreak of the pandemic, we can safely say it has been much more than a simple "setback" and has instead resulted in the worst global crisis experienced by air transport in modern times. Tourism, air transport, and the aviation sector as a whole have been hit the hardest, and we cannot begin to estimate the impact the pandemic will have on the global economy, given the persistent uncertainty surrounding its duration.

Today, we can at least highlight the effects of the pandemic on air traffic, our operating results for 2020, and on the equity-financial structure of both the Company and the AdB Group at December 31, 2020. During a year in which international and European passenger traffic returned to levels last seen over 20 years ago, with traffic falling by 65.9% and 69.9% respectively compared to 2019, and Italian traffic falling by 72.6%, Bologna Airport served **2,506,258 passengers against 9,405,920 passengers in 2019** (**a decrease of 73.4%**), reducing airport traffic to levels not seen since 1997. **Cargo traffic** fared better, with an 11.2% decrease compared to 2019, confirming that the pandemic had a lower impact on the sector. The average decrease recorded in Italy was 23.7%, demonstrating that the freight sector was more resilient than the passenger sector.

The figures set out above highlight the magnitude of the pandemic's impact on the AdB Group's business and show that comparison with the previous financial year and with objective indicators such as **service quality** are not meaningful, so much so that ENAC halted customer satisfaction surveys in the second quarter of 2020, and the Services Charter for 2020 was not published.

The Group is therefore reporting **results** which are significantly down on 2019: **consolidated revenues** have fallen from Euro 125 million to Euro 67 million (-46%, or **-65%** including revenue adjusted for the revenues from construction services linked to the higher investments made), **consolidated EBITDA** has fallen from a profit of Euro 45 million to a loss of Euro **4 million** and the **result for the year** has dropped from a profit of Euro 21 million to a **consolidated loss of Euro 13.6 million** The primary differences between the two years are due almost exclusively to the dramatic reduction in air traffic and revenues as a consequence of the COVID-19 pandemic, mitigated only partly by the various cost-containment measures implemented by the Group in response to the crisis.

For this reason, rather than commenting on the operating data for 2020, we will seek to report on the actions taken by the Group to contain the effects of the collapse of air traffic, taking into account the fact that the situation deteriorated very quickly, changing almost by the hour, providing us with very little time to react and respond and affording us very little visibility concerning the future. Our efforts focused primarily on **measures to protect the health and safety of our employees and passengers** by minimising human contact. We asked our many non-operational employees to work from home, enforced social distancing, and implemented sanitation measures to prevent the spread of the virus among the airport community as a whole. Confirming the Group's commitment to adopt measures to reduce as much as possible the risk of infection, Bologna Airport was the first airport in Europe, and among the first globally, to receive **Airport Health Accreditation** from ACI World (ACI = Airport Council International). The Group also attempted to **contain costs** by activating the Extraordinary Temporary Lay-Off Scheme for all employees of the Parent Company and its subsidiary FFM. In addition, the Group renegotiated contracts with suppliers, closed operational areas to save on utilities and services, and cancelled or postponed non-strategic and/or deferable activities. Investments were also evaluated and analysed to identify new priorities and phases in the action plan, to perform the alignment required with the updated sector scenarios; the aim was to agree with ENAC an optimum and sustainable development plan in light of the air traffic situation At the same time, during 2020 the Group has responsibly and enthusiastically persevered with the commitments it had already made, undertaking a very large volume of **investments** totalling **Euro 33 million**, compared to Euro 19 million in 2019. Among the many investments made, mention should be made of the **structural and functional redevelopment works carried out on a section of runway**, necessitating the closure of the airport for 10 days in September, during which a few of the works planned for 2022 were also brought forward to make the most of the reduction in air traffic and to prepare for recovery. At the same time, the Group actively worked to try to ensure particularly favourable temporary conditions with a view to safeguarding the commercial operations and passenger services segment, as well as renewing structures and contractual terms to support the future recovery.

The Group addressed the **significant pressure on liquidity** caused by the drastic reduction in income following the decline in activity and the payment extensions granted to clients in severe financial difficulties by seeking **new sources of operating funding**. Two loans were finalised with a SACE guarantee for a total of Euro 58.9 million.

Towards the end of this exceptionally difficult year, hope appeared on the horizon. COVID-19 vaccines were made available, in amounts that we hope will continue to increase, thanks to an enormous collaborative, technological and financial effort around the globe and through cooperation between public and private entities. In addition, positive news for the aviation sector and Bologna Airport arrived in the form of a provision within Italy's 2021 Budget Law. An important and constant awareness campaign run by Assaeroporti and various management companies saw the precious contribution of local and national institutions, who were able to bring the necessary requests to the attention of the Government.

The Group is managing this crisis as carefully and responsibly as it can. Current and future actions, as discussed in detail below, together with the Group's solidity, will allow us to recommence operations with a renewed sense of strength, when the crisis is finally behind us. I extend my thanks to all our Group's employees who have performed their respective duties at every level of the company and have thus contributed to tackling the enormous challenge that the pandemic has set in our path with resilience, energy, and skill.

To conclude, the financial statements of the company Aeroporto Guglielmo Marconi di Bologna Spa, which we present for your approval, report **a loss of Euro 13,963,340.73**, which the Board of Directors proposes to carry forward.

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 S.p.A.

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 3% were as follows at December 31, 2020:

| SHAREHOLDER | % Held |
|---|---|
| BOLOGNA CHAMBER OF COMMERCE | 39.10% |
| ATLANTIA S.P.A. (EDIZIONE S.R.L.) | 29.38% |
| F2I FONDI ITALIANI PER LE INFRASTRUTTURE SGR SPA | 9.99% |
| MUNICIPALITY OF BOLOGNA | 3.88% |

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, with duration until June 4, 2021, 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.
Following the purchase by the Bologna Chamber of Commerce of 565,500 Company shares on January 31, 2020, the number of voting rights subject to voting agreements changed, without any change in the number of voting rights subject to transfer restriction agreements, as shown in the following tables:

| PUBLIC SHAREHOLDERS | % Share Capital subject to Voting Agreement |
|---|---|
| BOLOGNA CHAMBER OF COMMERCE | 39.10% |
| 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 | % Share Capital subject to Transfer Restriction Agreement |
|---|---|
| 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:

| Name | Office |
|---|---|
| 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) |
| Giovanni Cavallaro | 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.
(**) On October 12, 2020, the Board of Directors co-opted, in replacement of Director Gennarino Tozzi who resigned on July 17, 2020, the Director Giovanni Cavallaro.
(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:

| **Name** | **Office** |
|---|---|
| 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, 2020

## Contents

# INTRODUCTION

**Dear Shareholders**,

this report, accompanying the Consolidated Financial Statements of the Aeroporto Guglielmo Marconi di Bologna Group (hereinafter also the “Aeroporto Group”, “Aeroporto” or “AdB”) for the year ended December 31, 2020, in presenting the Group's performance indirectly analyses also the performance of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A., 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 of March 15, 2006, with a term of 40 years starting on December 28, 2004. Given the drastic drop in traffic at Italy’s airports due to COVID-19, Article 102, Paragraph 1-bis of Law Decree No. 34 of May 19 (Relaunch Decree), converted into Law No. 77 of July 17, 2020, extended the duration of airport concessions by two years in order to cushion the consequent economic blow. Given the direct applicability of the above law, Bologna Airport’s concession is extended to December 2046.
2020 was significantly impacted by the COVID-19 pandemic, which has caused and continues to cause an unprecedented financial crisis in the airport and air transport sector, as extensively outlined above.

The Group's structure at December 31, 2020 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.

Until July 2020 AdB held 24% of Ravenna Terminal Passeggeri S.r.l., 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). In July 2020, AdB’s investment was reduced to zero following a share capital reduction for losses and the Parent Company's non-participation in the recapitalisation approved by the Shareholders’ Meeting on July 9.

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 Parent 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 and the duration of stay;
- 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;
- cargo handling and general aviation fees and fees due for the related activities such as customs clearance and refuelling.

**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**

During 2020, approximately 5,000 paid parking spaces remained under the direct management of Bologna Airport, a slight decrease compared to 2019 due to the works undertaken to raise the Express Car Park, which rendered some parking spaces temporarily unavailable. The airport’s car parking spaces are available in three parking areas: the first close to the terminal, the second close to airport grounds and the third located at approximately 1.5 KM away. The latter has been temporarily closed, taking account of the significant reduction in demand due to the COVID-19 emergency. 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. The sharp drop in traffic in 2020 meant that many more parking spaces were supplied than demanded, resulting in the closure of outlying parking lots in order to continue reducing costs while ensuring the minimum level of airport service.

**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 4,400 m² and includes 41 shops. The latest airport upgrade developed the Duty-free areas – one of the SBU's main revenue sources. In 2020 because of the spread of the pandemic and the resulting dramatic fall in traffic most sub-concession holders closed their commercial establishments, only starting to reopen gradually in July.

**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 view of the near-total standstill in air traffic in 2020 MBL closed for a few months. The "You First" service provides arriving and departing passengers with access to exclusive services such as check-in and baggage collection assistance, porterage, 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 16 specialised brands, with a total of 489 vehicle spaces available for their fleets. The Rent-a-Car service remained in operation throughout the year despite the almost total lack of traffic in some months.

**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

2020 was characterised by the global spread of COVID-19, which has been defined by Italy's emergency health legislation as an exceptional and unforeseeable event ("force majeure"), resulting in serious economic upheaval pursuant to Article 107 of the EU Treaty.

The direct impact on the global economy and specifically on the aviation sector continues to be significant. After a brief summer lull, the pandemic will most certainly impact 2021. As such, the outcome of vaccination programs plays a key role in the Group's prospects for recovery in the medium term. However, while the recent approval of the first vaccines has raised hopes of a turnaround by the end of 2021, new waves and variants of the virus raise further concerns for the future.

Although financial markets remain sensitive to the evolving pandemic, the optimism of operators in Italy and abroad in recent months has been boosted significantly by the excellent stimulus measures introduced by governments and central banks across all the major economies, as well as the resolved uncertainty surrounding the presidential elections in the United States. The spread between ten-year Italian and German government bonds remains at levels lower than those observed before the pandemic.

Against this backdrop, the International Monetary Fund expects the global economy to grow by 5.5% in 2021 and by 4.2% in 2022. The forecast for 2021 has been revised upwards by 0.3 percentage points compared to the previous forecast, due in part to the pursuit of vaccination programmes and the additional political and economic-financial support provided in some large economies.

In the Eurozone, where the OECD estimates that GDP fell by 7.5% in 2020 compared to 2019 (-4.2% on a global scale), the pandemic is expected to have a more prolonged impact on economic activity and prices than previously assumed. In fact, the OECD estimates a modest rebound of 3.6% in 2021, below the world average (+ 4.2%). The European Central Bank Governing Council consequently broadened and lengthened its monetary stimulus to ensure favourable financial conditions for all sectors for as long as necessary, in order to ensure full support for the economy and inflation.

In Italy, higher-than-expected growth in the third quarter indicates the country's significant ability to recover. As in other countries in the Eurozone, the second wave of the pandemic resulted in yet another reduction in gross domestic product in the fourth quarter. According to the Bank of Italy, on the basis of the indicators available, this drop is currently estimated to be around 3.5%, with a more pronounced decline in the services sector and a more marginal decline in the manufacturing sector.

Consumer price changes remained negative, reflecting overall performance in the service sectors most affected by the crisis, which continue to suffer from a lack of demand. The inflation expectations of analysts and companies remain modest for the coming twelve months.

The Bank of Italy confirmed last July's forecast relating to the fall in GDP in 2020, which was estimated to be just under 10%, but has updated its forecast with regard to the timeframe and magnitude of recovery. The latest forecasts for 2021 to 2023 are based on the assumption that (i) the pandemic will be gradually brought under control in the first half of 2021 and entirely resolved by 2022, (ii) decisive governmental support will continue, aided by funds made available under the New Generation EU initiative, and, finally, that (iii) monetary policy will ensure the maintenance of favourable financial conditions throughout the period, as envisaged by the Governing Council of the ECB.

These assumptions suggest that GDP will begin to grow significantly in the spring of 2021, with an expansion of 3.5% in 2021, 3.8% in 2022, and 2.3% in 2023, at which point GDP will have recovered to the levels recorded prior to the pandemic. Investments will resume growing at a rapid pace, benefiting from the stimulus measures, and exports will recover significantly. The recovery of previous consumption levels will instead be more gradual, with only a partial reversal of the increased propensity to save observed since the onset of the pandemic. Inflation will also remain low during 2021, before gradually rising between 2022 and 2023. (*Source: Economic Bulletin, Bank of Italy, January 2021*).

Against this backdrop, according to the IATA's data, global passenger traffic overall in 2020 dropped 65.9%. The third quarter of 2020 saw a sudden slowdown in the recovery of air traffic due to the resurgence of infections in the autumn, which required governments to impose restrictive measures on traffic.

However, cargo traffic was decisively less negative at the global level, with a decline in volumes of 10.6% compared to 2019 (Air Passenger and Air Freight Market Analysis (IATA), December 2020).

European passenger traffic overall declined 69.9% in 2020, with a significant drop between the end of March and mid-June, and a partial recovery during the summer months. However, during the last quarter, progress was halted due to a resurgence of the virus across Europe. The cargo traffic performance was also not as poor as the passenger traffic performance in Europe, with cargo volumes handled in 2020 down by 16% compared to the previous year (Air Passenger and Air Freight Market Analysis (IATA), December 2020).

In line with that emerging in Europe, Italian traffic also - following its almost total reduction during the lockdown months - partially recovered over the summer, while however slowing once again from mid-September due to the rising once again of infection numbers. As such, 2020 recorded a drop in passenger traffic equal to 72.6%.
Cargo traffic in Italy recorded a more contained decrease (-24.4% by air and -43.0% by road) compared to 2019 *(Source: Assaeroporti, December 2020*

Bologna Airport served a total of 2,506,258 passengers in 2020, a decrease of 73.4% on 2019. This result is in line with the national trend, despite the airport's inability to operate flights between September 11 and 21 due to the undertaking of important runway works. At the end of December, Bologna Airport was ranked eighth in Italy in terms of passenger numbers.

## 1.2 IMPACTS OF THE COVID-19 PANDEMIC ON BOLOGNA AIRPORT AND INITIATIVES BY THE ADB GROUP IN RESPONSE TO THE EMERGENCY

The AdB Group's performance in 2020 was inevitably and significantly shaped by the COVID-19 pandemic which, as shall be outlined below, resulted not only in the almost total absence of passenger traffic in the second quarter of the year, with the consequent closure of nearly all commercial operations at the airport, but also in significant repercussions following its reopening, with traffic only very partially recovering during the summer, followed by another sudden slowdown towards the end of 2020.

Also during the lockdown, Bologna Airport has remained open and operative in accordance with Ministry for Infrastructure and Transport Decree No. 112 of March 12 and was therefore the only regional airport operative throughout the period, ensuring the essential amount of minimum passenger and cargo traffic services.

The Group's response to this unprecedented crisis primarily focused on measures to protect the safety of passengers, employees and the entire airport community.

These include body temperature measurement at the terminal and the offices, the installation of disinfecting gel dispensers, the posters and signs on hygiene measures to be followed and precautions to be taken, the separation of passenger movements to ensure distancing, the intensive sanitisation of the areas, also through a molecular fragmentation system, the installation of plexiglass, the adoption of the patented BEST system at the security controls to reduce the frontal interaction between the staff in charge of controls and passengers and the installation of ventilation systems at the terminal and on the airport grounds and offices with high-efficiency filters in the areas with the greatest density of people. The use of remote working has been encouraged for the administrative area staff and a rotation of groups of workers involved in the most strategic areas has been introduced as part of a contingency plan. A screening campaign was also introduced in July to detect coronavirus antibody levels, and free tests were provided to all employees of the Bologna Airport Group. Bologna Local Health Authority also assisted by arranging for employees to take tests at the airport health centre. In addition, on January 27, 2021, the Group launched a temporary paid testing service for passengers departing for Amsterdam. The service was launched following a provision enforced by the Dutch government requiring passengers to produce evidence upon boarding of a negative antigenic rapid test result within four hours of their departure. Rapid tests are currently being carried out by a private company at a facility located in the immediate vicinity of the main ground-floor entrance of the passenger terminal. The Group is working on rolling out a more comprehensive service, which would also allow for molecular tests to be taken before boarding, at the request of European and non-European countries. Meanwhile, a molecular testing service remains in place for all passengers arriving from the United Kingdom, as required by Italian legislation, which is carried out by the Bologna Local Health Authority at no cost to passengers.

Confirming the Group’s commitment to adopt measures to reduce as much as possible the risk of infection among passengers and workers, Bologna Airport obtained from ACI World (ACI = Airport Council International), as the first airport in Europe and among the first globally, Airport Health Accreditation.

In order to contain costs and at the same time protect jobs, the Group introduced a plan to encourage employees to take accrued holidays and subsequently the Extraordinary Temporary Lay-off Scheme was introduced for all employees, in addition to measures to cut outsourced operating costs.
From a financial viewpoint, the Group entered this critical period with a solid and balanced equity and financial structure, which has allowed it to meet its commitments even in those months of greatest pressure on liquidity. Among the main measures put in place to deal with the crisis, the Group focused on revising the time schedules for the execution of investments and replacement/renewal actions which are not urgent and the Parent Company Shareholders' Meeting of April 30, 2020 agreed not to distribute dividends to shareholders and to allocate the 2019 profit entirely to reserves in order to maintain a solid capital base and to limit the economic impact of COVID-19. In addition, in July the parent company concluded with leading banks two loans for a total of Euro 58.9 million, in order to ensure adequate resources for the Group to meet its financial needs, related to the increase in working capital and support for the business plan.

## 1.3 STRATEGIC OBJECTIVES

The Group’s strategic objectives which underlie the development of all operations are outlined below, although the Group inevitably focused on managing the COVID-19 emergency during 2020.

**“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 Group'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”**
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.

## 1.4 SHARE PERFORMANCE

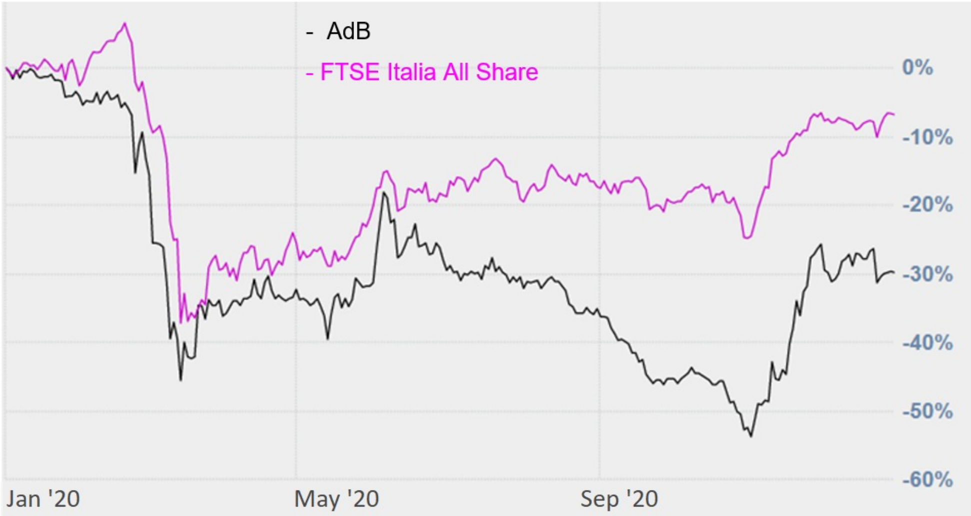
AdB's shares began trading on the STAR segment of the Milan Stock Exchange on July 14, 2015.
The following graphs present:

- the share performance between January 1, 2020 and December 31, 2020;
- tracking of the company's share performance against the FTSE Italia all-share index.

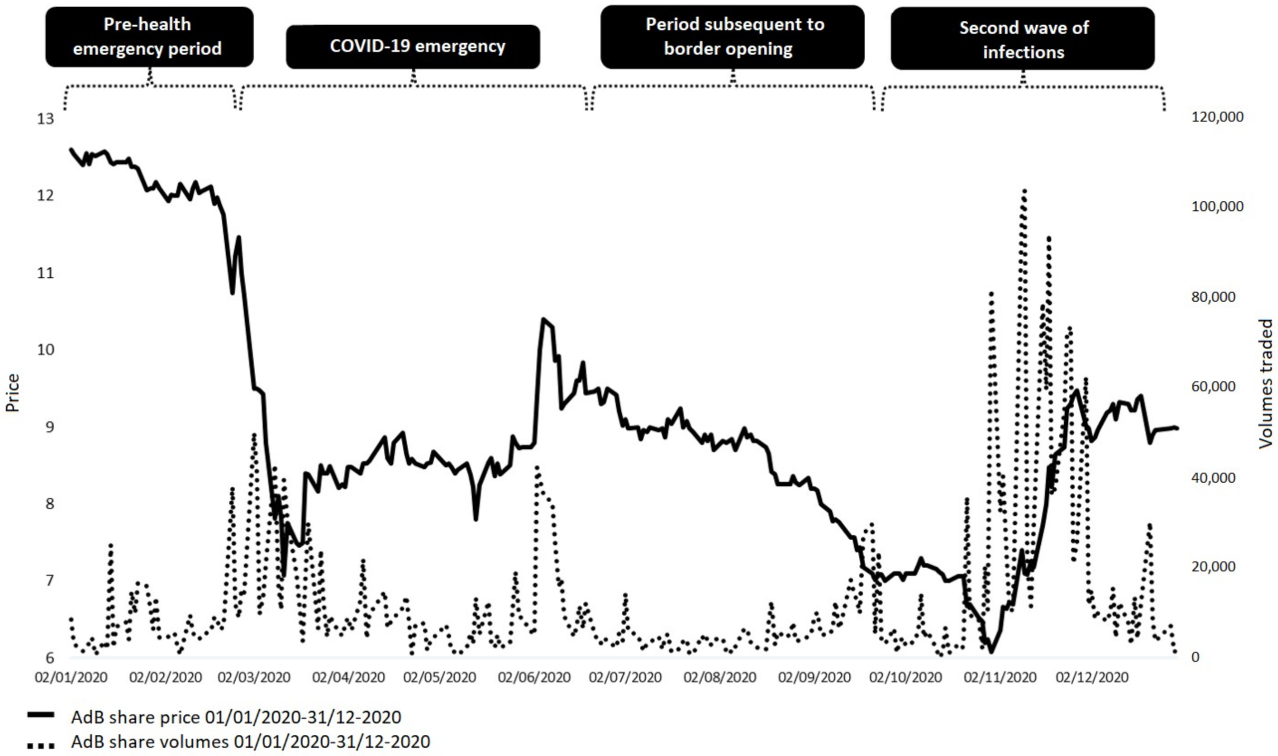
On December 31, 2020, the official share price was Euro 8.48 per share, resulting in an AdB Group market capitalisation of Euro 306.3 million at that date.

**AdB share performance (01/01/2020-31/12/2020)**


**AdB share and FTSE Italia All-Share performance (01/01/2020-31/12/2020)**




**AdB share performance – prices and volumes (01/01/2020-31/12/2020)**




The AdB share price and volumes in 2020 were impacted by the Covid-19 health emergency. In particular, four phases emerged: a first, from the beginning of the year until February 23, 2020, the day of the first Prime Ministerial Decree containing restrictive and containment measures, and a second, from February 24 until the re-opening of the country's borders on June 15, 2020, marking the beginning of a third period, which lasted until the end of summer. The arrival of autumn saw new infections rise throughout Europe in the fourth and final stage, resulting in restrictions on movement and the closure of borders from the end of September until the end of the year.

In the first period of the year, the price was stable, between Euro 11.50 and Euro 12.0, with fewer than 7,000 shares traded daily. Following the outbreak of the health crisis tied to the spread of Covid-19, the shares declined rapidly, reaching a low of Euro 6.57 on March 12, 2020, with volumes fluctuating between 40 and 50 thousand shares traded daily in several sessions.
Thereafter, volatility gradually abated with daily volumes returning to pre-shock values and a stabilisation of the price at around Euro 8.00 per share.
At the beginning of June, a significant increase in the number of traded shares contributed to a material increase in the share to over Euro 10.00.
From mid-June however the share price started to decline, reaching a record low of Euro 5.58 on October 30, 2020.
Following a significant increase in daily volumes, peaking at between 80,000 and 100,000 shares, the price rebounded, exceeding Euro 9 per share, before eventually stabilising at Euro 8.5 in December.

## 2. KEY OPERATING RESULTS ANALYSIS

## 2.1 *AVIATION STRATEGIC BUSINESS UNIT*

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

Following the excellent performance recorded in January (+9.9% on 2019), in February the airport reported passenger traffic in line with 2019 (+0.3%) due to a sound performance in the first three weeks of the month (+5.3% on 2019), followed by a sharp reversal of course starting on February 22 (-25.1% in the final eight days of the month) due to the effect of the Covid-19 outbreak.

Between the end of February and the beginning of March, initially in certain zones ("red zones") and subsequently across the entire country, stringent limitations on mobility were introduced in order to fight the spread of the pandemic, leading to the cancellation of a majority of domestic and international flights, in addition to the closure of the airports not included on the list presented in Ministerial Decree No. 112 of March 12, 2020.

Included on this list, Bologna airport remained open and operative for the entire period of the health emergency, although with minimal volumes. Both during the lockdown between March and April and at the beginning of "Phase 2" - in the month of May in fact - airport traffic was almost reduced to zero with only one flight to and from Rome Fiumicino.

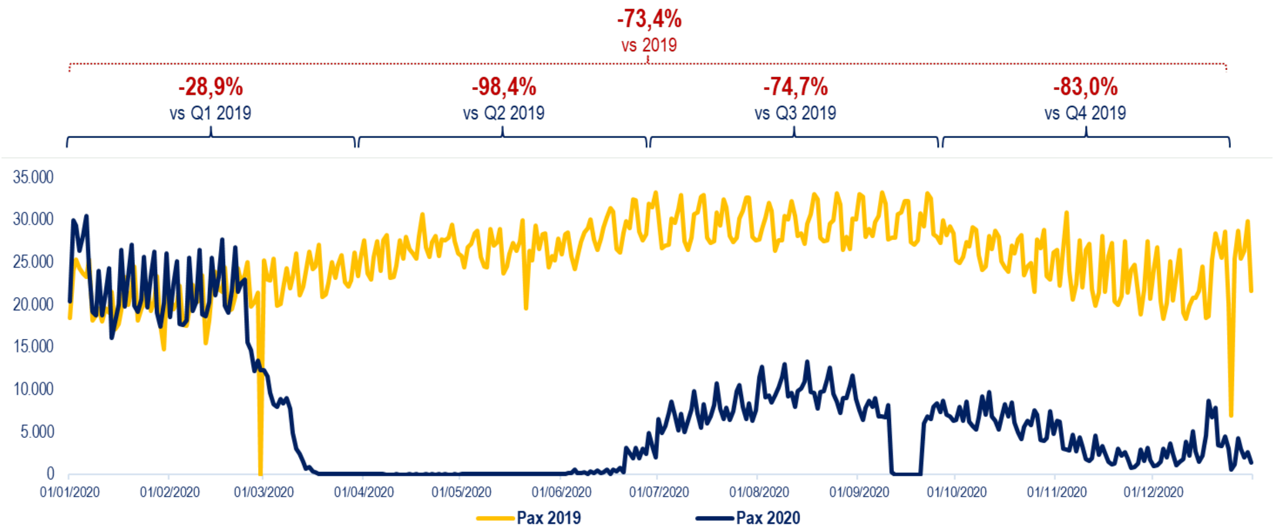
With the re-opening firstly of domestic flights at the beginning of June and from the latter part of the month of the country's borders (mainly the EU and Schengen countries), a gradual (although modest) recovery of traffic volumes emerged, strengthening between July and mid-August, particularly for the domestic component.

In line with that occurring across Europe and at the other domestic airports, the traffic recovery however slowed from mid-August, with load factors for aircraft decreasing on those for the preceding weeks.

The airport was closed from September 11 to 21 for scheduled works on the runway, and infection rates began to rise at the start of autumn, resulting in renewed calls to limit travel and new restrictions on interstate and interregional travel, all of which put an abrupt halt to the modest recovery witnessed during the summer months. As such, the fourth quarter saw around an 83% drop in airport passenger traffic compared to 2019.

Bologna Airport thus recorded 2,506,258 passengers in 2020, a decrease of 73.4% compared to 2019, reducing airport traffic levels to those not seen since 1997. There were 30,139 air movements, down 60.9% compared to 2019, with an average load factor down from 81.5% in 2019 to 60.5% in 2020.

**Passenger traffic performance January-December 2020**




*Figures include transits. General Aviation excluded.*

| | January - December 2020 | January - December 2019 | Change % |
|---|---|---|---|
| Passengers | 2,506,258 | 9,405,920 | (73.4%) |
| Movements | 30,139 | 77,126 | (60.9%) |
| Tonnage | 2,038,026 | 5,086,505 | (59.9%) |
| Cargo | 43,377,968 | 48,832,550 | (11.2%) |

*Data includes General Aviation and transits*

While in the first two months of 2020 highly divergent performances were seen between low cost traffic (significantly up on 2019) and legacy traffic (substantially unchanged). The significant contraction in volumes from March to June and beyond impacted all traffic components.

The low cost segment generally recovered quicker than legacy traffic during the summer period.

| **Passenger traffic breakdown** | **January - December 2020** | **% of total** | **January - December 2019** | **% of total** | **Change %** |
|---|---|---|---|---|---|
| Legacy | 851,146 | *34.0%* | 3,765,104 | *40.0%* | *(77.4%)* |
| Low cost | 1,628,630 | *65.0%* | 5,497,081 | *58.4%* | *(70.4%)* |
| Charter | 17,605 | *0.7%* | 121,033 | *1.3%* | *(85.5%)* |
| Transits | 4,197 | *0.2%* | 14,090 | *0.1%* | *(70.2%)* |
| **Total Commercial Aviation** | **2,501,578** | ***99.8%*** | **9,397,308** | ***99.9%*** | ***(73.4%)*** |
| General Aviation | 4,680 | *0.2%* | 8,612 | *0.1%* | *(45.7%)* |
| **Total** | **2,506,258** | ***100.0%*** | **9,405,920** | ***100.0%*** | ***(73.4%)*** |

In addition, the routes restarted over the summer period and into the autumn indicate a better performance for domestic destinations compared to international ones, both in overall terms - as evident in the main routes served - and in terms of load factors.

Overall, international traffic was hit harder by the outbreak and spread of the pandemic in 2020 due to the climate of uncertainty in terms of restrictions and obligations introduced upon free movement for health protection reasons.

| Passenger traffic breakdown | January - December 2020 | % of total | January - December 2019 | % of total | Change % |
|---|---|---|---|---|---|
| Domestic | 803,289 | 32.1% | 1,957,731 | 20.8% | (59.0%) |
| International | 1,698,289 | 67.8% | 7,439,577 | 79.1% | (77.2%) |
| **Total Commercial Aviation** | **2,501,578** | **99.8%** | **9,397,308** | **99.9%** | **(73.4%)** |
| General Aviation | 4,680 | 0.2% | 8,612 | 0.1% | (45.7%) |
| **Total** | **2,506,258** | **100.0%** | **9,405,920** | **100.0%** | **(73.4%)** |

32.1% of airport passenger traffic was domestic in 2020, a sharp increase on 2019. Spain comes in at second place for the number of passengers transported, with 11.9%. The United Kingdom follows with 8.2% and Germany with 7.5%.

| ***Passenger traffic by country*** | **2020** | **% of total** | ***2019*** | **% of total** | ***% Change*** |
|---|---|---|---|---|---|
| Italy | 803,289 | 32.1% | 1,957,731 | 20.8% | (59.0%) |
| Spain | 298,863 | 11.9% | 1,302,254 | 13.8% | (77.1%) |
| United Kingdom | 206,012 | 8.2% | 904,859 | 9.6% | (77.2%) |
| Germany | 188,983 | 7.5% | 890,293 | 9.5% | (78.8%) |
| France | 123,012 | 4.9% | 507,613 | 5.4% | (75.8%) |
| Romania | 110,935 | 4.4% | 478,390 | 5.1% | (76.8%) |
| Netherlands | 90,746 | 3.6% | 336,994 | 3.6% | (73.1%) |
| Albania | 67,575 | 2.7% | 165,821 | 1.8% | (59.2%) |
| Morocco | 64,617 | 2.6% | 195,246 | 2.1% | (66.9%) |
| Turkey | 63,741 | 2.5% | 303,726 | 3.2% | (79.0%) |
| Other countries | 488,485 | 19.5% | 2,362,993 | 25.1% | (79.3%) |
| **Grand total** | **2,506,258** | **100.0%** | **9,405,920** | **100.0%** | **(73.4%)** |

In 2020, 107 destinations were directly reachable from Bologna, down on 2019 due to the pandemic.

| ***Destinations reachable from Bologna Airport*** | ***2020*** | ***2019*** | ***Change*** |
|---|---|---|---|
| Destinations (airports) connected directly | 107 | 120 | (13) |

Despite the significant drop in passengers for all major Bologna airport destinations due to the COVID-19 health emergency, it’s worth highlighting the solidity of the traffic mix: the main routes act both as hubs for the traditional carriers and as point to point destinations for the low-cost carriers.

Despite the restrictions which continue to impact international travel, in 2020 five of the ten top destinations are overseas cities, with Madrid leading with over 80 thousand passengers.

| Main passenger traffic routes | January - December 2020 | January - December 2019 | Change % |
|---|---|---|---|
| Catania | 165,934 | 397,194 | (58.2%) |
| Palermo | 120,118 | 276,883 | (56.6%) |
| Rome FCO | 100,312 | 288,345 | (65.2%) |
| Madrid | 84,265 | 312,296 | (73.0%) |
| Barcelona | 74,816 | 389,343 | (80.8%) |
| London LHR | 73,110 | 307,990 | (76.3%) |
| Paris CDG | 72,080 | 298,900 | (75.9%) |
| Brindisi | 69,369 | 189,762 | (63.4%) |
| Cagliari | 68,565 | 135,176 | (49.3%) |
| Tirana | 67,575 | 165,821 | (59.2%) |

*Passenger traffic including transits*

The airport's network of main airlines has shrunk due to the outbreak of the pandemic at the beginning of 2020.

| *Number of carriers* | *2020* | *2019* | *Change* |
|---|---|---|---|
| Airlines | 44 | 57 | (13) |

Analysis of carrier performance shows that Ryanair remains in the lead with 53.8% of total traffic, due to a smaller reduction in passenger numbers compared to other airlines. Wizz Air comes in at second place, with its share growing from 5.4% in 2019 to 6.2% in 2020, ahead of Alitalia, which comes in third place with a slightly smaller share than last year. Next come the larger airlines such as Air France, British Airways, KLM and Lufthansa, which recorded a total of 60,000 to 80,000 passengers. Turkish Airlines and Emirates also make it into the top ten, confirming the wide range of carriers operating at Bologna Airport, despite the extraordinary circumstances.

| *Passenger traffic by airline* | 2020 | % of total | 2019 | % of total | *% Change* |
|---|---|---|---|---|---|
| Ryanair | 1,349,138 | 53.8% | 4,317,628 | 45.9% | (68.8%) |
| Wizz Air | 154,366 | 6.2% | 507,595 | 5.4% | (69.6%) |
| Alitalia | 113,649 | 4.5% | 439,373 | 4.7% | (74.1%) |
| Air France | 79,863 | 3.2% | 313,319 | 3.3% | (74.5%) |
| British Airways | 73,397 | 2.9% | 308,163 | 3.3% | (76.2%) |
| KLM Royal Dutch Airlines | 66,535 | 2.7% | 226,232 | 2.4% | (70.6%) |
| Lufthansa | 63,464 | 2.5% | 310,707 | 3.3% | (79.6%) |
| Air Nostrum | 47,334 | 1.9% | 169,328 | 1.8% | (72.0%) |
| Turkish Airlines | 44,119 | 1.8% | 199,708 | 2.1% | (77.9%) |
| Emirates | 41,600 | 1.7% | 177,225 | 1.9% | (76.5%) |
| Others | 472,793 | 18.9% | 2,436,642 | 25.9% | (80.6%) |
| **Grand total** | **2,506,258** | **100.0%** | **9,405,920** | **100.0%** | **(73.4%)** |

**Cargo Traffic**

| (in KG) | January - December 2020 | January - December 2019 | Change % |
|---|---|---|---|
| **Air cargo** of which | 34,673,841 | 38,050,148 | (8.9%) |
| **Cargo** | 34,673,545 | 38,027,623 | (8.8%) |
| **Mail** | 296 | 22,525 | (98.7%) |
| **Road cargo** | 8,704,127 | 10,782,402 | (19.3%) |
| **Total** | **43,377,968** | **48,832,550** | **(11.2%)** |

43,377,968 kilograms of **cargo traffic** was recorded in 2020, an 11.2% drop compared to 2019, which is largely attributable to the halting of activities during the lockdown, as well as the stagnation of production activities in the months that followed. However, cargo traffic was the component that responded best to the pandemic, given the 23.7% decrease recorded at a national level.
In terms of road cargo, all leading carriers remained stable until the end of March before experiencing a sharp drop from April onwards, caused by the first lockdown, followed by the slow recovery of production activities, which only picked up pace in the last few months of the year.
Meanwhile, the significant decline in air cargo linked to movements operated by scheduled airlines was partly offset by cargo charter flights dedicated to the import of medical supplies, as well as by courier traffic, aided by developments in e-commerce.

## 2.1.2 AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

| *in thousands of Euro* | **for the year ended 31.12.2020** | **for the year ended 31.12.2019** | **Change** | **% Change** |
|---|---|---|---|---|
| Passenger Revenues | 14,800 | 60,500 | (45,700) | -75.5% |
| Carrier Revenues | 11,963 | 25,777 | (13,814) | -53.6% |
| Airport Operator Revenues | 1,856 | 3,510 | (1,654) | -47.1% |
| Traffic Incentives | (7,164) | (25,895) | 18,731 | -72.3% |
| Construction Service Revenues | 19,632 | 12,715 | 6,917 | 54.4% |
| Other revenues | 1,523 | 1,552 | (29) | -1.9% |
| Aeronautical and FSC Revenue Reduction | (119) | (879) | 760 | -86.5% |
| **Total AVIATION SBU Revenues** | **42,491** | **77,280** | **(34,789)** | **-45.0%** |

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.

The decline in 2020 compared to 2019 is primarily due to the reduction in traffic volumes recorded from the end of February due to the effect of the COVID-19 health emergency, in addition to a decrease in the average tariff. On the other hand, revenues from construction services increased as larger investments were made in concession rights during the year. In addition, less revenue was carried to the provision for doubtful accounts compared to the previous year, which had a positive impact, as the receivable from an airline from the Balkans was written down in 2019.
Group revenues from the Aviation Strategic Business Unit were down 45% overall on 2019.
The individual accounts broke down as follows:

- Passenger Revenues (-75.5%): the decline in passenger revenues slightly exceeded the decrease in passenger traffic (-73.4%) due to the tariff update applied from January 1, 2020, which resulted in a decrease in tariffs for this category of revenues;
- Carrier Revenues (-53.6%): Carrier revenues fell slightly less than total tonnage, due to the increased take-off and landing tariffs;
- Airport Operator Revenues (-47.1%): revenues declined due to the drop in traffic volumes, the revision of fees due for premises and operating equipment granted by the manager to support operators during this emergency phase, and the contraction in fuel services supplied by a subsidiary;
- Incentives: the decline in this account on 2019 (-72.3%) is related to the decrease in traffic;
- Revenues from construction services: growth (+54.4%) related to greater investment than the previous year in runway works carried out between September 11 and 21, and the bringing forward of a portion of the works scheduled for 2022.

## 2.2 *NON-AVIATION STRATEGIC BUSINESS UNIT*

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

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change | % Change |
|---|---|---|---|---|
| Retail and Advertising | 4,732 | 15,620 | (10,888) | -69.7% |
| Parking | 4,583 | 16,818 | (12,235) | -72.7% |
| Real Estate | 2,167 | 2,450 | (283) | -11.6% |
| Passenger services | 1,887 | 6,206 | (4,319) | -69.6% |
| Construction Service Revenues | 9,783 | 3,705 | 6,078 | 164.0% |
| Other revenues | 1,857 | 3,056 | (1,199) | -39.2% |
| Non-Aeronautical and FSC Revenue Reduction | (10) | 0 | (10) | n.a. |
| **Total NON AVIATION SBU Revenues** | **24,999** | **47,855** | **(22,856)** | **-47.8%** |

Total non-aviation business revenues in the period declined 47.8%, with all the main revenue items decreasing, except for revenues from construction services.

The individual areas of this business unit performed as follows.

**Retail and Advertising**

The decrease in revenues on 2019 (-69.7%) was due to the COVID-19 emergency, which caused a dramatic decline in traffic volumes as a result of the progressive cancellation of flights at the airport and the shutdown of almost all commercial establishments (stores and restaurants), initially per the Decree of March 11, 2020 and then subsequently extended by many sub-concessionaires due to the significant drop in traffic. In addition, the new contractual structure for retail clients introduced in May removes fixed charges, with the payment only of the turnover-linked variable component. Following the resumption of airport operations by carriers, the plan for the gradual reopening of sales outlets launched at the end of June was still underway by the end of 2020 due to the worsening of the pandemic in October.

**Parking**

In 2020, parking and rail access revenues declined 72.7% over the previous year, due to the substantial disappearance of traffic volumes from the final days of March. From June, thanks to the restart of air connections, revenues recovered, also through a number of initiatives to promote the use of safe car parks, with the digitalization of payments and the option of "contactless" access thanks to the introduction of license plate reading and use of the Telepass. Revenues suffered a further blow due to the closure of the airport for ten days in September for runway maintenance, and due to the worsening of the pandemic in October.

**Real Estate**

Real estate revenues slightly contracted on 2019 due to the impact of certain discounts applied on fixed charges. Overall, there was a minimal impact of the ongoing emergency on this business.

**Passenger services**

Passenger services were down 69.6% over 2019, due to both premium (*lounge and accessory services*) and self-hire services, whose performance is outlined below.

**Premium services**

During 2020, this business saw a significant drop in revenues due to the gradual cancellation of flights, resulting in the closure to the public of the Business Lounge between March 17 and June 30, 2020. Also following the recovery of flights and the reopening of the lounge on July 1, revenues declined significantly as a result of the drop in traffic, with a particular impact on the legacy carriers, in addition to the 10 days of closure in September for extraordinary runway maintenance, the drastic reduction in business travel and trade fairs, and the financial difficulties suffered by various airlines.

**Car hire sub-concessions**

Car rental revenues showed a decline in both the variable component and fixed fees, the latter granted by the manager to sub-concession holders to support them during this emergency phase. Car rental activities were never suspended since service must be ensured for passengers travelling through Bologna airport.

**Revenues from Construction Services**
This item's growth (+164%) relates to increased investment in the business unit over the previous year.

**Other revenues:** the contraction in other revenues (-39.2%) was mainly due to reduced maintenance activities carried out on airport operator vehicles due to their reduced use, in addition to the reduced use of passenger trolleys, and the reduced sales of energy efficiency certificates.

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

## 3.1 CONSOLIDATED OPERATING RESULTS ANALYSIS

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change | % Change |
|---|---|---|---|---|
| Revenues from aeronautical services | 21,548 | 63,274 | (41,726) | -65.9% |
| Revenues from non-aeronautical services | 15,426 | 44,295 | (28,869) | -65.2% |
| Revenues from construction services | 29,415 | 16,420 | 12,995 | 79.1% |
| Other operating revenues and income | 1,101 | 1,146 | (45) | -3.9% |
| **REVENUES** | **67,490** | **125,135** | **(57,645)** | **-46.1%** |
| Consumables and goods | (1,359) | (2,305) | 946 | -41.0% |
| Service costs | (15,387) | (20,920) | 5,533 | -26.4% |
| Construction service costs | (28,015) | (15,639) | (12,376) | 79.1% |
| Leases, rentals and other costs | (3,422) | (8,614) | 5,192 | -60.3% |
| Other operating expenses | (2,942) | (3,260) | 318 | -9.8% |
| Personnel costs | (20,287) | (29,460) | 9,173 | -31.1% |
| **COSTS** | **(71,412)** | **(80,198)** | **8,786** | **-11.0%** |
| **EBITDA** | **(3,922)** | **44,937** | **(48,859)** | **n.a.** |
| Amortisation of concession rights | (6,688) | (6,243) | (445) | 7.1% |
| Amortisation of other intangible assets | (1,409) | (1,576) | 167 | -10.6% |
| Depreciation of tangible assets | (2,531) | (2,750) | 219 | -8.0% |
| **AMORTISATION, DEPRECIATION AND WRITE-DOWNS** | **(10,628)** | **(10,569)** | **(59)** | **0.6%** |
| Provisions for doubtful accounts | (508) | 1 | (509) | n.a. |
| Provision for renewal of airport infrastructure | (2,306) | (2,893) | 587 | -20.3% |
| Provisions for other risks and charges | (30) | (409) | 379 | -92.7% |
| **PROVISIONS FOR RISKS AND CHARGES** | **(2,844)** | **(3,301)** | **457** | **-13.9%** |
| **TOTAL COSTS** | **(84,884)** | **(94,068)** | **9,184** | **-9.8%** |
| **OPERATING RESULT** | **(17,394)** | **31,067** | **(48,461)** | **n.a.** |
| Financial income | 198 | 150 | 48 | 32.0% |
| Financial expenses | (1,218) | (1,125) | (93) | 8.3% |
| **RESULT BEFORE TAXES** | **(18,414)** | **30,092** | **(48,506)** | **n.a.** |
| **TAXES FOR THE YEAR** | **4,824** | **(9,240)** | **14,064** | **n.a.** |
| **PROFIT (LOSS) FOR THE YEAR** | **(13,590)** | **20,852** | **(34,442)** | **n.a.** |
| **Profit (Loss) for the year - Minority interests** | **0** | **0** | **0** | **0** |
| **Profit (loss) for the year – Group** | **(13,590)** | **20,852** | **(34,442)** | **n.a.** |

2020 reports a consolidated loss of **Euro 13.6 million,** compared to a profit of **Euro 20.9 million** in 2019. The negative result was due to the decline in traffic caused by the Covid-19 emergency, with an impact on all main components of the business from the end of February, as illustrated below.

In terms of core business, overall **revenues** fell by 46.1%, as detailed in the comments on the aviation and non-aviation SBU's and summarised here:
- **revenues from aeronautical services** were down 65.9% due primarily to the traffic decline and in part to the tariff update, with the average tariff decreasing;
- **revenues from non-aeronautical services** dropped 65.2% due to the reduction in traffic, the almost total closure of commercial operations from the beginning of the pandemic until the end of June, reopening only gradually from July and not fully reopen by the end of the year, and the reduction of fixed charges agreed by the manager with the sub-concession holders to support them during this emergency phase, as highlighted by the performance of all category components and detailed in the relative section;
- **revenues from construction services** increased 79.1% following the rolling out of investments in both the aviation and non-aviation sectors;
- other **operating revenues and income**: the decrease of 3.9% on 2019 is mainly due to lower revenues from operating airport areas, as a consequence of cost savings involved in calculating the recharge, and lower sales of energy efficiency certificates. The decrease was almost entirely offset by higher revenues on terminal value receivables on the provision for renewal of airport infrastructure

**Costs** declined by 11% overall compared to 2019 following the decrease in traffic and the introduction of efficiency enhancement measures to reduce the impact of the decline in volumes on profitability.

These break down as follows:

- ✓ **consumables and goods** reduced (-41.0%) mainly due to the lesser amounts of aircraft fuel purchased resulting from the fall in air traffic. On the other hand, there was an increase in the purchase of some consumer goods related to COVID-19 (personal protective equipment, panels for social distancing, information signs for managing passenger flows, etc.);
- ✓ **service costs** were lower (-26.4%) compared to 2019, in particular thanks to:
  - o the reduction of some traffic-related services such as the PRM and MBL services;
  - o the containment of utility costs due to the reduced use of certain areas of the terminal;
  - o the lower costs for maintenance, development and promotion, professional services and consultancy, and the restructuring or suspension of some service contracts (e.g., cleaning, surveillance, and passenger and staff shuttles to outlying car parks);
- ✓ higher **construction service costs** (+79.1%) due to greater investment in airport infrastructure (concession rights);
- ✓ the decrease of 60.3% in the **lease, rentals and other costs** account is mainly due to the decline in traffic volumes, on whose basis the concession and security fees are calculated, and to lower expenses relating to the rental of parking areas;
- ✓ **other operating expenses** decreased on 2019 (-9.8%) mainly due to reduced tax charges.

For more information on **personnel costs** (where the Group achieved savings of 31.1%), reference should be made to the dedicated section of this report.

Overall, 2020 reports an **EBITDA loss of Euro 3.9 million**, compared to a profit of Euro 44.9 million in 2019, due to the contraction in revenues, entirely linked to the traffic performance, and to more rigid costs, considering the high fixed cost structure characteristic of airport managers.

Looking to **overheads**, **amortisation and depreciation** increased 0.6% due to the increase in fixed assets resulting from new investments in concession rights and owned assets, an increase partially offset by the updated amortisation schedule for concession rights following the new conclusion date of the airport concession, which was extended by two years according to Law No. 77 of July 17, 2020, converted with amendments Article 202, paragraph 1-bis of Legislative Decree No. 34 of May 19, 2020. As a result of this provision, straight-line amortisation based on the duration of the airport concession has been restated, taking into account the postponement of the concession's expiration to 2046. Straight-line amortisation is applied from the second half of 2020 to the residual carrying amount of the concession rights at June 30, 2020.

The **provisions** decreased by 13.9%, due to the lesser accrual to the provisions for renewal of airport infrastructure as a result of the review of the intervention timetable, the deferral of certain actions, and the absence of the employee back-dated provision following the signing of the Collective Bargaining Agreement by airport operators in January 2020.

The 9.8% decrease in overall costs against the 46.1% reduction in revenues resulted in the **Operating Result** declining from a profit of Euro 31.1 million in 2019 to a loss of **Euro 17.4 million** in 2020.

**Financial management** remains substantially in line with the previous year (from Euro -0.97 to -1 million). Bank interest expenses increased due to higher debt relating to two financing transactions for Euro 25 million with Unicredit and Euro 33.9 million with Intesa Sanpaolo, both of which were finalised in July 2020 by the Parent Company and comprise loans assisted by guarantees issued by SACE as part of the Italian Guarantee Program.

As a result of that outlined above, the **Result before taxes** for 2020 was a loss of **Euro 18.4 million**, compared to a profit of Euro 30.1 million in 2019 (a contraction of Euro 48.5 million).

**Income taxes** present income of Euro 4.8 million against a cost of Euro 9.2 million due to:

- the recognition of deferred tax assets, calculated on the IRES tax loss for the year, which improve the net result by Euro 4.8 million, recorded assuming that the current situation is temporary and that a reasonable certainty therefore exists of generating in future periods sufficient assessable income to allow for its gradual absorption. Overall, due to the absorption of other deferred tax assets for Euro 0.4 million, "deferred taxes" benefitted the net result for Euro 4.5 million;
- the recognition of prior year income resulting from the lack of obligation to pay the 2019 IRAP balance for Euro 0.4 million.

The **result** for the year, entirely concerning the Group, was therefore a **loss of Euro 13.6 million**, compared to a profit of Euro 20.9 million in 2019 (a total contraction of Euro 34.4 million).

The **EBITDA adjusted** for construction services and of the terminal value receivable revenues on interventions of the provision for renewal (*) is presented in the table below:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change | % Change |
|---|---|---|---|---|
| Revenues from aeronautical services | 21,548 | 63,274 | (41,726) | -65.9% |
| Revenues from non-aeronautical services | 15,426 | 44,295 | (28,869) | -65.2% |
| Other operating revenues and income | 785 | 1,065 | (280) | -26.3% |
| **ADJUSTED REVENUES** | **37,759** | **108,634** | **(70,875)** | **-65.2%** |
| Consumables and goods | (1,359) | (2,305) | 946 | -41.0% |
| Service costs | (15,387) | (20,920) | 5,533 | -26.4% |
| Leases, rentals and other costs | (3,422) | (8,614) | 5,192 | -60.3% |
| Other operating expenses | (2,942) | (3,260) | 318 | -9.8% |
| Personnel costs | (20,287) | (29,460) | 9,173 | -31.1% |
| **ADJUSTED COSTS** | **(43,397)** | **(64,559)** | **21,162** | **-32.8%** |
| **ADJUSTED GROSS OPERATING PROFIT (ADJUSTED EBITDA)** | **(5,638)** | **44,075** | **(49,713)** | **n.a.** |
| Revenues from construction services | 29,415 | 16,420 | 12,995 | 79.1% |
| Construction service costs | (28,015) | (15,639) | (12,376) | 79.1% |
| **Construction Services Margin** | **1,400** | **781** | **619** | **79.3%** |
| Revenues from Terminal Value on Provision for Renewal | 316 | 81 | 235 | 290.1% |
| **GROSS OPERATING PROFIT/(LOSS) (EBITDA)** | **(3,922)** | **44,937** | **(48,859)** | **n.a.** |

*(*) 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 due to terminal value receivables on the provision for renewal, against a revenue contraction of 65.2%, the more modest decrease in costs of 32.8% resulted in an **adjusted EBITDA loss** of Euro 5.6 million, compared to a profit of Euro 44.1 million in 2019.

The table below shows the quarterly **passenger traffic** performance and **EBITDA** adjusted for the margin on construction services and terminal value receivable on the provision for renewal, to emphasise the extent of the dramatic decline in traffic and profitability caused by the outbreak of the pandemic and the consequent significant contraction in the demand for and offer of flights by airlines.

| | Q1 2020 | Cge % vs 2019 | Q2 2020 | Cge % vs 2019 | Q3 2020 | Cge % vs 2019 | Q4 2020 | Cge % vs 2019 |
|---|---|---|---|---|---|---|---|---|
| **Passenger traffic** | 1,395,671 | -28.9% | 39,630 | -98.4% | 691,237 | -74.7% | 379,720 | -83.0% |
| **INCOME STATEMENT** (in thousands of Euro) | | | | | | | | |
| **ADJUSTED REVENUES** | **18,054** | **-22.8%** | **3,029** | **-89.3%** | **9,186** | **-70.7%** | **7,490** | **-70.6%** |
| Revenues from aeronautical services | 9,906 | -26.1% | 1,532 | -90.9% | 5,355 | -71.3% | 4,755 | -66.9% |
| Revenues from non-aeronautical services | 8,029 | -18.0% | 1,391 | -87.7% | 3,487 | -71.9% | 2,519 | -76.7% |
| Other operating revenues and income | 119 | -37.5% | 106 | -66.2% | 344 | 32.8% | 216 | 28.5% |
| **ADJUSTED COSTS** | **-13,987** | **-8.2%** | **-8,371** | **-49.0%** | **-10,168** | **-35.7%** | **-10,871** | **-36.4%** |
| Personnel costs | -6,538 | -8.5% | -4,045 | -48.2% | -4,692 | -33.0% | -5,012 | -33.2% |
| Other operating costs | -7,449 | -7.9% | -4,326 | -49.8% | -5,476 | -37.8% | -5,859 | -38.9% |
| **ADJUSTED EBITDA** | **4,067** | **-50.1%** | **-5,342** | **n.a.** | **982** | **n.a.** | **-3,381** | **n.a.** |
| **ADJUSTED EBITDA MARGIN** | **22.5%** | **-35.4%** | **-176.4%** | **n.a.** | **10.7%** | **n.a.** | **-45.1%** | **n.a.** |

## 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 2020 and 2019:

| in thousands of Euro | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| | | | |
| **Cash flow generated / (absorbed) by operating activities before working capital changes** | **(5,351)** | **45,153** | **(50,504)** |
| | | | |
| **Cash flow generated / (absorbed) by net operating activities** | **(13,968)** | **34,991** | **(48,959)** |
| | | | |
| **Cash flow generated / (absorbed) by investment activities** | **(28,372)** | **(254)** | **(28,118)** |
| | | | |
| **Cash flow generated / (absorbed) by financing activities** | **56,745** | **(21,246)** | **77,991** |
| | | | |
| **Change in closing cash flow** | **14,405** | **13,491** | **914** |
| | | | |
| **Cash and cash equivalents at beginning of year** | **29,253** | **15,762** | **13,491** |
| **Change in closing cash flow** | **14,405** | **13,491** | **914** |
| **Cash and cash equivalents at end of the year** | **43,658** | **29,253** | **14,405** |

**Cash flow generated by operating activities before working capital changes of Euro 5.4 million** compared to a generation of Euro 45.2 million in the comparative period. The reduction of Euro 50.5 million is essentially due to the net loss for the period.

Working capital absorbed resources for an additional Euro 8.6 million. This movement, although lesser than in the same period of 2019 (Euro -10.1 million), resulted in **net cash flow absorbed by operating activities of Euro 14 million**, compared to a generation of Euro 35 million in 2019.

The absorption of cash by working capital was mainly due to:

- the payment of taxes (2.3 million), which were lower than 2019 (7.3 million) mainly due to the tax loss for the year and governmental support measures resulting from the pandemic, such as the application of a nil 2019 IRAP balance;
- higher outgoings for the use of provisions (Euro 5.9 million compared to Euro 2 million in 2019).

The changes in receivables and payables essentially offset each other as a result of the reduction:

- operating payables and liabilities given the decrease in employee and trade payables due to the lower costs in the period, of the passenger boarding fees, due to the drop in traffic, of the payable to ENAC for the concession fee, which is also proportional to traffic, and
- of receivables due to the drop in activities.

**Investing activities** absorbed **Euro 28.4 million**, consisting almost exclusively of infrastructure investments, compared to a slight absorption of cash flows (Euro 0.3 million) in 2019 due to the maturity of temporary investments of liquidity of Euro 16.9 million and lesser investments undertaken in the comparative period.

**Financing activities** generated cash of **Euro 56.7 million** (absorption of Euro 21.2 million in 2019), due to:

- the taking out of two medium to long-term loans of Euro 58.9 million by the Parent Company, in addition to a short-term loan of Euro 5 million, repaid once the two aforementioned loans were disbursed;
- the Parent Company's subscription to the moratorium proposed by the Lending Institution, suspending the loan payment due in June 2020 and extending the duration of the loan from June to December 2024. As a result, the repayment of loan instalments amounted to Euro 1.8 million, compared to Euro 4.4 million in 2019;
- the absence of the distribution of dividends following the Shareholders' Meeting motion of April 30, 2020, with a payment of Euro 16.2 million at December 31, 2019.

Consequently, the **change in closing cash flow** in the period indicates the **generation of Euro 14.4 million**, against generation of cash of Euro 13.5 million in 2019.
Net of the loans drawn down in July, the overall decrease in cash would have been Euro 44.5 million.

The Group net financial position for 2020 against 2019 is below.

| | *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|---|
| A | Cash | 33 | 26 | 7 |
| B | Other cash equivalents | 43,625 | 29,227 | 14,398 |
| A | Securities held for trading | 0 | 0 | 0 |
| **D** | **Liquidity (A+B+C)** | **43,658** | **29,253** | **14,405** |
| **E** | **Current financial receivables** | **275** | **501** | **(226)** |
| F | Current bank debt | (33) | (28) | (5) |
| G | Current portion of non-current debt | (3,064) | (3,059) | (5) |
| H | Other current financial debt | (1,440) | (3,086) | 1,646 |
| **E** | **Current financial debt (F+G+H)** | **(4,537)** | **(6,173)** | **1,636** |
| **J** | **Current net financial position (I-E-D)** | **39,396** | **23,581** | **15,815** |
| K | Non-current bank debt | (68,759) | (11,643) | (57,116) |
| L | Bonds issued | 0 | 0 | 0 |
| M | Other non-current liabilities | (1,026) | (1,437) | 411 |
| **N** | **Non-current financial debt (K+L+M)** | **(69,785)** | **(13,080)** | **(56,705)** |
| **O** | **Net financial (debt) position (J+N)** | **(30,389)** | **10,501** | **(40,890)** |

The Group **Net Financial Debt** at December 31, 2020 was **Euro 30.4 million**, compared to a cash position of Euro 10.5 million at December 31, 2019 (-Euro 40.9 million).
In general, 2020 was characterised by an extraordinary absorption of liquidity due to the worldwide spread of COVID-19 and the consequent drastic drop in traffic and related revenues. Added to this was cash absorption owed to the payment of investments made in the period, which were greater than in the previous year (over Euro +11 million).
On the other hand, to cope with increased cash needs, the Group increased its debt by means of SACE-guaranteed loans of Euro 58.9 million, which were taken out by the Parent Company.

## 3.3 FINANCIAL POSITION ANALYSIS

The Group financial position, classified according to "sources" and "uses", is presented below for the two year period 2019-2020:

| USES | As at 31.12.2020 | As at 31.12.2019 | Change Absolute | Change % |
|---|---|---|---|---|
| - Trade receivables | 6,279 | 15,464 | (9,185) | -59.4% |
| - Tax receivables | 1,299 | 189 | 1,110 | 587.3% |
| - Other Receivables | 2,494 | 5,014 | (2,520) | -50.3% |
| - Inventories | 676 | 622 | 54 | 8.7% |
| **Sub-total** | **10,748** | **21,289** | **(10,541)** | **-49.5%** |
| - Trade payables | (13,612) | (18,537) | 4,925 | -26.6% |
| - Tax payables | (511) | (3,598) | 3,087 | -85.8% |
| - Other payables | (22,923) | (27,514) | 4,591 | -16.7% |
| **Sub-total** | **(37,046)** | **(49,649)** | **12,603** | **-25.4%** |
| **Net operating working capital** | **(26,298)** | **(28,360)** | **2,062** | **-7.3%** |
| Fixed assets | 217,457 | 198,143 | 19,314 | 9.7% |
| - Deferred tax assets | 10,732 | 6,190 | 4,542 | 73.4% |
| - Other non-current assets | 13,262 | 13,624 | (362) | -2.7% |
| **Total fixed assets** | **241,451** | **217,957** | **23,494** | **10.8%** |
| - Provisions for risks, charges & severance | (17,567) | (19,229) | 1,662 | -8.6% |
| - Deferred tax liabilities | (2,618) | (2,558) | (60) | 2.3% |
| - Other non-current liabilities | (41) | (136) | 95 | -69.9% |
| **Sub-total** | **(20,226)** | **(21,923)** | **1,697** | **-7.7%** |
| **Fixed Operating Capital** | **221,225** | **196,034** | **25,191** | **12.9%** |
| **Total Uses** | **194,927** | **167,674** | **27,253** | **16.3%** |

| SOURCES | As at 31.12.2020 | As at 31.12.2019 | Change Absolute | Change % |
|---|---|---|---|---|
| **Net financial (debt) position** | **(30,389)** | **10,501** | **(40,890)** | **-389.4%** |
| - Share Capital | (90,314) | (90,314) | 0 | 0.0% |
| - Reserves | (87,814) | (67,009) | (20,805) | 31.0% |
| - Profit (loss) for the year | 13,590 | (20,852) | 34,442 | -165.2% |
| **Group Shareholders' Equity** | **(164,538)** | **(178,175)** | **13,637** | **-7.7%** |
| Minority Interests | 0 | 0 | 0 | 0 |
| **Total Shareholders' Equity** | **(164,538)** | **(178,175)** | **13,637** | **-7.7%** |
| **Total sources** | **(194,927)** | **(167,674)** | **(27,253)** | **16.3%** |

The Group's equity structure as at December 31, 2020 reported negative **net operating working capital** of Euro **26.3 million**, compared to Euro 28.4 million at the end of 2019. This difference is owed to the greater reduction in trade payables compared to the decrease in receivables and other current assets. The decrease in payables is mainly due to the reduction in tax payables as a result of the tax loss in the period, operating payables and the payable for passenger boarding surtaxes as a result of the significant drop in aviation revenue.

**Fixed operating capital** amounted to **Euro 221.2 million**, increasing by Euro 25 million over December 31, 2019, mainly due to greater investments made during the year, in addition to the increase in deferred tax assets due to the tax benefit stemming from the tax losses reported in the year.

**Net capital employed** totalled **Euro 194.9 million**, increasing Euro 27.2 million over December 31, 2019.

In terms of sources, the **net financial debt** at December 31, 2020 totalled Euro 30.4 million, while **Consolidated and Group Shareholders' Equity** was **Euro 164.5 million** (Euro 178.2 million at December 31, 2019). The decrease is owed solely to losses in the period in which the Parent Company Shareholders' Meeting of April 30, 2020, in addition to approving the 2019 Financial Statements, accepted the prudent approach proposed by the Board of Directors to support the capital base and limit the economic impact of COVID-19, resolving to fully allocate the 2019 profit to reserves.

## 3.4 KEY INDICATORS

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

| KEY INDICATORS | | 2020 | 2019 |
|---|---|---|---|
| ROE | Net Result/<br>Average Net Equity | n.a. | 11.9% |
| ROI | Adjusted Operating Result/<br>Average Net Capital Employed | n.a. | 18.1% |
| ROS | Adjusted Operating Result/<br>Adjusted revenues | n.a. | 27.8% |
| ROCE | Adjusted Operating Result/<br>Net Capital Employed | n.a. | 18.0% |
| ROD financial | Financial expenses on financial debt/<br>Bank payables | 0.9% | 3.0% |
| Debt ratio | Financial expenses on financial debt/<br>Adjusted EBITDA | n.a. | 1.0% |
| Liquidity ratio | Current assets and assets held-for-sale<br>Current Liabilities | 1.27 | 0.85 |
| Enlarged Solvency Margin | (Net equity+Non-current liability)/<br>Non-current assets | 1.05 | 0.96 |
| Financial independence | Net Equity/<br>Total Assets | 0.56 | 0.66 |

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

| DSO and DPO | 2020 | 2019 | Change |
|---|---|---|---|
| Days sales outstanding | 88 | 40 | 48 |
| Days payable outstanding | 96 | 93 | 3 |

The average number of receivable collection days has doubled as a consequence of the financial difficulties experienced by clients in the aviation and non-aviation sectors and the payment extensions granted to help the air transport sector, which was in great difficulty.
On the other hand, there have been no substantial changes to the average supplier payment days, demonstrating the Group's commitment to meeting its payment obligations, even when liquidity is under severe stress.

## 3.5 AIRPORT INFRASTRUCTURE DEVELOPMENT AND INVESTMENTS

### 3.5.1 AIRPORT INFRASTRUCTURE DEVELOPMENT

In 2020 special efforts were made to progress with procedures for the final approval of the 2030 Masterplan. 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 long-term 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 (+50% approximately), construction of a multilevel parking garage for passenger cars and car rental companies offering 2,000 additional parking spaces (+38% approximately) 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 was an essential administrative step in the process of developing Bologna airport and was 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. The results of the Services Conferences and current urban planning restrictions, as well as legal communications regarding the possible future expropriation of certain private properties, have been notified to the other interested parties by AdB (the entity implementing the Masterplan), following the delegation of functions conferred by ENAC (promoting and authorising entity and with expropriatory powers). This procedural step was followed by the administrative procedure prior to final approval by the Italian Civil Aviation Authority. This was recently obtained in the form of a final approval decree in accordance with Article 1(6) of Decree-Law No. 251 of 28 June 1995 combined with converting law No. 351 of 3 August 1995, declaring the "2030 Masterplan" to be of public utility. Under these provisions, and delegation of power No. 48137 of 14/05/2020, the airport manager is therefore entitled to carry out all the activities required to implement the works included in the Development Plan, including the acquisition of areas to expand the airport grounds. The provision was published in Official Gazette No. 26 of March 5, 2021. The provision may be appealed before the Regional Administrative Court within 60 (sixty) days and before the Head of State within 120 (one hundred and twenty) days from the date of publication in the Official Gazette of the Italian Republic.

In terms of risk relating to the implementation of the investment plans the project subsequently launched during 2020 is summarised with a view to re-evaluating the infrastructure development priorities and phases referred to in the above-mentioned Masterplan, in order to respond consistently to the new traffic needs and to allow adequate remuneration of investments and ensure they are fully sustainable in financial terms.

### 3.5.2 INVESTMENTS

Total **investments** made at December 31, 2020 amount to **Euro 29 million,** compared to Euro 17.4 million in 2019. In particular, Euro 9.3 million concerned investments for the execution of the Masterplan, Euro 4 million for the acquisition of a property complex adjacent to the airport grounds for the future infrastructural development of the terminal and Euro 15.5 million for investments in airport operations, of which Euro 8.1 million relate to the redevelopment of a section of the runway.

In addition to this real estate purchase, aimed at expanding the airport, the main investments made in the year are set out below:

- **Elevation of the Express Car Park**: works carried out to raise the Express Car Park near the airport were completed at the end of the year.
- Completion of a new **ventilation system** in Car Park P2.
- **The installation of 3 additional ABC** (Automatic Border Control) gates for reading the passports of departing passengers.
- **The supply and installation of legally compliant x-ray machines**, and the related expansion of the BHS system, which is in the process of completion.
- **Purchase of thermal scanners** to detect body temperature at the terminal entrances.
- Execution of some **energy efficiency interventions** in order to reduce consumption in offices and at the airport.
- **New air-side CCTV system** for monitoring the airport grounds.
- **New flight information monitors** to improve and extend public communication.
- **Means of transport** for loading and unloading passengers, luggage, and goods.

**Significant structural and functional upgrading works** were carried out **on a section of the runway.**
In particular, the works carried out concerned the:

- structural and functional upgrading of the flexible paving of Runway 12/30;
- structural and functional upgrading of the taxiways C,D,E;
- redevelopment of a stormwater drainage section;
- removal and subsequent repositioning of visual signalling equipment.

Among the principal works still underway at December 31 we report:

- **Terminal extension**: Pending approval of the executive project by ENAC.
- **New multi-storey car park**: the executive project for the construction of a car park near the terminal has been approved by ENAC. The monitoring committee has also obtained the authorization to proceed and has verified the alignment of the project with the requirements defined in the urban plan.
- **Lot III aircraft parking extension**: the tender phase for the assignment of the apron construction works is in progress.
- **Expansion of check-in area offices**: the expansion of the check-in area is in its final stages;
- **Construction of a new cargo building** and related annexes for a specialised operator.

**Provisions for Renewal**

At December 31, 2020, **cyclical renewal and maintenance works on the airport and plant** amounted to Euro **4.3 million**, of which Euro 3.3 million relates to air-side interventions to repair a section of the runway, taxiway, junctions, and the service road. Land-side interventions included the completion of works on roads, pedestrian paths and walkways, and public information displays.

## 3.6 PERSONNEL

### Workforce breakdown

| | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change | % Change |
|---|---|---|---|---|
| **Full Time Equivalent average workforce** | **444** | **492** | **(48)** | **-10%** |
| Executives | 9 | 9 | 0 | 0% |
| Managers | 35 | 33 | 2 | 6% |
| White-collar | 316 | 354 | (38) | -11% |
| Blue-collar | 84 | 96 | (12) | -13% |

| | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change | % Change |
|---|---|---|---|---|
| **Average workforce** | **492** | **543** | **(51)** | **-9%** |
| Executives | 9 | 9 | 0 | 0% |
| Managers | 35 | 33 | 2 | 6% |
| White-collar | 360 | 402 | (42) | -10% |
| Blue-collar | 88 | 99 | (11) | -11% |

*Source: Company workings*

The reduction in the workforce of 48 full-time equivalent staff compared to 2019 is due to the non-renewal of fixed-term contracts due to the reduction of traffic.

### Costs

| | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change | % Change |
|---|---|---|---|---|
| Payroll | 20,287 | 29,460 | (9,173) | -31.1% |

*Source: Company workings*

In addition to the drop in staff numbers mentioned above, the Group has reduced its costs by 31.1% compared to the same period in 2019 by taking actions to limit labour costs, given that they represent one of the Group's primary expenses. The maximum possible employment levels have however been maintained.

In particular, the Group took action to block overtime and to encourage employees to take accrued holidays. In addition, in March the Group launched an Extraordinary Temporary Lay-Off Scheme for all employees of AdB, followed by those of the subsidiary FFM, maintaining only the operational services deemed essential, resulting in a significant reduction in the activities of other employees.

From June, following a slight resumption of operations at the airport by carriers, the use of the Extraordinary Temporary Lay-Off Scheme was partially reduced for the operating segments in relation to more complex and onerous operating processes in terms of dedicated resources. Reliance on the Temporary Lay-off Scheme in operational areas increased in the last few months of the year in line with the further drop in traffic volumes.

**Trade union relations**

On March 19, an agreement for the AdB employee Extraordinary Temporary Lay-Off Scheme was signed by trade unions, entering into force on March 21, for a 12-month period, with the Emilia Romagna Region issuing a favourable opinion. The agreement provides for a rotational system based on interchangeable job roles, in line with a set of criteria that guarantee fairness.
AdB secured income support for its workers placed in the Extraordinary Temporary Lay-Off Scheme from the Air Transport Solidarity Fund, which covered remuneration up to an effective 80% of the average salary of every worker calculated in the 12 months prior to the Extraordinary Temporary Lay-Off Scheme.
On March 31, an agreement for the Extraordinary Temporary Lay-Off Scheme for employees of the subsidiary FFM was signed with the trade unions.

Throughout the COVID emergency AdB has been in constant liaison with the trade unions and the Worker Safety Representatives (WSRs) through the creation of a Regulatory Committee, in accordance with the National Protocol of April 24, 2020, comprising the Chief Executive Officer, the Managers of the main departments involved, the company-appointed doctor, the Prevention and Protection Service Manager (PPSM) and the WSRs (who also act as the Workers' Representative Body). Periodic update meetings were held on the contagion protection and prevention measures adopted to combat the emergency. In addition, a "Site Safety Committee" was set up, which the PPSM and the WSRs of the three handling companies operating at the airport also attend.

In collaboration with the trade unions, and with the support of the Municipality and Metropolitan City of Bologna, AdB also produced and brought to the attention of the Italian Government, the Ministry of Transport, the Emilia Romagna Region and other interested bodies a document requesting support and job protection for the entire airport site with a view to asking for direct intervention, partly with a view to the exit from the health emergency.

Finally, two important agreements with the Workers' Representative Body were renewed. The agreement on provisions for single parents and the "Hour Bank", designed to provide flexibility in working hours and granting holidays and leave to employees who are single parents of children who are minors, or children suffering from serious disabilities, was extended until the end of 2021, and the agreement on the management of snow emergencies and corresponding benefits was extended until March 2021.

For further details, reference should be made to the 2020 Consolidated Non-Financial Statement.

**Training of personnel**

As a result of the COVID-19 pandemic, training costs reduced significantly in 2020.
All classroom-based courses, both internal and external, were suspended in mid-March and, in order to contain costs, non-mandatory training activities were cancelled.
Courses were then delivered in video conference mode where they were mandatory and linked to maintaining certifications or licences or the need for new authorisations.
In the first two months of 2020 the BIM (Building Information Modelling) project started, on the adoption of a new method and specific software to optimise the planning, implementation and management of investments. The course was suspended in March and resumed and completed in September and October.
Also in the first two months of 2020 the Lean 5S Methodology training project was delivered, to optimise working standards and therefore improve operating performance. This involved two pilot groups: PRMs and office maintenance employees, together with their managers.
In October a two-day face-to-face compliance course was organised on the Process of Change Management in airports in accordance with EU-EASA legislation, with teaching from two external experts, for various company departments.

In late 2020 a financed training plan was organised, within the area “Sustainable Innovation and the Green Economy”, targeting the Management Board for the development of sustainability projects and in order to promote and disseminate the Company’s sustainability culture.

## 3.7 KEY INFORMATION ON THE SUBSIDIARIES’ PERFORMANCES

**Fast Freight Marconi Spa**

The Parent Company acquired a 100% interest in FFM in 2009. The main activity of the subsidiary is cargo and mail handling at Bologna airport. In particular, FFM is the handling agent for cargo export and import operations of carriers moved through the airport via air and for surface cargo and manages the Temporary Customs Warehouse for Non-EU Cargo arriving at the airport. The company thereafter in subsequent years developed accessory services such as booking, operating as a regulated agent and has its own domicile procedure for customs operations.

At December 31, 2020, the company had 17 employees and, in continuity with previous years, assigned many staff activities to the parent under a management & staffing contract which covers the accounting, administrative, legal, personnel and ICT areas.

After several years of constant growth, as a result of the serious impact of the COVID-19 pandemic on air traffic, in 2020 FFM closed with a 25% reduction in traffic served and, as a result, in financial results achieved, although it ended the year with a profit.

The impact of the pandemic has also had an adverse effect on cargo, although less so than on passenger traffic, and the impact has in part been offset by charter cargo flights supported by FFM importing health products and various goods based on requests from the region. In addition, the subsidiary contained its operating costs mainly by using the Extraordinary Temporary Lay-off Scheme and thanks to savings on contracts varying in line with traffic served.

The company prepares its financial statements according to Italian GAAP. The key indicators for the period, adjusted where necessary entirely for the purposes of preparing these consolidated financial statements as per IAS/IFRS, are presented below.

At December 31, 2020 revenues were Euro 2.7 million, a reduction of 19%. The savings on operating costs (-16%), which amounted to Euro 2.1 million, resulted in an EBITDA of Euro 607 thousand (-28% on 2019). The profit for 2020 was Euro 462 thousand, compared to Euro 563 thousand in 2019 (-18%).

**Tag Bologna Srl**

TAG began operations in 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 acquired a 100% interest (previously 49%) in TAG Bologna in 2018.

At December 31, 2020, the company, which assigned certain staff activities to the parent under a management & staffing contract covering the legal and personnel area, operated with 11 employees.

The COVID-19 health emergency has also had a serious impact on General Aviation traffic performance; in 2020 in General Aviation TAG experienced a 33% drop in activities in terms of aircraft movements and 47% for passengers.

The company prepares its financial statements according to Italian GAAP. The key indicators for the period, adjusted where necessary entirely for the purposes of preparing these consolidated financial statements as per IAS/IFRS, are presented below.

As a result of the fall in volumes TAG has suffered a 50% fall in total revenues, 66% of which was due to the decrease in aircraft fuel sales. Despite the reduction in costs, which was not proportionate because of the high fixed costs that are a feature of the sector, the Company reported a loss for the period of Euro 88 thousand compared to a profit of Euro 221 thousand in the previous year.

Reference should be made to the specific paragraph of the Notes to the financial statements of the Parent Company's end-of-year accounts at December 31, 2020 for information concerning transactions undertaken during 2020 with subsidiaries and related parties.

# 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.
In January 2020, the Airport Decarbonization Territorial Agreement was updated to align with the new 2016-2030 Airport Master Plan and changed project requirements. Following this update, the Parent Company's commitment increased to Euro 9.3 million of investment. The work covered by the Agreement comprises the construction of a large wooded area to the north of the airport (including a cycle path to be used by the local community) covering 40 hectares and with the potential to absorb about 2,300 tonnes of $CO_2$ per year, nature conservation works on the "Golena San Vitale" SCI IT4050018 site of Community interest and the design and financing of a cycle path linking the airport and the city of Bologna.

In 2020, because of the COVID-19 pandemic and the resulting drastic fall in air traffic, the airport's noise impact was much lower than the previous year. Despite this, the Group undertook initiatives to manage environmental impact. For further details on sustainable development, environmental protection, the focus on the needs of the local community and passengers and emphasis on individual development, reference should be made to the Non-Financial Report for 2020 published on the Company's website.

## 4.2 AIRPORT SECURITY

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

In 2020 the Safety & Compliance Management System conducted a total of 42 audits, including both audits within the organisation, external audits of third parties and planeside checks, covering 25 of the processes mapped. Since July, checks have been carried out every two months, in collaboration with the Quality and Prevention and Protection Service areas, on compliance with COVID prevention measures, in accordance with the provisions of the Internal Protocol and the Governance Document issued by the Manager.
Various change management activities relating to operations and infrastructure were then coordinated, and the airport's hazard log was updated and circulated with the involvement of all postholders.
Additionally, various updates and publications of the Airport Manual were drafted and, in line with the current health situation, the primary objective of safety at the airport was implemented and 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. Finally, an effective safety promotion policy was promoted which, although affected by the absence of direct contact with staff, featured use across the board of IT tools that enabled rapid and effective circulation of information and communications.

***Security***

During 2020 the Parent Company maintained a high level of focus on the security process, in a landscape profoundly changed by the pandemic.
In order to monitor the application of relevant legislation, AdB performs Quality Controls on a monthly basis. The control activity is carried out with the passage, through all airport checkpoints, of prohibited items and/or invalid access credentials. Cover Tests are carried out at least twice a month, involving the passage of 'Sample Passengers' through control stations with simulation explosive devices and prohibited articles. A "Quality Test Cover Report" is prepared after each activity. This is designed to demonstrate levels of efficiency, efficacy and quality in safety procedures, identify the shortcomings and non-compliances of safety services, and offer recommendations and corrective actions to reduce or eliminate these instances of non-compliance. The quality tests continued in 2020 and were only suspended in December, because of the reduced passenger numbers.

For further details on safety and security topics, see the specific sections of the 2020 Non-Financial Information Report.

## 4.3 QUALITY

Based on the provisions of ENAC's Communication of March 11, 2020 (ENAC-PROT-11/03/2020-0029259-P), in the second quarter of 2020 customer satisfaction surveys and surveys of the airport operator's standard services quality indicators were suspended. This was necessary in view of a situation by which normal air traffic operations were severely limited both in terms of movements and passengers and in view of the updating of the detection process to protect all those involved.

In September, the recording of the service quality standards of the airport manager and of the ASQ programme restarted, with the sole aim of monitoring the passenger movements and operating processes which were adjusted or amended on the basis of the social distancing requirements for managing the COVID-19 emergency. The Group considers that accurate monitoring and continuous detailed examination of passenger intentions and expectations on travel, particularly flying, may provide information that will be of use for a swift and successful resumption once the health crisis has been resolved or, at least, is under control.

# 5. REGULATORY FRAMEWORK

## 5.1 REGULATORY AGREEMENT AND TARIFF DYNAMIC

2020 represents the first year of the new 2020-2023 regulatory period. In 2019 the Parent Company initiated 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. For various reasons the Contract was not signed– but was implemented in good faith in 2020, naturally being interpreted in line with the pandemic which had a strong adverse impact on the airport manager and concession holder. In relation to this, in the light of the ongoing pandemic, negotiations and meetings with ENAC have been launched.

In this connection, AdB has brought an Extraordinary Appeal to the Head of State in relation to the clause referred to in Article 19 of the draft Regulatory Agreement. Similar appeals have been lodged by other Italian management companies. In December 2020, the Council of State issued an opinion on this matter confirming that the grounds for appeal raised regarding this unlawful clause by the appellant companies were correct. Once the judgments have been transposed they will be decided by means of a Presidential Decree. The expectation is that the relevant entities will carry out an internal review of the provisions of the above clause with all possible urgency. Contact will be made with ENAC on this issue during 2021.

On October 23, 2020, an annual hearing was held with Users regarding the updating of airport fees for 2021. The new tariffs, which have been published on the Company's website, apply from January 1, 2021.

On October 30, 2020 ENAC informed the TRA of certain “procedural anomalies” relating to the process of executing and reporting certain interventions in 2019. Following this notice, AdB recalculated the 2021 tariff dynamic to exclude the expenses referred to in the report, while also launching the related inquiries and reserving the right to submit counterarguments. The new 2021 tariffs, which are essentially unchanged from those submitted during the consultation, have been sent to the TRA and Users and made available on the Company’s website.

If the Authority makes any further requests for corrections to the 2021 tariff dynamic the Company will immediately notify Users of this fact.

## 5.2 RETURN OF ENAV VISUAL AID LIGHTS (VALs), GOODS AND AREAS

On November 30, 2020 a decree was published that had been signed on April 3, 2020 by the Ministry of Economy and Finance on the “Return to the State of assets no longer instrumental for the institutional duties of ENAV and their subsequent reassignment to ENAC, under the combined provisions of Articles 692 and 693 of the Navigation Code, and subsequent provision under concession to the airport manager” (Official Gazette No. 297 of 30-11-2020, General Series).

The decree states:

– the airport managers shall take delivery of the VALs within 18 months of the decree’s publication in the Official Gazette, and they shall, under their own responsibility and at their own expense, manage, maintain and supply them with electricity, recovering the associated costs through the airport tariffs.

– The airport managers shall take delivery of the goods and areas and sole areas within 60 days of the decree’s publication in the Official Gazette, and they shall, under their own responsibility and at their own expense, manage, maintain and supply them with electricity, recovering the associated costs through the airport tariffs.

With specific reference to the tariff profile of the goods and areas comprising the VALs, the act provides in Article 2: “[...] Until the above-mentioned airport managers take responsibility for them, and in any event until the end of the above-mentioned period, ENAV shall be in possession of the VAL systems and shall manage, maintain and supply them with electricity, and is entitled to recover the associated costs through its terminal tariff. 2. From the publication date of this decree, ENAV may add to the terminal tariff the non-amortised book value of the assets covered by this decree, in accordance with a graduated mechanism agreed with ENAC.”
The return provision was adopted following a lengthy preliminary procedure involving the Ministry of Infrastructure and Transport (MIT), ENAC and ENAV, but not the airport managers.

Based on the above, AdB, like other Italian airport managers, brought an administrative appeal against this administrative decree, highlighting the grounds for deeming it unlawful since it infringed the right to be heard and requesting that an investigation be duly launched into what the equipment and assets returned consist of. In parallel, negotiations were launched with ENAC, with the additional help of Assaeroporti. They are currently addressing the issue of the local decentralised bodies, i.e. the ENAC airport offices.

## 5.3 EMERGENCY HEALTH REGULATIONS (COVID-19 PANDEMIC) AND THEIR IMPACT ON AIRPORT MANAGEMENT

Within the scope of the urgent health, work and economic support measures related to the COVID-19 emergency already in force and remaining in force, the key provisions for the airport and air transport sector, in addition to the first Covid decree (Cure Italy Decree No. 18 of March 17, 2020) were as follows:

1) Liquidity Decree (Decree-Law No. 23 of April 8, 2020) which governs access to State-backed loans;
2) Relaunch Decree (Decree-Law No. 34 of May 19, 2020):
    - cancellation of the 2019 IRAP balance and the initial 2020 advance for businesses with revenues not exceeding Euro 250 million in 2019;
    - deferment to September 16, 2020 of the deadline for tax and contribution payments suspended by the preceding decrees (Italy Healthcare and Liquidity Decree-Laws);
    - increase in the annual limit of receivables that can be used for offsetting in the F24 model;
    - tax credit for the sanitising of workplaces and the purchase of PPE;
    - extension by two years of the existing airport concessions;
    - new partial allocation of the boarding fee municipal surtax from July 1, 2021, with allocation to the Solidarity Fund for the air transport and airport system sector of Euro 1.5 per passenger previously allocated to the INPS (with the INPS portion decreasing from Euro 5 to Euro 3.5 per departing passenger);
    - setting up of a provision for the compensation of damages incurred by airlines;
    - setting up of a publicly owned newco for the future Alitalia;
    - obligation for carriers and enterprises operating in the sector and employing personnel in Italy to apply to their employees remuneration of not less than the minimums established by the sector National Collective Bargaining Agreement;

in addition to a number of salary support and employment support measures, including the following, which are still in force:

- COVID parental leave until 31/08, later replaced by leave for those with children in quarantine;
- blocking of collective or economic related redundancies extended until 31/1/2021;
- extraordinary leave (Decree-Law 111/2020) until 31/12/2020.

Paragraph 1-bis of Article 202 of Decree-Law 34/2020, converted with amendments by Law 77/2020, states: "In consideration of the drop in traffic at Italian airports as a result of the COVID-19 emergency and the containment measures adopted by the State and the regions in order to contain the consequent economic impacts, the duration of the concessions for the management and development of airport activities in progress at the date of entry into force of the law converting this decree is extended by two years.' In view of this, AdB has extended its overall management concession by two years. This is based on the primary law status of the provision in question and Article 19 of the agreement itself (Deed No. 98 of 12.7.2004 and supplementary provisions) which contains an automatic renewal clause concerning subsequent applicable national or EU legislation. This interpretation was adopted uniformly for airport management companies and has recently also been confirmed by a communication from ENAC dated January 19, 2021.

3) August Decree No. 104 of August 14, 2020, with measures supplementing and modifying the previous decrees relating to airlines.
4) Following the issue of the state of health emergency, the Government through the Presidential Decree instrument introduced a series of rules relating to measures to contain the Pandemic. The Government therefore signed with the Social Partners (Confindustria, Trade Unions, etc.) a "Common policy governing the measures to combat and contain the spread of Covid-19 in the workplace", signed on March 14, 2020, in implementation of the measure (Article 1, paragraph 1, number 9) set out in Presidential Decree of March 11, 2020, subsequently updated on April 24. As a result of this policy, AdB and the subsidiaries FFM and TAG drew up their own Policy which puts into practice the guidelines of the national policy. In order to ascertain the policy's implementation, AdB and the Group companies have set up a special Regulatory Committee with weekly meetings in which the RLS (Employees' Health and Safety representative)/RSU (Workers' Representative Body) also participate.
   Over the last three months, AdB and the subsidiaries have further updated the Risk Assessment Document and the anti-COVID Protocol in view of the developing pandemic and the additional rules issued. Furthermore, internal audits were carried out to verify the correct application of anti-COVID measures and specific training was also provided on the correct behaviour to be followed to prevent contagion.
   Finally, the coordination meetings with the Prevention & Protection Managers (RSPP) of the handling companies at the airport were resumed and a "Site Safety Committee" was set up at the request of the regional Trade Unions, at which AdB and the handling companies participate.
5) In a circular dated April 23, 2020, subsequently clarified in a note dated June 22, ENAC, in agreement with the Ministry of Transport and Infrastructure, deferred payment of the fees relating to airport concessions maturing in July to January 31, 2021, commensurate with actual traffic in 2020 and thus avoiding payments on account based on 2019 traffic. This supportive condition is subject to the granting of a parallel deferment of payment of aviation sub-concession charges to the same deadline of January 31, 2021, in view of the transfer of the benefit to the entire airport sector chain. Notes from ENAC dated January 25 and February 5, 2021 further postponed the payment deadline of January 31, 2021, previously set for the two instalments of the 2020 concession fee and the balance of the 2019 concession fee, to April 30, 2021 with a similar recharging mechanism for the postponement of fees payable by aviation sub-concessionaires.

## 5.4 AIRPORT SECTOR SUPPORT MEASURES

Law No. 178 of December 30, 2020 "State forecast budget for the 2021 financial year and multiannual budget for the three-year period 2021-2023" (the 2021 Budget Law) was published on December 30, 2020 in the Official Gazette. It will enter into force on January 1, 2021.
During the approval process for the draft 2021 Budget Law two new specific measures were added to support the airport sector:

1. the first (paragraphs 715 to 720 of Article 1) concerns the creation at the MIT of a fund of Euro 500 million (Euro 450 million of which is earmarked for airport management companies and the remaining Euro 50 million for handlers) to offset damage suffered as a result of COVID-19;
2. the second (paragraph 714 of Article 1) guarantees the supplementary benefits of the "Solidarity fund for the air transport sector and the airport system" including wage subsidy payments on an exceptional basis, requested by the air transport and airport management companies for 12 weeks, in the period from January 1, to June 30, 2021.

The conditions and procedures for submitting requests for access to the contribution, as well as criteria for granting and awarding it will be set out – in compliance with the criteria outlined in the provision "with the aim of avoiding over-compensation" – under a decree from the MIT and the MEF, to be adopted by January 31, 2021, following receipt of an opinion from the relevant parliamentary Committees; such a decree has not been issued to date.
With regard to legislative action on social security schemes, paragraph 714 of Article 1 of the Budget Law lays down the possibility of also granting supplementary benefits of the "Solidarity fund for the air transport sector and the airport system" in the case of lay-off scheme payments on an exceptional basis, which may be triggered by all companies (including air transport and airport management companies) under paragraph 300 of Article 1 of the 2021 Budget Law, for a maximum of 12 weeks, which must be in the period from January 1 to June 30, 2021. The provision therefore permits supplementary benefits to be granted in the future (in accordance with the above time-scales) in addition to the Air Transport Fund also to lay-off scheme payments on an exceptional basis triggered by airport companies as a result of COVID-19, effectively exceeding a limit that would have been deemed binding in the absence of a specific legislative provision. On February 26, 2021 the Parent Company signed an agreement with the trade unions and the Workers' Representative Body on the application of the temporary lay-off scheme on an exceptional basis from March 22 to June 13, 2021.

## 5.5 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 (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.

## 5.6 BOARDING FEE MUNICIPAL SURTAX TO BE ALLOCATED TO INPS

Please refer to paragraph 5.3 above for specific comments, as some changes have been made with regard to the municipal surtax to be allocated to INPS, by way of the Relaunch Decree.

## 5.7 "TERMINAL VALUE" REGULATION

Following the entry into force of the amended Article 703 of the Italian Navigation Code, as updated by Article 15-quinquies, paragraph 1 of Decree-Law No. 148 of October 16, 2017, converted, with amendments, by Law No. 172 of December 4, 2017, 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 for the first time the Terminal Value regulation in the 2019 financial statements, which may be consulted for all further information.

## 5.8 CONSOLIDATED NON-FINANCIAL INFORMATION REPORT

The Group in accordance with Article 5, paragraph 3, letter b of Legislative Decree 254/2016 has since 2018 drawn up the consolidated disclosure non-financial information as a separate report. The 2020 consolidated disclosure of non-financial information, drawn up as per the "GRI Standards", is available on the Group website.

## 5.9 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 its Data Protection Officer (DPO) until 2022. Adopting a "privacy by design" approach, the Company implemented extensive security measures to contain the epidemic and stem the spread of COVID-19 in the workplace and airport community (such as thermoscanners in passenger terminals, temperature measurements, SWEs, organisational measures and the distribution of PPE devices among employees, as well as molecular tests and rapid tests to screen passengers and airport employees).

## 5.10 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.

However, it should be noted that, on the basis of the emergency health regulations mentioned above, a potential avenue to re-nationalise the airline has been explored. In fact, while failed attempts were being made to privatise the airline, the Italian government made recourse to Article 107(2)b – through the provisions of Article 79(2) of the "Italian Healthcare" Decree (Decree-Law No. 18 of March 17, 2020) – in order to bring the new Alitalia airline under public control for Euro 500 million, without going against the EU ban on state aid, given the exceptional event that has occurred. However, said potential recapitalisation is subject to authorisation by the European Commission. As such, the establishment of an Alitalia newco is on the horizon, either as a 100% state-controlled entity, or under the public control of the Ministry for the Economy and Finance, with ample powers awarded to the Extraordinary Commissioner to distribute the assets owned by the two companies in extraordinary administration. This situation may further complicate the outcome of AdB's filing of claims in the bankruptcy proceedings.

Through Decree of October 9, 2020, the company Italia Trasporto Aereo SpA was incorporated, with an opening share capital of Euro 20 million, fully paid-in by the Ministry of the Economy and Finance. Subsequent implementing decrees for the transfer of the assets of Alitalia SAI in a.s. to the newly-incorporated company have not yet been issued.

### 5.11 IRESA

Since January 1, 2020 the Group, on behalf of the Emilia-Romagna Region, has been charging carriers **IRESA** – regional tax on airplane noise emissions – established under Regional Law 15/2012, suspended for an undetermined period by Regional Law 28/2016 and then, under Regional Law No. 8/2019 amended in various points, including the tax's date of effect and its assessable base. The latter is calculated on the basis of the maximum take-off weight (MTOW), the level of aircraft sound emissions and 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 application parameter – particularly complex and not currently available to the airport manager – is still being defined and requires a subsequent motion of the Regional Council. The funds are allocated 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.

### 5.12 BREXIT

On May 24, 2019 Law No 41 of May 20, 2019, converting Decree-Law No. 22 of March 25, 2019 (the Brexit Decree) was published in Official Gazette No. 120.
Article 17-ter, in introducing provisions on airport tariffs, required that EU airport charges should 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. 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 governed Britain's withdrawal, establishing a further transitional period from February 1 to December 31, 2020 in which everything remained unchanged, including the collection of airport fees. The EU regulations and procedures on the free circulation of persons, services, capital and goods remained in effect in the United Kingdom and it is only with effect from January 1, 2021 that the United Kingdom is no longer be a part of the European Union customs and tax (VAT and excise) territory.
AdB announced that non-EU tariffs would apply to flights to the UK from the IATA 2021 summer season, and would therefore start on March 28, 2021.

## 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 pronunciation 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 incomprehensibly, 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); the statement of conclusions phase of this trial took place in October 2020. In parallel, a process of promoting dialogue and discussion with the administrations continues in view 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 Service 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.

***Alitalia – Revocatory Action***

At the beginning of May 2020, the Company received notification of the revocatory action submitted by the Extraordinary Commissioner of ALITALIA SAI in limited partnership. As such, Alitalia is essentially rescinding its application to file for bankruptcy by submitting a request to the court to render it ineffective. As a consequence, Alitalia would obtain a refund of any payments made during the “suspect period,” i.e. the six months before bankruptcy was declared (November 1, 2016 - May 1, 2017), starting on the date the company entered into extraordinary administration.
The Company appeared in the proceedings, both strongly condemning and challenging the legal basis and timing of such an action, and will launch an appropriate legal defence to effectively oppose the lawsuit. The first hearing of the proceedings was duly held on February 24, 2021, and judgement was postponed to the hearing to be held on November 11, 2021.

***Out-of-court dispute- TE2C design company reserves***
The Parent Company received a request for higher compensation from Tecno Engineering 2C, an engineering company tasked with designing the Group's “terminal expansion" project, which amounts to approximately Euro 2.2 million. AdB does not consider the contractual counterparty’s request to be legitimate, and is carrying out preliminary investigations, in addition to those that have already been completed, in order to present an adequate counter appeal and rejection – for multiple reasons – of the request as received.
On September 16, 2020 the Company was served with an injunction that was not provisionally enforceable for the payment of a portion of the consideration claimed by the counterparty to have been accrued in relation to the assignment. The Parent Company has taken legal action to oppose the injunction, firmly contesting the legal basis of the counterparty’s claims, since not all the conditions for the payment of the invoice in dispute have yet arisen. Currently, the first hearing is scheduled for March 24, 2021.

***Appeal of the new TRA Regulation Models***
On October 15, 2020, the Parent Company served the appeal lodged with the Piedmont Regional Administrative Court seeking to quash resolution no. 163 of July 16, 2020 approving the new Tariff Regulation Models applicable to Italian airports on the Transport Regulation Authority, Ministry for Infrastructure and Transport and Ministry for the Economy and Finance. In the opinion of the Company and other airport management companies, the new models are vitiated by illegitimacy and manifest injustice in various respects, and have also been approved without any consideration whatsoever of, nor any corrective measure for, the effects and very severe repercussions that the global COVID-19 pandemic is having and will continue to have on the air transport industry. The appeal was then formally filed and the related proceedings registered with the Regional Administrative Court of Piedmont under General Register No. 783/2020.

***Action before AGA proposed in relation to the Decree of April 3, 2020 concerning ENAV assets, including the VAL equipment***
On January 27, 2021 the Parent Company filed an appeal with Emilia-Romagna Regional Administrative Court for the annulment of the Decree of April 3, 2020, adopted by the Director-General of the Department of Finance at the Ministry of Economy and Finance together with the Head of the Department for transport, navigation, general affairs and staff of the Ministry of Infrastructure and Transport, published in Italian Official Gazette No. 297 of November 30, 2020, General Series, on the: “ the “Return to the State of assets no longer instrumental for the institutional duties of ENAV and their subsequent reassignment to ENAC, under the combined provisions of Articles 692 and 693 of the Navigation Code, and subsequent provision under concession to the airport manager”; and of ENAC note Ref. No. 114427 of October 7, 2019 and of any other deed founded or consequential upon and/or connected to the above inter-ministerial decree. The appeal has been registered and has been given the number RG. 98/2021.

# 7. PRINCIPAL RISKS AND UNCERTAINTIES

## Risks relating to the COVID-19 pandemic

The COVID-19 health emergency is having significant impacts on the airport sector: data published by ACI Europe show that in 2020 approximately 728 million passengers were recorded in Europe, 1.7 billion fewer than in 2019, taking air traffic back to 1995 levels. According to the former's estimates, 2019 traffic levels will not be fully recovered before 2024-25, with significant diseconomy of scales for airport managers who shall see their earnings significantly impacted.

The AdB Group's financial performance is strongly influenced by air traffic, which is, in turn, influenced by the economic environment, national and international health conditions, the economic and financial situation of individual airlines and airline alliances, as well as competition, on some routes, with alternative means of transport.
Depending on the specific way in which they evolve, these factors can have a particularly significant impact on long-term performance, thus resulting in changes to the Group's development policies. The areas listed below may be affected by these issues, given the pervasive and uncertain nature of the developing pandemic.

In the context of such an extreme and prolonged crisis and given the considerable commitments to infrastructure developments, the **liquidity risk** could manifest as difficulty in obtaining timely, cost-effective financing to cover the requirements of the operations plan and, at the same time, cover the new requirement for finance in the Net Working Capital cycle until the end of the crisis. While the Group's commitment to develop existing airport infrastructures currently remains unchanged, its operations plan is currently undergoing strategic re-assessment in consultation with ENAC with the identification of new priorities and implementing phases following the drastic reduction in traffic, and the Group is in ongoing discussions with potential lenders. The Parent Company Shareholders' Meeting of April 30, 2020 decided to allocate the 2019 profit entirely to reserves in order to maintain a solid capital base and to limit the economic impact of COVID-19. The Parent Company in addition obtained credit lines and significant bank loans for the full coverage of the Group's financial requirements. With regard to non-compliance, due to worsening margins owed to the current crisis, Banca Intesa informed AdB on August 31, 2020 that some covenants – which are usually reviewed on an annual basis, and relate to a loan undertaken with the bank prior to the Covid-19 pandemic – will be suspended for 2020 and 2021. The annual contractual covenants on the Unicredit loan finalised in July shall apply from the 2022 financial statements.

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.

The Group's **credit risk** is concentrated, in that 27% of its accounts receivable at December 31, 2020 are claimed from its top ten clients, compared to 46% at December 31, 2019. The current crisis and in particular the almost total absence of carrier turnover in April and May and the drastic total annual fall has changed the percentage of total revenue contributed by the top ten customers, reducing their concentration, as can be seen from the above percentages.
The credit risk is offset through specific trade payable management and control tools and procedures, in addition to adequate provisioning for doubtful accounts – taking into account the increased risk owed to the current crisis – according to the principles of prudency 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-concession holder clients.

The current economic crisis has increased the Group’s credit risk due to the general lack of liquidity throughout the chain. In order to handle these difficulties, the Group has granted payment deferments to customers and has appropriately taken into account the greater risk for the provision for bad debts at December 31, 2020, and shall continue to monitor such as events unfold in the coming months and in line with the expected recovery timeframe.

In accordance with the disclosure requirements set out in Article 2428(2), No. 6-bis of the Italian Civil Code, the Group holds financial instruments that qualify as significant in quantitative terms. However, considering the criteria that inform its choice of investments, such as:

- 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;

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.

## 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 53.8% of the airport's total traffic volumes in 2020. 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 Group'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 view of the current air transport industry crisis, any redistribution of passenger traffic among other airlines is more complex and uncertain. However, the parent company maintains active relationships with all sector operators.

## 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. In the face of the pandemic and given the unprecedented market conditions, the Parent Company suspended its 2020 Policy on May 28, 2020 for the remainder of summer 2020, subject to incentives for exceptional cases (mainly the continuation of volatile market conditions), thus approving and publishing, on October 13, 2020, an extraordinary new traffic development Policy, to be applied for one year from the start of the 2020-21 IATA winter season, with the goals of a recovery, as soon as possible, taking into account the exceptional nature of the pandemic, and adopting a temporary, experimental approach – until a stable market is restored at the airport.

### Risk relating to a reduction in the margin of non-aviation revenues

During lockdown, a national decree ordered the closure of the airport’s commercial establishments (with very few exceptions, and a complete lack of customers, in any case). Given the above, and in the belief that air traffic recovery would also be very limited in the subsequent months of 2020, the Parent Company accepted requests submitted by sub-concession holders to revise certain contracts. AdB revised its contractual structure consisting of GARs (minimum guaranteed annuity rates) and ROYs (royalties) used to supplement “best performance” remuneration, which was previously guaranteed by high traffic levels. Instead, new conditions have been implemented based on variable fees.
Further negotiations have therefore been conducted, subsequently, to redefine the agreements and contracts with airport operators and sub-concession holders in light of updated forecasts and based on a progressive increase in fees in line with the gradual recovery of traffic at the airport.
At the preparation date of this document, a number of concession holders had not yet reopened their sales points.

### Risks related to implementation of the Action Plan

The Parent Company invests in the airport as part of its overall management on the basis of an Action Plan approved by the Italian Civil Aviation Authority (ENAC). 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.

AdB could encounter difficulties in implementing the investments provided for under the Action Plan in a timely manner due to unforeseeable events, such as delays in the process of obtaining authorisation for and/or executing the works, with possible adverse effects on the amount of the tariffs that may be applied and possible risks of withdrawal from or termination of the Agreement. An additional extraordinary risk that has also emerged in 2020 in this context is “pandemic risk”, with all its impacts (in terms of the airport company’s organisational capacity and performance, possible further slowdown in procedures, risk of unavailability of financial resources, etc. etc.). The negative impact that the COVID-19 pandemic has had on air traffic trends could also lead, if ENAC agrees, to the Parent Company developing the investment plan in line with new priorities and implementing phases, particularly the postponement of the terminal extension, in order to respond consistently to new traffic needs and to allow adequate remuneration of investments and ensure they are fully sustainable in financial terms. The proposals assessed on this point by the board of directors of Parent Company AdB will be examined together with the National Civil Aviation Authority and, once agreed by the latter, will be announced in a timely fashion to the market.

### Risks related to the failure to guarantee user services by certain airport operators

The handling companies operating at the airport, in response to growing and intense competitive pressure and in order to ensure the economic sustainability of their operations, in recent years placed particular attention on containing personnel costs, as featuring a significant labour intensive component, in addition to their efficiency, even to detriment of their quality. The difficult market conditions in which these parties operate were thereafter further worsened by the crisis emerging with the Covid-19 outbreak which hits the entire air sector, making already fragile operating-financial conditions even more difficult. This situation may therefore compromise the quality and the continuity of services offered to passengers by handlers at Bologna airport. The parent company is working to draw up a contingency plan to ensure the continuity of services, also where difficulties arise among the airport operators currently providing the services.

### 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.

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

In terms of the risk of the non-recoverability of the carrying amount of the Concession Rights recognised to intangible assets consolidated at December 31, 2020 for Euro 198 million, as per IAS 36, the Group carried out an impairment test on the most recent cash flow projections approved by the Board of Directors of the parent company and based on assumptions considered reasonable and demonstrable, in order to present the best estimate of the future economic conditions that the current situation of uncertainty - in particular on the duration of the crisis - permits.

The impairment test did not identify any impairment of the carrying amounts of the concession rights as at December 31, 2020 and no impairment losses were therefore recognised on the assets concerned (please refer to Note 1 - Intangible Assets for further information).

On the recoverability of the value of assets please also see note 4 – other non-current financial assets – and note 8 – trade receivables.

**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 COPMANY

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

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change | % Change |
|---|---|---|---|---|
| Revenues from aeronautical services | 18,209 | 57,764 | (39,555) | -68.5% |
| Revenues from non-aeronautical services | 14,965 | 43,721 | (28,756) | -65.8% |
| Revenues from construction services | 29,377 | 16,420 | 12,957 | 78.9% |
| Other operating revenues and income | 1,184 | 1,274 | (90) | -7.1% |
| **Revenues** | **63,735** | **119,179** | **(55,444)** | **-46.5%** |
| Consumables and goods | (914) | (1,084) | 170 | -15.7% |
| Service costs | (14,119) | (19,453) | 5,334 | -27.4% |
| Construction service costs | (27,978) | (15,639) | (12,339) | 78.9% |
| Leases, rentals and other costs | (3,346) | (8,523) | 5,177 | -60.7% |
| Other operating expenses | (2,898) | (3,200) | 302 | -9.4% |
| Personnel costs | (19,192) | (28,076) | 8,884 | -31.6% |
| **Costs** | **(68,447)** | **(75,975)** | **7,528** | **-9.9%** |
| **Gross Operating Profit (loss) (EBITDA)** | **(4,712)** | **43,204** | **(47,916)** | **n.a.** |
| Amortisation/Write-down concession rights | (6,498) | (6,045) | (453) | 7.5% |
| Amortisation of other intangible assets | (1,397) | (1,561) | 164 | -10.5% |
| Depreciation of tangible assets | (2,449) | (2,637) | 188 | -7.1% |
| **Amortisation, depreciation & write-downs** | **(10,344)** | **(10,243)** | **(101)** | **1.0%** |
| Provisions for doubtful accounts | (502) | 5 | (507) | n.a. |
| Provision for renewal of airport infrastructure | (2,309) | (2,814) | 505 | -17.9% |
| Provisions for other risks and charges | (2) | (267) | 265 | -99.3% |
| **Provisions for risks and charges** | **(2,813)** | **(3,076)** | **263** | **-8.6%** |
| **Total Costs** | **(81,604)** | **(89,294)** | **7,690** | **-8.6%** |
| **Operating result** | **(17,869)** | **29,885** | **(47,754)** | **n.a.** |
| Financial income | 167 | 129 | 38 | 29.5% |
| Financial expenses | (1,192) | (1,089) | (103) | 9.5% |
| **Result before taxes** | **(18,894)** | **28,925** | **(47,819)** | **n.a.** |
| **Taxes for the year** | **4,931** | **(8,857)** | **13,788** | **n.a.** |
| **Profit (loss) for the year** | **(13,963)** | **20,068** | **(34,031)** | **n.a.** |

The **EBITDA adjusted** for construction services and the revenues due to terminal value credits on provisions for renewal (*) in the two years is presented below:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change | % Change |
|---|---|---|---|---|
| Revenues from aeronautical services | 18,209 | 57,764 | (39,555) | -68.5% |
| Revenues from non-aeronautical services | 14,965 | 43,721 | (28,756) | -65.8% |
| Other operating revenues and income | 868 | 1,194 | (326) | -27.3% |
| **Adjusted revenues** | **34,042** | **102,679** | **(68,637)** | **-66.8%** |
| Consumables and goods | (914) | (1,084) | 170 | -15.7% |
| Service costs | (14,119) | (19,453) | 5,334 | -27.4% |
| Leases, rentals and other costs | (3,346) | (8,523) | 5,177 | -60.7% |
| Other operating expenses | (2,898) | (3,200) | 302 | -9.4% |
| Personnel costs | (19,192) | (28,076) | 8,884 | -31.6% |
| **Adjusted costs** | **(40,469)** | **(60,336)** | **19,867** | **-32.9%** |
| **Adjusted Gross Operating Profit (loss) (Adjusted EBITDA)** | **(6,427)** | **42,343** | **(48,770)** | **n.a.** |
| Revenues from construction services | 29,377 | 16,420 | 12,957 | 78.9% |
| Construction service costs | (27,978) | (15,639) | (12,339) | 78.9% |
| **Construction Services Margin** | **1,399** | **781** | **618** | **79.1%** |
| Revenues for receivable from Terminal Value on Provisions for Renewal | 316 | 80 | 236 | 295.0% |
| **Gross Operating Profit (loss) (EBITDA)** | **(4,712)** | **43,204** | **(47,916)** | **n.a.** |

*(*) 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

| | *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|---|
| A | Cash | 22 | 22 | 0 |
| B | Other cash equivalents | 37,969 | 24,587 | 13,382 |
| A | Securities held for trading | 0 | 0 | 0 |
| **D** | **Liquidity (A+B+C)** | **37,991** | **24,609** | **13,382** |
| **E** | **Current financial receivables** | **275** | **1** | **274** |
| F | Current bank debt | (30) | (27) | (3) |
| G | Current portion of non-current debt | (2,545) | (2,544) | (1) |
| H | Other current financial debt | (1,437) | (3,065) | 1,628 |
| I | **Current financial debt (F+G+H)** | **(4,012)** | **(5,636)** | **1,624** |
| J | **Current net financial position (I-E-D)** | **34,254** | **18,974** | **15,280** |
| K | Non-current bank debt | (66,536) | (8,903) | (57,633) |
| L | Bonds issued | 0 | 0 | 0 |
| M | Other non-current liabilities | (1,026) | (1,434) | 408 |
| N | **Non-current financial debt (K+L+M)** | **(67,562)** | **(10,337)** | **(57,225)** |
| O | **Net financial (debt) position (J+N)** | **(33,308)** | **8,637** | **(41,945)** |

## 8.3 PARENT COMPANY STATEMENT OF FINANCIAL POSITION

| USES | As at 31.12.2020 | As at 31.12.2019 | Change Ab. | Change % |
|---|---|---|---|---|
| - Trade receivables | 5,687 | 14,707 | (9,020) | -61.3% |
| - Tax receivables | 1,116 | 29 | 1,087 | 3748.3% |
| - Other Receivables | 2,527 | 4,868 | (2,341) | -48.1% |
| - Inventories | 649 | 585 | 64 | 10.9% |
| **Sub-total** | **9,979** | **20,189** | **(10,210)** | **-50.6%** |
| - Trade payables | (12,859) | (18,051) | 5,192 | -28.8% |
| - Tax payables | (480) | (3,506) | 3,026 | -86.3% |
| - Other payables | (22,576) | (27,140) | 4,564 | -16.8% |
| **Sub-total** | **(35,915)** | **(48,697)** | **12,782** | **-26.2%** |
| **Net operating working capital** | **(25,936)** | **(28,508)** | **2,572** | **-9.0%** |
| Fixed assets | 212,292 | 192,895 | 19,397 | 10.1% |
| - Deferred tax assets | 10,428 | 5,963 | 4,465 | 74.9% |
| - Other non-current assets | 15,336 | 15,648 | (312) | -2.0% |
| **Total fixed assets** | **238,056** | **214,506** | **23,550** | **11.0%** |
| - Provisions for risks, charges & severance | (16,780) | (18,479) | 1,699 | -9.2% |
| - Deferred tax liabilities | (2,073) | (2,069) | (4) | 0.2% |
| - Other non-current liabilities | (41) | (160) | 119 | -74.4% |
| **Sub-total** | **(18,894)** | **(20,708)** | **1,814** | **-8.8%** |
| **Fixed Operating Capital** | **219,162** | **193,798** | **25,364** | **13.1%** |
| **Total Uses** | **193,226** | **165,290** | **27,936** | **16.9%** |

| SOURCES | As at 31.12.2020 | As at 31.12.2019 | Change Ab. | Change % |
|---|---|---|---|---|
| **Net Financial Position** | **(33,308)** | **8,637** | **(41,945)** | **-485.6%** |
| - Share Capital | (90,314) | (90,314) | 0 | 0.0% |
| - Reserves | (83,567) | (63,545) | (20,022) | 31.5% |
| - Profit (loss) for the year | 13,963 | (20,068) | 34,031 | -169.6% |
| **Total Shareholders' Equity** | **(159,918)** | **(173,927)** | **14,009** | **-8.1%** |
| **Total Sources** | **(193,226)** | **(165,290)** | **(27,936)** | **16.9%** |

## 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:

| *(in thousands of Euro)* | Shareholders' Equity 31.12.2020 | Net Result 31.12.2020 |
|---|---|---|
| ***Net equity and result of Aeroporto G. Marconi S.p.A.*** | 159,918 | (13,963) |
| Net equity and result of the consolidated company Tag Bologna s.r.l. | 2,071 | (88) |
| Net equity and result of the consolidated company Fast Freight Marconi S.p.A. | 5,695 | 462 |
| ***Aggregated net equity and result*** | ***167,684*** | ***(13,590)*** |
| 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 | 0 | 0 |
| Elimination costs relating to the conferment capitalised to increase the investment in FFM | (66) | 0 |
| ***Consolidated net equity and result*** | ***164,538*** | ***(13,590)*** |
| Minority interest share of net equity and result | 0 | 0 |
| **GROUP NET EQUITY AND RESULT** | **164,538** | **(13,590)** |

| *(in thousands of Euro)* | Shareholders' Equity 31.12.2019 | Net Result 31.12.2019 |
|---|---|---|
| ***Net equity and result of Aeroporto G. Marconi S.p.A.*** | 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 |
| ***Aggregated net equity and result*** | ***181,324*** | ***20,852*** |
| 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 |
| ***Consolidated net equity and result*** | ***178,175*** | ***20,852*** |
| Minority interest share of net equity and result | 0 | 0 |
| **GROUP NET EQUITY AND RESULT** | **178,175** | **20,852** |

## 10. 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, terminal value receivable revenues on the provision for renewal, where this account is understood to refer to the consideration – equal to the present value of the terminal value credit – 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.

## 11. GUARANTEES PROVIDED

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

| In thousands of Euro | 31/12'2020 | 31/12/2019 | Cge. | Cge. |
|---|---|---|---|---|
| Sureties | 8,093 | 6,700 | 1,393 | 21% |
| Pledge on equity financial instruments | 10,873 | 10,873 | 0 | 0% |
| Patronage letters | 2,751 | 3,267 | (516) | -16% |
| **Total guarantees provided** | **21,717** | **20,839** | **878** | **0** |

At December 31, 2020, the guarantees provided by the Group total Euro 21.7 million and principally concern:

- sureties, mainly:

- o to ENAC (the Italian Civil Aviation Authority) pursuant to the Full Management Agreement (Euro 5.6 million);
- o to the Bologna Customs Agency for various custom deposits of the subsidiary Fast Freight Marconi Spa totalling Euro 2.4 million.

- 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 2.7 million.

## 12. 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 do not hold treasury shares at December 31, 2020.

## 13. 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, 2020 were:

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

## 14. 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.

## 15. 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.

**Traffic performance**

The COVID-19 pandemic continues to adversely shape traffic at Bologna Airport, as is occurring at all Italian and European airports.

Overall passengers in January numbered just under 80 thousand (77,679), a fall of 89.0% on the same month in 2020, when the COVID-19 emergency had not yet hit. The significant drop in traffic continued in February 2021, with just over 60 thousand passengers (60,618), a fall of 89.7% on February 2020, the last month of "normal" traffic prior to the COVID-19 emergency. In further detail, in February 22,307 passengers travelled on national flights (-81.7%) whereas 38,311 took international flights (-91.8%). There were 859 air movements (-83.4%), whereas air cargo transported stood at 2,755 tonnes, a decrease of 1.5% on February 2020.

Passenger traffic thus continues to suffer, with international flights particularly impacted by the anti-COVID restrictions (ban on entering some countries, swab testing, quarantine, etc.). The slowdown is also significant in national flights, due to the continuing ban on moving between regions except for work, health or essential reasons.

In the first two months of the year overall passengers numbered 138,297 (-89.3%), with 2,003 movements (-81.4%) and 5,735 tonnes of cargo transported (+1.1%). The cargo sector is therefore currently responding best to the pandemic crisis.

The month of March will also be severely affected by the trend in infections and the continuing restrictions and limitations on freedom of movement. At the date of this financial statement and following the Presidential Decree of March 2 and Regional Order of Emilia-Romagna No. 25 of March 3, 2020, the Municipalities of the Metropolitan City of Bologna and the Province of Modena were designated within the Red Zone from March 4 until March 21, 2021.

**Operating and Financial Performance and Business Outlook**

Uncertainty surrounding the continuation and future evolution of the current health emergency makes it difficult to predict traffic trends and the Group's economic and financial situation in the coming months.

Studies on the pandemic and its impact on the air transport sector suggest an uneven recovery over the coming years, with volumes likely to see-saw as coronavirus spreads through countries at different rates and as vaccine roll-outs also proceed at varying speeds. Currently there is a general consensus that air traffic will not fully recover to pre-COVID-19 levels before 2024-25.

Pending a significant recovery in traffic to such levels, the Group's sustainability strategy will focus on preserving company assets, particularly by maintaining job levels and cash flow, ensuring the conditions for growth in the medium term.

Investments in aeronautical airport infrastructure capacity will be supported by the rate regulation mechanism in place for the Italian airport sector and on the basis of the new implementing priorities and intermediate design phases which, in a sustainability-focused approach, will be re-assessed in close collaboration with ENAC. The Airport Development Plan, the '2030 Master Plan', will be implemented progressively using financial resources that are in part already available and additional financial resources that will be sourced in the coming years. Talks have already begun with possible lenders.
The negative impact that the COVID-19 pandemic has had on air traffic trends could also lead, if ENAC agrees, to the Parent Company developing the investment plan in line with new priorities and implementing phases, particularly the postponement of the terminal extension, in order to respond consistently to new traffic needs and to allow adequate remuneration of investments and ensure they are fully sustainable in financial terms. The proposals assessed on this point by the board of directors of Parent Company AdB will be examined together with the National Civil Aviation Authority and, once agreed by the latter, will be announced in a timely fashion to the market.

For the current year 2021 sector studies estimate that passenger traffic performance will be strongly impacted by the effectiveness and coverage achieved by vaccination programmes. ACI Europe estimates a possible recovery to between 36% and 44% of annual pre-COVID-19 traffic volumes for 2021, with a slight recovery not expected to start until the second half of the year.

For AdB the prospects for 2021 are also very uncertain and dependent on the successful distribution and efficacy of the vaccines, as well as on restrictions on movements that will be in force during the year and the overall economic and psychological impacts of the pandemic (e.g. propensity to travel, spending power, etc.).

2021 will also be affected by the resilience and recovery capacities of the various stakeholders (carriers, sub-concession holders, handlers, etc.).

The non-aviation sector will continue to be adversely affected by the crisis, both because of the weak recovery of traffic volumes on which variable contract components are based, which have in the interim been redefined, substantially eliminating minimum guaranteed components, and because of the failure to open several stores at the airport.
As far as possible, the Group will continue its cost containment measures, taking account of the need to keep the airport fully operative despite the reduced traffic volumes.

In terms of social sustainability and the linked impact on personnel costs, the Parent Company will, on an exceptional basis, be able to continue using the Extraordinary Temporary Lay-Off Scheme that has been in force since March 21, 2020 even after its end date of March 20, from March 22 to June 13, 2021. To date there are no further stipulations on which social support mechanisms can be applied after June 13, but all possible options will be assessed in close liaison with Assaeroporti and the trade unions/Workers' Representative Body to find the best solutions laid down in the legislation, which is constantly changing.

In 2021 AdB will commit to investments with updated priorities that are also designed to enable better management of the infrastructure capacity limits of certain sub-systems, benefiting from the lower traffic volumes under management to carry them out, in a proactive effort to improve service quality.

Although the environment is very uncertain, on the basis of the available liquidity and the budget assumptions it is considered that cash flows will be sufficient to avoid further recourse to external finance during the year. However, in view of total commitments in the coming years and since there is currently no information on how certain it is that State aid will be available, nor the amounts or time-scales involved, work on sourcing financial resources is already in progress.

2021 will therefore be a difficult year of transition in which resilience and adaptability will be key in order to be ready to seize all the opportunities presented to achieve a sustainable recovery.

The Chairman of the Board of Directors

(Enrico Postacchini)

Bologna, March 15, 2021

## Consolidated Financial Statements for the year ended December 31, 2020

# 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

| *in thousands of Euro* | Note | As at 31.12.2020 | As at 31.12.2019 |
|---|---|---|---|
| Concession rights | | 198,470 | 176,184 |
| Other intangible assets | | 1,569 | 2,276 |
| ***Intangible assets*** | **1** | **200,039** | **178,460** |
| Land, property, plant and equipment | | 12,686 | 14,951 |
| Investment property | | 4,732 | 4,732 |
| ***Tangible assets*** | **2** | **17,418** | **19,683** |
| Investments | **3** | 44 | 44 |
| Other non-current financial assets | **4** | 12,946 | 12,586 |
| Deferred tax assets | **5** | 10,732 | 6,190 |
| Other non-current assets | **6** | 272 | 994 |
| ***Other non-current assets*** | | **23,994** | **19,814** |
| ***NON-CURRENT ASSETS*** | | **241,451** | **217,957** |
| Inventories | **7** | 676 | 622 |
| Trade receivables | **8** | 6,279 | 15,464 |
| Other current assets | **9** | 3,793 | 5,203 |
| Current financial assets | **10** | 275 | 501 |
| Cash and cash equivalents | **11** | 43,658 | 29,253 |
| ***CURRENT ASSETS*** | | **54,681** | **51,043** |
| **TOTAL ASSETS** | | **296,132** | **269,000** |

| *in thousands of Euro* | Note | At 31.12.2020 | At 31.12.2019 |
|---|---|---|---|
| Share capital | | 90,314 | 90,314 |
| Reserves | | 87,814 | 67,009 |
| Profit (loss) for the year | | (13,590) | 20,852 |
| ***GROUP SHAREHOLDERS' EQUITY*** | **12** | **164,538** | **178,175** |
| ***MINORITY INTERESTS*** | | **0** | **0** |
| **TOTAL SHAREHOLDERS' EQUITY** | **12** | **164,538** | **178,175** |
| Severance and other personnel provisions | **13** | 4,251 | 4,257 |
| Deferred tax liabilities | **14** | 2,618 | 2,558 |
| Provision for renewal of airport infrastructure | **15** | 10,316 | 9,524 |
| Provisions for risks and charges | **16** | 1,399 | 1,390 |
| Non-current financial liabilities | **17** | 69,785 | 13,080 |
| Other non-current liabilities | | 41 | 136 |
| ***NON-CURRENT LIABILITIES*** | | **88,410** | **30,945** |
| Trade payables | **18** | 13,612 | 18,537 |
| Other liabilities | **19** | 23,434 | 31,112 |
| Provision for renewal of airport infrastructure | **15** | 1,578 | 4,040 |
| Provisions for risks and charges | **16** | 23 | 18 |
| Current financial liabilities | **17** | 4,537 | 6,173 |
| ***CURRENT LIABILITIES*** | | **43,184** | **59,880** |
| **TOTAL LIABILITIES** | | **131,594** | **90,825** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **296,132** | **269,000** |

## Consolidated Income Statement

| *in thousands of Euro* | Note | for the year ended 31.12.2020 | for the year ended 31.12.2019 |
|---|---|---|---|
| Revenues from aeronautical services | | 21,548 | 63,274 |
| Revenues from non-aeronautical services | | 15,426 | 44,295 |
| Revenues from construction services | | 29,415 | 16,420 |
| Other operating revenues and income | | 1,101 | 1,146 |
| **Revenues** | **20** | **67,490** | **125,135** |
| Consumables and goods | | (1,359) | (2,305) |
| Service costs | | (15,387) | (20,920) |
| Construction service costs | | (28,015) | (15,639) |
| Leases, rentals and other costs | | (3,422) | (8,614) |
| Other operating expenses | | (2,942) | (3,260) |
| Personnel costs | | (20,287) | (29,460) |
| **Costs** | **21** | **(71,412)** | **(80,198)** |
| Amortisation of concession rights | | (6,688) | (6,243) |
| Amortisation of other intangible assets | | (1,409) | (1,576) |
| Depreciation of tangible assets | | (2,531) | (2,750) |
| **Depreciation, amortisation and impairment** | **22** | **(10,628)** | **(10,569)** |
| Provisions for doubtful accounts | | (508) | 1 |
| Provision for renewal of airport infrastructure | | (2,306) | (2,893) |
| Provisions for other risks and charges | | (30) | (409) |
| **Provisions for risks and charges** | **23** | **(2,844)** | **(3,301)** |
| **Total Costs** | | **(84,884)** | **(94,068)** |
| **Operating result** | | **(17,394)** | **31,067** |
| Financial income | **24** | 198 | 150 |
| Financial expenses | **24** | (1,218) | (1,125) |
| **Result before taxes** | | **(18,414)** | **30,092** |
| Taxes for the year | **25** | 4,824 | (9,240) |
| **Profit (loss) for the year** | | **(13,590)** | **20,852** |
| Minority interest profit (loss) | | **0** | 0 |
| Group profit (loss) for the year | | **(13,590)** | 20,852 |
| | | | |
| Undiluted earnings/(loss) per share (in Euro) | | (0.38) | 0.57 |
| Diluted earnings per share (in Euro) | | (0.38) | 0.57 |

## Consolidated Statement of Comprehensive Income

| *in thousands of Euro* | **for the year ended 31.12.2020** | **for the year ended 31.12.2019** |
|---|---|---|
| Profit (loss) for the year (A) | (13,590) | 20,852 |
| *Other profits (losses) that will be reclassified in the net result for the year* | 0 | 0 |
| ***Total other profits (losses) that will be reclassified in the net result for the year (B1)*** | **0** | **0** |
| ***Other profits (losses) that will not be reclassified in the net result for the year*** | | |
| Actuarial losses on severance and other personnel provisions | **(66)** | **(220)** |
| Tax impact on actuarial profits on severance and other personnel provisions | **18** | **53** |
| ***Total other losses that will not be reclassified in the net result for the year (B2)*** | **(48)** | **(167)** |
| **Total other losses, net of taxes (B1 + B2) = B** | **(48)** | **(167)** |
| **Total profits (losses), net of taxes (A + B)** | **(13,638)** | **20,685** |
| of which Minority Interests | **0** | **0** |
| of which Group | **(13,638)** | **20,685** |

## Consolidated Cash Flow Statement

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 |
|---|---|---|
| Core income-generating operations | | |
| Result for the year before taxes | (18,414) | 30,092 |
| Adjustments to items with no impact on cash and cash equivalents | | |
| - Margin from construction services | (1,400) | (781) |
| + Depreciation and amortisation | 10,628 | 10,569 |
| + Provisions | 2,844 | 3,301 |
| + Interest expense (income) for discounting and severance provisions | 465 | 686 |
| +/- Interest income and financial expenses | 555 | 289 |
| +/- Losses/gains and other non-monetary costs/revenues | (171) | 879 |
| +/- Severance provisions and other personnel costs | 142 | 118 |
| **Cash flow generated/(absorbed) by operating activities before changes in working capital** | **(5,351)** | **45,153** |
| Change in inventories | (54) | (28) |
| (Increase)/decrease in trade receivables | 10,029 | (2,070) |
| (Increase)/decrease in other receivables and current/non-current assets | 2,172 | (470) |
| Increase/(decrease) in trade payables | (4,925) | (474) |
| Increase/(decrease) in other liabilities, various and financial | (6,672) | 2,805 |
| Interest paid | (827) | (443) |
| Interest collected | 80 | 159 |
| Taxes paid | (2,252) | (7,299) |
| Severance and other personnel provisions paid | (244) | (334) |
| Use of provisions | (5,924) | (2,008) |
| **Cash flow generated / (absorbed) by net operating activities** | **(13,968)** | **34,991** |
| Purchases tangible assets | (1,025) | (2,480) |
| Payment from sale of tangible assets | 3 | 16 |
| Purchases of intangible assets/concession rights | (27,557) | (14,690) |
| Proceeds on sale of intangible assets/concession rights | 0 | 0 |
| Purchase/capital increase of equity investments | 0 | 0 |
| Payment from sale of equity investments | 0 | 0 |
| Changes in current and non-current financial assets | 207 | 16,900 |
| **Cash flow generated / (absorbed) by investment activities** | **(28,372)** | **(254)** |
| Proceeds from the issuance of shares and other equity instruments | 0 | 0 |
| Dividends paid | 0 | (16,220) |
| Loans received | 63,900 | 3,000 |
| Loans repaid | (6,793) | (7,447) |
| Payments of leasing capital share | (362) | (579) |
| **Cash flow generated / (absorbed) by financing activities** | **56,745** | **(21,246)** |
| | | |
| **Final cash change** | **14,405** | **13,491** |
| | | |
| **Cash and cash equivalents at beginning of year** | **29,253** | **15,762** |
| **Final cash change** | **14,405** | **13,491** |
| **Cash and cash equivalents at end of the year** | **43,658** | **29,253** |

## Statement of changes in Consolidated Shareholders' Equity

| *in thousands of Euro* | *Share capital* | *Share Premium Reserve* | *Legal Reserve* | *Other Reserves* | *FTA Reserve* | *Actuarial profits/(losses) reserve* | *Profits (losses) carried forward* | *Profit (loss) for the year* | *Group shareholders' equity* | *Minority Interests* | *Shareholders' Equity* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Shareholders' Equity as at 31.12.2018** | **90,314** | **25,683** | **6,310** | **36,437** | **(3,272)** | **(821)** | **1,132** | **17,927** | **173,710** | **0** | **173,710** |
| Allocation of the 2018 financial year result | 0 | 0 | 860 | 592 | 0 | 0 | 16,475 | (17,927) | 0 | 0 | 0 |
| Share capital increase | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | (16,220) | 0 | (16,220) | 0 | (16,220) |
| Total comprehensive profit (loss) | 0 | 0 | 0 | 0 | 0 | (167) | 0 | 20,852 | 20,685 | 0 | 20,685 |
| **Shareholders' Equity as at 31.12.2019** | **90,314** | **25,683** | **7,170** | **37,029** | **(3,272)** | **(988)** | **1,387** | **20,852** | **178,175** | **0** | **178,175** |
| Allocation of the 2019 financial year result | 0 | 0 | 1,009 | 19,626 | 0 | 0 | 217 | (20,852) | 0 | 0 | 0 |
| Share capital increase | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive profit (loss) | 0 | 0 | 0 | 0 | 0 | (48) | 0 | (13,590) | (13,638) | 0 | (13,638) |
| **Shareholders' Equity as at 31.12.2020** | **90,314** | **25,683** | **8,179** | **56,655** | **(3,272)** | **(1,036)** | **1,604** | **(13,590)** | **164,538** | **0** | **164,538** |

# Notes to the Consolidated Financial Statements for the year ended December 31, 2020

## 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 and expiry in December 2046 following the extension of two years in accordance with Law No. 77 of July 17, 2020, which converted Article 102, paragraph 1-*bis* of Law Decree No. 34 of May 19, (Relaunch Decree) in order to contain the economic effects of the COVID-19 emergency. 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 for the preparation of the Consolidated Financial Statements for the year ended December 31, 2020

### Basis of preparation

These consolidated financial statements concern the year ended December 31, 2020 and include the comparative figures for the year ended December 31, 2019 (hereafter "the Group consolidated financial statements" or "consolidated financial statements").
The consolidated financial statements were prepared under the historic cost convention, except for any financial assets held-for-sale, and any Intangible Assets comprising Energy Certificates, which were recognised at fair value, and in accordance with the going concern principle.

### Impacts of the Covid-19 pandemic and going concern

In 2020, the Group's performance was significantly impacted by the effects of the crisis caused by the spread of the Covid-19 pandemic and the travel restrictions imposed by the governments of Italy and many other countries in response to the health emergency. This unprecedented crisis had severe repercussions on traffic volumes at Bologna airport (passenger traffic declined 73.4% compared to 2019). As extensively illustrated in the Directors' Report, service was dramatically reduced, entailing overall declines of 65.9% in revenues from aeronautical services and of 65.2% in revenues from non-aeronautical services.
The repercussions were extremely significant on all items in the financial statements: in fact, the main differences between the two years compared are due almost exclusively to the dramatic reduction in traffic and revenues as a consequence of the COVID-19 pandemic mitigated by the various cost containment measures implemented by the Group in response to the crisis.

Also the balance sheet reflects the overall decline in revenues, with the resulting:

- strong decline in trade and other receivables, in the case of the latter due to the simultaneous reduction of boarding fee surtaxes as a result of the significant drop in traffic in the year;
- significant increase in deferred tax assets due to the recognition of the tax benefit on the IRES loss for the year, which is believed to be recoverable in future years;

- significant use of cash due to the reduction in business volumes and lower collections during the period;
- increase in debt due to the new loans contracted to meet cash needs during the period;
- deterioration of the net financial position, which became net financial debt at December 31, 2020;
- decrease in current liabilities due to the decline in tax payables, employee payables and social security institutions, trade payables due to cost savings and payables to the beneficiary entities due to the reduction of the passenger boarding fee surtax;
- decrease in shareholders' equity due to the loss for the year as FY 2019 earnings were prudently allocated to reserves at all Group companies.

Despite the worst contraction in air traffic ever recorded and, therefore, in revenues and results for the year, and the unprecedented economic and financial backdrop, taking account of all information currently available regarding the future, the Group believes that there are no significant uncertainties (as defined in paragraph 25 of IAS 1) regarding its ability to continue as a going concern, as the measures already put in place and those being implemented will enable it to overcome this crisis in the medium term. Although the scale and impact of the crisis has been disruptive, it must in any event be considered exceptional and temporary in nature, partly thanks to the identification of suitable vaccines, which have already been widely administered in some countries, with a positive impact and mitigation of health and related problems, and also thanks to other support measures introduced at government and European level.
The Group based this assessment on several elements set out in greater detail below and took into account the existing and reasonably anticipated effects of the epidemic on all business activities.
Information available about the future, obtained at a date after the close of the fiscal year and up to the date the financial statements are approved, refer to:

- the 2021-2025 business plan, approved by the Parent Company's Board of Directors on January 25, 2021, whose traffic growth forecasts over the time horizon are based on leading industry studies;
- the post-COVID-19 infrastructure development strategy: the Parent Company, together with the Civil Aviation Authority (ENAC), has launched a long-term infrastructure development program in accordance with new priorities and executive phases in order to respond consistently to the new traffic needs and to allow adequate remuneration of investments and ensure they are fully sustainable in financial terms;
- the measures in support of the sector, such as the Extraordinary Temporary Lay-Off Scheme already applicable from March 22 to June 13, 2021 and the other measures still being defined, including that provided for by Article 128-*bis* of the 2021 Finance Act, which allocates a fund of Euro 450 million to compensate for damages suffered by airport operators and Euro 50 million for handling companies (see Directors’ Report paragraph);
- the other measures to reduce internal costs (e.g. blocking the recruitment of new staff, reduction of vacation arrears, elimination of overtime, etc.) and external costs, with particular reference to non-strategic supplies and also through renegotiations with suppliers;
- cash and cash equivalents sufficient to cover cash needs for at least twelve months from the approval of these financial statements, conservatively considering a very contracted crisis and traffic evolution from the COVID-19 pandemic still through 2021 and, although to a lesser extent, 2022 and 2023;
- contacts, some already underway and others planned for 2021, with other lenders for any additional credit access needs;
- further action that can be taken to preserve liquidity (e.g. further investment plan adjustments).

In summary, the Group believes that measures outlined above, as well as its financial solidity will allow it to overcome the current crisis and meet the Aeroporto di Bologna Group’s existing financial, contractual and concession obligations.

For further information on risk factors, assumptions and uncertainties, please refer to the relevant paragraph in the Directors' Report.

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, 2019 with the exception of the new accounting standards, amendments and interpretations which entered into force from January 1, 2020, 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". The Group has not adopted in advance any accounting standard, interpretation or amendment issued but not yet in effect.

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, 2020 was approved by the Board of Directors on March 15, 2021.

## Content and form of the consolidated financial statements

The Group opted to apply the Separate and Comprehensive Statement of 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 current when:

- it is expected to be settled within the normal operating cycle;
- it is held mainly for the purpose of negotiating it;
- 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 as 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, 2020 and 2019 in terms of the Group's direct and indirect holding.

| | | % Held | |
|---|---|---|---|
| ***SUBSIDIARIES (in thousands of Euro)*** | **Share capital** | **As at 31.12.2020** | **As at 31.12.2019** |
| Fast Freight Marconi S.p.a. Società Unipersonale | 520 | 100.00% | 100.00% |
| Tag Bologna S.r.l. Società Unipersonale | 316 | 100.00% | 100.00% |

With regard to Ravenna Terminal Passeggeri Srl, in which AdB held a 24% stake, the associated company's Shareholders' Meeting, held on July 9, 2020, in addition to approving the company's 2019 financial statements, resolved to cover the company's losses by reducing its share capital to zero and then restoring it by subscribing for and paying in new share capital. AdB did not participate in the share capital transactions and optioned its unsubscribed stake, resulting in the elimination of its investment in the company. This transaction had no impact on the consolidated financial statements of the AdB Group at December 31, 2020 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 acquisition 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 each 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 gain or loss is recorded to the income statement. It is therefore considered in the determination of goodwill.

Any contingent 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.

Goodwill is initially recognized at cost represented by the excess of the total amount paid and the amount recognized for minority interests in respect of the net identifiable assets acquired and the 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 its initial recognition, goodwill is measured at cost net of accumulated impairment. 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. Investments of the Group in associated companies are measured using 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 adjustment 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.

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.

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.

“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 Group 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 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 Group regarding the investments which shall have a Terminal Value at concession conclusion, 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 2046, this amount remains within the “concession rights” category of intangible assets, although does not enter into the amortisation schedule to coincide at December 31, 2046 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 counter entry to Other revenues and income in the income statement. Subsequent to the initial recognition, the Terminal Value receivable 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. Finally, also in relation 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.

“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%.

**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 gains and losses are recognised to the income statement when the loans and receivables are eliminated or if there is an impairment loss, 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 - listed prices (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 AdB 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).
Any gain or loss is recognized in the income statement when the liability is extinguished, as well as through the amortization 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.
It should be noted that, for the three-year period 2018-2020, the Parent Company prepares the National Tax Consolidation, pursuant to Articles 117 to 129 of Presidential Decree No. 917 of December 26, 1986 (CFA), in which all Group companies have participated and which allows for IRES taxation at Group level. As of December 31, 2020, only FFM has an IRES payable to the Parent Company arising from the profit in the period.

*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 loses 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 net equity or to the comprehensive income statement, 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 surtax of 3.5% (in force for airport management companies for tax years 2019-2020-2021)
- IRAP 4.2% (in force for airport management 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;
- trade receivables and payables include the indirect tax 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.

**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 January 1, 2020 the following new accounting standards, amendments and interpretations, revised by the IASB, entered into force, which have not impacted the Group's consolidated financial statements:

*Amendments to IFRS 3 - "Definition of a Business"*
The definition of a business was modified in particular, in order to support entities in determining whether or not a set of assets acquired constitutes a business. The IFRS 3 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.

*Amendments to IFRS 7, IFRS 9 and IAS 39: Interest rate benchmark reform*
These amendments change some of the requirements for the application of hedge accounting, establishing temporary derogations in order to mitigate the impact from the uncertainty of the reform relating to the replacement of the current IBOR (Interbank Offered Rates) benchmark interest rate, pending its completion, on the assessment of the effectiveness of hedges through derivative financial instruments.

*Amendments to IAS 1 and IAS 8: Definition of material*
The amendments provide a new definition of material, stating that information is material if it is reasonable to assume that its omission, misstatement or obscuring could influence the decisions that the main users of financial statements would make on the basis of the financial information presented in the financial statements. Materiality depends on the nature or extent of the information, or both. An entity assesses whether the information, individually or in combination with other information, is material in the context of the financial statements as a whole. Information is concealed if it is disclosed in such a way as to have, for the main users of the financial statements, a similar effect to the omission or misstatement of the same information.

*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 individuals. 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.

### *Amendments to IFRS 16 – Leasing*

In May 2020 the IASB published an amendment to the standard IFRS 16 that permits the neutralisation of changes in lease payments due to agreements between the parties in view of the negative effects of Covid-19. The amendment was approved on October 9, 2020 and was effective as of June 1, 2020.

In January 2021, amendments were approved to IFRS 9, IAS 39, IFRS 7 and IFRS 16 (*Interest Rate Benchmark Reform - Phase 2*), which will be applicable from January 1, 2021.

## 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 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 amendment is applicable from January 1, 2023.

In May 2020, the IASB published other amendments to IFRS 3, IAS 16 and IAS 37 and the Annual Improvements to IFRS 2018-2020 Cycle concerning IFRS 1, IFRS 9, IAS 41 and illustrative examples appended to IFRS 16. The amendments will be applicable from January 1, 2022.
In August 2020, the IASB also published amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 (*Interest Rate Benchmark Reform - Phase 2*), which will be applicable from January 1, 2021.

On February 12, 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements and IFRS Practice Statement 2*: *Disclosure of Accounting policies* and to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*: *Definition of Accounting Estimates* that will be applicable effective January 1, 2023.

IFRS 17 - Insurance contracts, as well as amendments to IFRS 17 and IFRS 4 Insurance Contracts, are excluded from the list since these accounting standards do not pertain to the activity carried out by the Group.

## Discretional valuations and significant accounting estimates

The preparation of the financial statements requires the directors of the Group to undertake discretional 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*

Preparation of the financial statements requires the use of estimates and judgments that are reflected in the carrying amounts of assets and liabilities and the disclosures in the notes, including with regard to contingent assets and liabilities at the reporting date. The subsequently observed actual results for the period may differ from such estimates; estimates and assumptions are also revised and updated periodically and the effects of any changes are immediately reflected in the financial statements. 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, such as the worsening of the Covid-19 pandemic.

*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.

| *in thousands of Euro* | for the year ended 31.12.2020 Aviation | for the year ended 31.12.2020 Non-Aviation | for the year ended 31.12.2020 Other | Total for the year ended 31.12.2020 |
|---|---|---|---|---|
| Revenues | 42,491 | 24,999 | 0 | 67,490 |
| Costs | (50,835) | (20,577) | 0 | (71,412) |
| **Gross operating profit (loss)** | **(8,344)** | **4,422** | **0** | **(3,922)** |
| Depreciation and amortisation | (6,904) | (3,724) | 0 | (10,628) |
| Provisions | (2,307) | (537) | 0 | (2,844) |
| **Operating result** | **(17,555)** | **161** | **0** | **(17,394)** |
| Financial income | 0 | 0 | 198 | 198 |
| Financial expense | 0 | 0 | (1,218) | (1,218) |
| **Result before taxes** | **(17,555)** | **161** | **(1,020)** | **(18,414)** |
| Taxes for the year | 0 | 0 | 4,824 | 4,824 |
| **Profit (loss) for the year** | **(17,555)** | **161** | **3,804** | **(13,590)** |
| Minority interest profit (loss) | **0** | **0** | **0** | **0** |
| Group profit (loss) | **0** | **0** | **0** | **(13,590)** |

| *in thousands of Euro* | 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) |
| **Gross operating profit** | **18,913** | **26,024** | **0** | **44,937** |
| Depreciation and amortisation | (7,159) | (3,410) | 0 | (10,569) |
| Provisions | (2,863) | (438) | 0 | (3,301) |
| **Operating result** | **8,891** | **22,176** | **0** | **31,067** |
| Financial income | 0 | 0 | 150 | 150 |
| Financial expenses | 0 | 0 | (1,125) | (1,125) |
| **Result before taxes** | **8,891** | **22,176** | **(975)** | **30,092** |
| Taxes for the year | 0 | 0 | (9,240) | (9,240) |
| **Profit (loss) for the year** | **8,891** | **22,176** | **(10,215)** | **20,852** |
| Minority interest profit | **0** | **0** | **0** | **0** |
| Group profit | **0** | **0** | **0** | **20,852** |

The table below presents the segment information for assets:

| *in thousands of Euro* | As at 31.12.2020 Aviation | As at 31.12.2020 Non-Aviation | As at 31.12.2020 Other | Consolidated As at 31.12.2020 |
|---|---|---|---|---|
| **Non-current assets** | **176,938** | **40,608** | **23,905** | **241,451** |
| **Intangible assets** | **173,029** | **27,010** | **0** | **200,039** |
| Concession rights | 172,260 | 26,210 | 0 | 198,470 |
| Other intangible assets | 769 | 800 | 0 | 1,569 |
| **Tangible assets** | **3,847** | **13,571** | **0** | **17,418** |
| Land, property, plant and equipment | 3,847 | 8,839 | 0 | 12,686 |
| Investment property | 0 | 4,732 | 0 | 4,732 |
| **Other non-current assets** | **62** | **27** | **23,905** | **23,994** |
| Investments | 0 | 0 | 44 | 44 |
| Other non-current financial assets | 0 | 0 | 12,946 | 12,946 |
| Deferred tax assets | 0 | 0 | 10,732 | 10,732 |
| Other non-current assets | 62 | 27 | 183 | 272 |
| **Current assets** | **6,567** | **2,524** | **45,590** | **54,681** |
| Inventories | 360 | 316 | 0 | 676 |
| Trade receivables | 4,380 | 1,899 | 0 | 6,279 |
| Other current assets | 1,827 | 309 | 1,657 | 3,793 |
| Current financial assets | 0 | 0 | 275 | 275 |
| Cash and cash equivalents | 0 | 0 | 43,658 | 43,658 |
| **Total assets** | **183,505** | **43,132** | **69,495** | **296,132** |

| *in thousands of Euro* | 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 |
|---|---|---|---|---|
| **Non-current assets** | **166,914** | **31,413** | **19,630** | **217,957** |
| **Intangible assets** | **161,791** | **16,669** | **0** | **178,460** |
| Concession rights | 160,645 | 15,539 | 0 | 176,184 |
| Other intangible assets | 1,146 | 1,130 | 0 | 2,276 |
| **Tangible assets** | **5,017** | **14,666** | **0** | **19,683** |
| Land, property, plant and equipment | 5,017 | 9,934 | 0 | 14,951 |
| Investment property | 0 | 4,732 | 0 | 4,732 |
| **Other non-current assets** | **106** | **78** | **19,630** | **19,814** |
| 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 |
| **Current assets** | **15,926** | **4,915** | **30,202** | **51,043** |
| 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 |
| **Total assets** | **182,840** | **36,328** | **49,832** | **269,000** |

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

In 2020, the Group's revenue was primarily from the customers shown in the table below compared to 2019:

| *31/12/2020* | *31/12/2019* |
|---|---|
| RYANAIR LTD | RYANAIR LTD |
| WIZZ AIR HUNGARY LTD | ALITALIA SAI SPA |
| ALITALIA SAI SPA | HEINEMANN ITALIA SRL |
| BRITISH AIRWAYS PLC | WIZZ AIR HUNGARY LTD |
| EMIRATES | BRITISH AIRWAYS PLC |
| HEINEMANN ITALIA SRL | LUFTHANSA LINEE AEREE GERMANICHE |
| SOCIETE' AIR FRANCE S.A. | SOCIETE' AIR FRANCE S.A. |
| GH BOLOGNA SPA | EMIRATES |
| EUROPEAN AIR TRANSPORT LEIPZIG GMBH | VECCHIA MALGA NEGOZI SRL |
| LUFTHANSA LINEE AEREE GERMANICHE | TURKISH AIRLINES |

Ryanair is the Group's top customer, being the carrier that transported the highest number of passengers in the two years under comparison, with Wizz Air and Alitalia in second and third place, respectively, in the ranking of passengers transported to/from Bologna in 2020. In fourth and fifth place are two airlines that rank lower in terms of passengers carried (5th and 10th respectively), but at the same time have a strong cargo component.
Finally, as a result of the pandemic and the resulting reduction in traffic, the GH Bologna handler entered the top 10 customers, while we report the exit of the customer, Vecchia Malga, who is a food and beverage sub-concessionaire to some of the outlets at the Terminal that have been closed for several months.

## 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, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Concession rights | 198,470 | 176,184 | 22,286 |
| Software, licences and similar rights | 1,027 | 1,752 | (725) |
| Other intangible assets | 55 | 60 | (5) |
| Other intangible assets in progress | 487 | 464 | 23 |
| **TOTAL INTANGIBLE ASSETS** | **200,039** | **178,460** | **21,579** |

The table below shows the changes in intangible assets for the period ended December 31, 2020 compared to December 31, 2019, by intangible asset category.

| | 31.12.2019 | | | Movement in the year | | | | As at 31.12.2020 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | Historical cost | Accumulated amortisation | Book value | Increases / Acquisitions | Amortisation | Decreases/Disposals/Write-downs | Decrease provision | Historical cost | Accumulated amortisation | Book value |
| Concession rights | 217,589 | (41,405) | 176,184 | 28,254 | (6,679) | 711 | 0 | 246,554 | (48,084) | 198,470 |
| Software, licences and similar rights | 13,591 | (11,839) | 1,752 | 679 | (1,404) | 0 | 0 | 14,270 | (13,243) | 1,027 |
| Other intangible assets | 250 | (190) | 60 | 0 | (5) | 0 | 0 | 250 | (195) | 55 |
| Other intangible assets in progress | 464 | 0 | 464 | 23 | 0 | 0 | 0 | 487 | 0 | 487 |
| **TOTAL INTANGIBLE ASSETS** | **231,894** | **(53,434)** | **178,460** | **28,956** | **(8,088)** | **711** | **0** | **261,561** | **(61,522)** | **200,039** |

In 2020, Concession rights increased by Euro 28.3 million (equal to the fair value of construction services provided in the period), principally due to:

- construction of a new cargo building and related annexes for a specialised operator;
- acquisition of an area adjacent to the airport grounds for the future infrastructural development of the terminal;
- structural and functional upgrading works on the runway, consisting of upgrading and repairs of the paving, the white water disposal network and repairs of the VLA systems;
- extension and modification of the departing baggage handling system (BHS) to comply with "STANDARD 3" security level as required by EU Regulation 2015/1998;
- raised area of the Express Car Park.

Amortisation of concession rights in the period amounted to Euro 6.7 million and was applied according to the residual duration of the concession, which was extended by two years by Article 202 of Law Decree No. 77 of 19/5/2020, converted into Law No. 77 of July 17, 2020 and, therefore, expiring in December 2046.

Software, licenses and similar rights, recorded an increase of Euro 680 thousand, primarily linked to the development of some software platforms and the modernization of the Operating System through the activation of the module serving the de-icing plant.

Other intangible assets in progress include software development not concluded at December 31, 2020.

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

The Concession Rights are tested for impairment at least once a year, when the financial statements are approved, as well as periodically when there are internal and external indicators of the reduction in value of such assets in order to identify any loss in value.
In light of the COVID-19 health and economic crisis, already when closing the 2019 financial statements the Group had conducted a further sensitivity on the impairment test to assess the effect of a potential reduction in EBITDA of nearly 40% over the three-year period 2020-2022; this analysis showed that, even in this eventuality, no impairment loss indicators resulted.
Following the continuation of the Covid-19 emergency and the worsening of the consequences on the Group's performance, the need to repeat the tests also arose at the time of approving the half-year report; also at that time, no impairment losses emerged with reference to the amounts recorded under Concession Rights at June 30, 2020.
For the entire year 2020, the Group updated the 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 198 million at December 31, 2020 (corresponding respectively to 67% of the total assets).

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).

For impairment testing purposes, the Group has identified a single CGU which coincides with the Aeroporto G. Marconi di Bologna S.p.A. Group, and the cash flows based on the 2021-2046 economic-financial forecasts approved by the Board of Directors on February 15, 2021 together with the methodology relating to the impairment test.

In view of the extension of the airport management concession from 2044 to 2046, explicit economic and financial forecasts for the period 2021-2046 were used to prepare the test, and in compliance with Article 703 of the Navigation Code, the "Terminal Value" was used as the cash flow provided for in IAS 36, paragraph 39, letter c) for the disposal of assets at the end of the concession to which the Group is entitled under the regulations.

The method used is based on the presumption that the economic capital value of a company at a certain date (in the present case, December 31, 2020) is representative of the algebraic sum of the following elements:
“operating" value, equal to the present value of the cash flows generated by the Company's operations over a defined period of time, including the discounted cash flow of the receivable from the Terminal Value;
value of the non-strategic surplus assets at the measurement date. It should be noted that there are no non-core or non-capital ancillary activities included in the projections.

The following is a summary of the main assumptions underlying the 2021-2046 economic-financial projections, which were determined taking into account the current Covid-19 crisis, the historical results of the operations and the principal industry analyses and studies, also utilising growth parameters consistent with the latter, not exceeding those expected within the industry.

Passenger traffic performance over the five year period 2021-2025 was estimated on the basis of traffic numbers elaborated by the main industry studies, which forecast a return to pre-Covid volumes in four to five years. Slightly more prudent passenger traffic estimates were prepared for the medium-to-long term than the main industry studies, while taking account of the investments made by the Parent Company in further expansion of infrastructure capacity.

The revenues from aeronautical services underlying the calculation of cash flows for the purposes of the impairment test were calculated starting from tariffs simulated on the basis of the updated 2020-2023 Regulatory Agreement according to the current regulatory model and then from 2024 onwards on the basis of the initial simulations of the new regulatory model, which will enter into effect in July 2021 and which was applied to the investments earmarked in the Masterplan from 2025 to 2030.

For Revenues from non-aeronautical services and Other Revenues, a gradual recovery has been estimated based on 2021-2025 traffic growth, with assumptions of a return to revenues recorded in 2019 by the end of the period. For the subsequent period 2026-2046, forecasts were made based on historical trends, taking into account assumptions regarding traffic growth, increased passenger spend and available commercial space.

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), determined through the application of the Capital Asset Pricing Model (“CAPM”) with:

- Italian risk-free rate of 0.75%;
- Equity market risk premium equal to 6.5%;
- Average unlevered beta for peers (panel of listed airport companies) equal to 0.73.

The cost of debt was calculated as the weighted average of the cost of existing borrowings net of the tax effect (24%), amounting to 1.59%.

The weighting of own funds and of debt capital equal to respectively 65.1% and 34.9% was made on the basis of an average gearing of industry peers equal to 53.7%.
A premium was also applied on the additional risk equal to 1.0% taking into account the following factors:

- level of risk in the 2021-2046 Economic-Financial Forecasts, in particular considering forecasts relating to a period as long as 2026-2046;
- 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 6.03%.

The impairment test performed did not identify any impairment of the carrying amounts of the concession rights for the year ended December 31, 2020 and no impairment losses were therefore recognised on the assets concerned.

The Group also deemed it appropriate to carry out the impairment test on an alternative worst-case scenario that envisages a slower recovery of pre-Covid-19 traffic volumes.
In particular, a volume of traffic equal to that of 2020 (2.5 million passengers) was assumed for 2021 in order to "stress" the economic and financial valuation in the event of a sharp slowdown in traffic again in the current year. An alignment of traffic volumes between this scenario and the base case was then estimated beginning in 2024. It was also assumed that the construction of the new multi-storey parking lot would be postponed by 2 years, with respect to the planned entry into operation, in the base scenario, partly in mid-2023 and partly in mid-2024.
The outcome of this test also revealed no evidence of impairment loss.

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: -10 %;
- 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 loss.

The value of the EBITDA margin of the plan period used for the impairment test, which renders the value of the CGU equal to the book value of the Net Capital Employed is 31.0%.

The value of the WACC which renders the value of the CGU equal to the book value of the Net Capital Employed is 8.87%.

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.

## 2. Tangible assets

The following table breaks down tangible assets at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Land | 2,763 | 2,763 | 0 |
| Buildings, light constructions and improvements | 3,487 | 3,876 | (389) |
| Machinery, equipment & plant | 2,716 | 3,109 | (393) |
| Furniture, EDP and internal transport | 1,925 | 2,147 | (222) |
| Tangible fixed assets in progress | 346 | 1,087 | (741) |
| Investment property | 4,732 | 4,732 | 0 |
| ***TOTAL TANGIBLE ASSETS*** | ***15,969*** | ***17,714*** | ***(1,745)*** |
| Land in leasing | 1,252 | 1,732 | (480) |
| Leased buildings and minor construction and improvements | 0 | 2 | (2) |
| Leased machinery, equipment & plant | 8 | 11 | (3) |
| Leased furniture, office machinery, transport equipment | 189 | 224 | (35) |
| ***TOTAL LEASED TANGIBLE ASSETS*** | ***1,449*** | ***1,969*** | ***(520)*** |
| **TOTAL TANGIBLE ASSETS** | **17,418** | **19,683** | **(2,265)** |

The table below shows the changes in tangible assets for the period ended December 31, 2020 compared to December 31, 2019, by asset category.

| *in thousands of Euro* | 31.12.2019 | | | Movement in the year | | | | As at 31.12.2020 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Historical cost | Accumulated depreciation | Book value | Increases/ Acquisitions | Depreciation | Decreases/Disposals/Reclassifications | Decrease provision | Historical 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 | 8,581 | (4,705) | 3,876 | 0 | (389) | 0 | 0 | 8,581 | (5,094) | 3,487 |
| Machinery, equipment & plant | 15,499 | (12,390) | 3,109 | 515 | (907) | (84) | 83 | 15,930 | (13,214) | 2,716 |
| Furniture, EDP and internal transport | 10,060 | (7,913) | 2,147 | 485 | (690) | (29) | 12 | 10,516 | (8,591) | 1,925 |
| Tangible fixed assets in progress | 1,087 | 0 | 1,087 | 24 | 0 | (765) | 0 | 346 | 0 | 346 |
| Investment property | 4,732 | 0 | 4,732 | 0 | 0 | 0 | 0 | 4,732 | 0 | 4,732 |
| ***TOTAL TANGIBLE ASSETS*** | ***42,722*** | ***(25,008)*** | ***17,714*** | ***1,024*** | ***(1,986)*** | ***(878)*** | ***95*** | ***42,868*** | ***(26,899)*** | ***15,969*** |
| Land in leasing | 2,136 | (404) | 1,732 | (52) | (374) | (127) | 73 | 1,957 | (705) | 1,252 |
| Leased buildings and minor construction and improvements | 13 | (11) | 2 | 0 | (2) | (13) | 13 | 0 | 0 | 0 |
| Leased machinery, equipment & plant | 75 | (64) | 11 | 11 | (14) | (5) | 5 | 81 | (73) | 8 |
| Leased furniture, office machinery, transport equipment | 323 | (99) | 224 | 75 | (110) | (13) | 13 | 385 | (196) | 189 |
| ***TOTAL LEASED TANGIBLE ASSETS*** | ***2,547*** | ***(578)*** | ***1,969*** | ***34*** | ***(500)*** | ***(158)*** | ***104*** | ***2,423*** | ***(974)*** | ***1,449*** |
| **TOTAL TANGIBLE ASSETS** | **45,269** | **(25,586)** | **19,683** | **1,058** | **(2,486)** | **(1,036)** | **199** | **45,291** | **(27,873)** | **17,418** |

At December 31, 2020, this category increased by Euro 1 million and concerns, in addition to furniture, the purchase of computers, ABC (Automatic Border Control) Gate for passport control and thermoscanners to measure the temperature at various points in the terminal. In addition, capex included new airport vehicles, transport vehicles and pallet trolleys for the handling of goods.

Finally, this category includes right-of-use assets, recognised in accordance with IFRS 16, which the Adb Group recognises as a lessee primarily for the long-term lease of land used for parking, employee motor vehicles and some equipment. The amount recognised at December 31, 2020 corresponds to the present value of the lease instalments falling due, which is reflected under current and non-current financial liabilities for leases (see Note 17). In 2020, some leases were reviewed and the Group obtained the cancellation and/or reduction of rentals based on which it restated the right-of-use values at December 31, 2020 without taking advantage of the simplification provided by IFRS 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 following table breaks down other investments at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2019 | Increases / Acquisitions | Decreases / Disposals | Write-downs | As at 31.12.2020 |
|---|---|---|---|---|---|
| Other investments | 44 | 0 | 0 | 0 | 44 |
| **TOTAL INVESTMENTS** | **44** | **0** | **0** | **0** | **44** |

The composition of the account is as follows:

| *in thousands of Euro* | Holding | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|---|
| Consorzio Energia Fiera District | 14.3% | 3 | 3 | 0 |
| CAAF dell'Industria Spa | 0.07% | 0 | 0 | 0 |
| Bologna Welcome Srl | 10% | 41 | 41 | 0 |
| **TOTAL OTHER INVESTMENTS** | | **44** | **44** | **0** |

### 4. Other non-current financial assets

The following table shows the movements in other non-current financial assets for the year ended December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2019 | Increases/ Acquisitions | Decreases / Reclass. | Write-downs | As at 31.12.2020 |
|---|---|---|---|---|---|
| Receivables from Terminal Value | 364 | 835 | (156) | 0 | 1,043 |
| Equity Financial Instruments | 10,873 | 0 | 0 | 0 | 10,873 |
| Deposit accounts/Saving bonds | 70 | 0 | (70) | 0 | 0 |
| Other financial assets | 1,279 | 25 | (274) | 0 | 1,030 |
| **TOTAL OTHER NON-CURRENT FINANCIAL ASSETS** | **12,586** | **8,760** | **(500)** | **0** | **12,946** |

At December 31, 2020 the account "Other non-current financial assets" mainly comprises:

- Euro 1 million in receivables from Terminal Value for the portion of fees for construction/improvement services provided by the Group relating to investments in concession rights, 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 of airport infrastructure. This receivable, recorded at present value, derives from application of the Terminal Value regulation as per Article 703 of the Navigation Code, 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. The movements during the year regard:
  - the increase in the present value of the receivable from Terminal Value calculated on the concession rights and on the work carried out accrued in the provision for renewal for the year 2020 and the related financial income for the year calculated on the receivable recorded previously for a total of Euro 835 thousand;
  - the decrease due to the adjustment of the receivable from Terminal Value on the values recorded at December 31, 2019 as a result of the extension of the duration of the concession (Euro 156 thousand).

- 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 by the Parent Company on January 21, 2016 for a total value of Euro 10.9 million, is recorded at December 31, 2020 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;
  Regarding the valuation at December 31, 2020 of this Equity Financial Instruments, the Group requested Marconi Express Spa an update of the business plan in light of the entry into operation of the People Mover only on November 18, 2020 and the drastic reduction in traffic volumes caused by the pandemic. In view of the new business plan submitted at the beginning of the year to the lending bank syndicate, which provides for a rescheduling of the debt repayment plan, made necessary following the reduction in revenues caused by the pandemic and following the other anti-crisis measures illustrated by Marconi Express, the Group believes there is no impairment loss to be recorded on the value of the equity instrument at December 31, 2020.
- Euro 1 million of a capitalisation product purchased in 2019, with a 10-year duration and 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 this financial instrument is measured at fair value through profit or loss.

Finally, movements in this category include Euro 0.27 million from another capitalisation product with a duration of five years and expiring in May 2021 reclassified due to the approaching contractual maturity under item 10 Current financial assets, to which reference should be made.

## 5. Deferred tax assets

The following table presents the movements in deferred tax assets for the year ended December 31, 2020 compared with December 31, 2019.

| *in thousands of Euro* | As at 31.12.2019 | Provisions | Util./Reclass. | As at 31.12.2020 |
|---|---|---|---|---|
| | | | | |
| **DEFERRED TAX ASSETS** | 6,190 | 5,959 | (1,417) | 10,732 |

The principal temporary differences on which deferred tax assets are recognised concern:

- fiscally deductible provisions in subsequent periods such as the assets under concession replacement provision, the risks and charges provision and the provision for doubtful accounts;
- maintenance costs as per Article 107 of the CFA, deductible in future years;
- tax losses carried forward;

- adjustments related to the application of international accounting standards;

- other expense items concerning subsequent periods.

The increase recorded in 2020 was mainly due (Euro 4.8 million) to deferred tax assets on the tax losses recorded in 2020, which is reasonably certain to be recovered in the future in view of the Group's forecast financial performance. The recoverability of the deferred tax assets is based on the forecasts used for the purposes of the impairment test and approved by the Board of Directors on March 15, 2021.

| *IRES* | *Assessable* | | | | *Tax* | | | |
|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | **As at 31.12.2019** | **Increases** | **Uses** | **As at 31.12.2020** | **As at 31.12.2019** | **Increases** | **Uses** | **As at 31.12.2020** |
| 1) Other costs with deferred IRES deductibility | 6,671 | 3,185 | (2,310) | 7,546 | 1,743 | 780 | (634) | 1,889 |
| 2) Provision for doubtful accounts | 1,756 | 608 | (1,394) | 970 | 422 | 146 | (335) | 233 |
| 3) Provisions for IRES deferred taxation | 1,192 | 107 | (124) | 1,175 | 285 | 27 | (30) | 282 |
| 4) Provision for renewal of airport infrastructure | 11,462 | 40 | (561) | 10,941 | 2,826 | 10 | (195) | 2,641 |
| 5) Amortisation concess. rights from ENAC - ENAV agreement | 207 | 0 | (14) | 193 | 51 | 0 | (3) | 48 |
| 6) Discounting of severance provision plus other long-term personnel costs | 594 | 140 | (55) | 679 | 120 | 35 | (14) | 141 |
| 7) Amortisation set-up and expansion costs | 19 | 0 | (3) | 16 | 4 | 0 | 0 | 4 |
| 8) Recoverable tax losses | 273 | 20,194 | 0 | 20,467 | 66 | 4,847 | 0 | 4,913 |
| **Total IRES** | **22,174** | **24,274** | **(4,461)** | **41,987** | **5,517** | **5,845** | **(1,211)** | **10,151** |

| *IRAP* | *Assessable* | | | | *Tax* | | | |
|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | **As at 31.12.2019** | **Increases** | **Uses** | **As at 31.12.2020** | **As at 31.12.2019** | **Increases** | **Uses** | **As at 31.12.2020** |
| IRAP deferred tax provisions | 444 | 5 | (109) | 340 | 19 | 0 | (5) | 14 |
| Provision for renewal of airport infrastructure | 13,608 | 2,647 | (4,312) | 11,943 | 570 | 111 | (181) | 500 |
| Amortisation FTA set-up and expansion costs | 19 | 0 | (3) | 16 | 1 | 0 | 0 | 1 |
| Amortisation concession rights from ENAC - ENAV Agreement | 135 | 0 | (14) | 121 | 6 | 0 | (1) | 5 |
| Discounting other long-term personnel costs | 168 | 82 | (41) | 209 | 7 | 3 | (1) | 9 |
| **Total IRAP** | **14,374** | **2,734** | **(4,479)** | **12,629** | **603** | **114** | **(188)** | **529** |

The table below, on the other hand, shows the tax credits, within AdB, for the utilisation of the fiscal benefits in relation to energy recovery actions.

| *Other* | *Tax Credit* | | | |
|---|---|---|---|---|
| *in thousands of Euro* | **As at 31.12.2019** | **Increases** | **Uses** | **As at 31.12.2020** |
| Other Receivables | 70 | 0 | (18) | 52 |
| **Total "Other credits"** | **70** | **0** | **(18)** | **52** |

### 6. Other non-current assets

The following table breaks down other non-current assets at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Non-current prepaid expenses and accrued income | 89 | 184 | (95) |
| Guarantee deposits | 89 | 88 | 1 |
| Non-current tax receivables | 94 | 722 | (628) |
| **OTHER NON-CURRENT ASSETS** | **272** | **994** | **(722)** |

The main change in this asset category concerns the "non-current tax receivables" account, or the receivable recorded at December 31, 2019, 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. This amount, inclusive of the share of the subsidiaries Tag Bologna and Fast Freight within the Group fiscal consolidation, was collected in full in May 2020. Also included in this account at December 31, 2020 is the tax credit receivable beyond the next fiscal year for investments in capital assets of the Parent Company under Law No. 160/2019.

## 7. Inventories

The following table breaks down inventories at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Inventories of raw materials, supplies and consumables | 572 | 519 | 53 |
| Inventories of finished products | 104 | 103 | 1 |
| **INVENTORIES** | **676** | **622** | **54** |

Supplies and consumables mainly concern inventories held of workshop materials and consumables, such as stationary and printing, in addition to heating fuel and de-icing liquid for the runway, while inventories of finished goods refer to antifreeze liquid for de-icing the aircraft. The increase in inventories at December 31, 2020 is primarily due to higher inventories of consumables.

## 8. Trade receivables

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

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Trade receivables | 7,271 | 17,300 | (10,029) |
| Provisions for doubtful accounts | (992) | (1,836) | 844 |
| **TRADE RECEIVABLES** | **6,279** | **15,464** | **(9,185)** |

At December 31, 2020, trade receivables for Euro 6.3 million were recorded net of the provision for doubtful accounts of Euro 1 million and decreased by Euro 9.2 million compared to the previous year.

Gross trade receivables include amounts due from customers and allowances for invoices and credit notes to be issued; the decrease for the period (Euro 10 million) is due to the drastic drop in turnover resulting from the collapse in air traffic and ancillary commercial activities.
On the other hand, due to the overall crisis in the sector, there was a general and significant slowdown in average payment times from clients, which increased from 40 to 88 days. As part of the measures taken by the Group to aid its customers in overcoming the financial difficulties caused by the Covid-19 emergency, payment deferrals were granted for amounts invoiced, resulting in the rescheduling of a large part of overdue receivables or those falling due. The deferment of payments partly derives from the requests and valuations of individual customers in financial difficulty and partly was stimulated by ENAC as a knock-on effect on aviation sub-concessionaires of the deferred payment of airport fees granted to operators. In this regard, it should be noted that this rescheduling also has an impact on 2021 following the further extension of the payment terms for the license fee from January 31 to April 30, 2021, with consequent financial benefit also for the fees of the aviation sub-concessionaires.

An analysis of the aging of trade receivables of the Group at December 31, 2020 compared with December 2019 is reported below:

| *in thousands of Euro* | Not yet due | Overdue | Total as at 31.12.2020 |
|---|---|---|---|
| Trade receivables for invoices/credit notes issued | 2,087 | 4,618 | 6,705 |
| Trade receivables for invoices/credit notes to be issued | 566 | 0 | 566 |
| **TOTAL TRADE RECEIVABLES** | **2,653** | **4,618** | **7,271** |

| *in thousands of Euro* | Not yet due | Overdue 0-30 days | Overdue 30-60 days | Overdue 60-90 days | Overdue beyond 90 | Total |
|---|---|---|---|---|---|---|
| **TRADE RECEIVABLES** | **2,087** | **1,127** | **1,005** | **355** | **2,131** | **6,705** |

| *in thousands of Euro* | Not yet due | Overdue | Total 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 |
| **TOTAL TRADE RECEIVABLES** | **9,601** | **7,699** | **17,300** |

| *in thousands of Euro* | Not overdue | Overdue 0-30 days | Overdue 30-60 days | Overdue 60-90 days | Overdue beyond 90 | Total |
|---|---|---|---|---|---|---|
| **TRADE RECEIVABLES** | **9,573** | **1,526** | **3,226** | **253** | **2,694** | **17,272** |

As may be seen from a comparison with the table that shows the ageing of receivables at December 31, 2019, the ageing of receivables increased considerably during 2020, not in actual terms but in percentage terms, as a consequence of the slowdown of collections resulting from the ongoing crisis. In particular, receivables overdue by more than 90 days rose from 16% of total overdue receivables at December 31, 2019 to 32% at December 31, 2020 and the total overdue receivables rose from 45% to 69% in the current year.

In order to assess the actual likelihood of collecting the total amount of receivables at December 31, 2020, write-downs were carried out on the basis of specific analysis of cases in arrears and/or in dispute, whose probability of recovery reduced in the year due to the economic downturn and the write-down applied on the residual debtor balance, classified by customer category and overdue period, with the simplified parameter method applied, as permitted by IFRS 9 for companies with a diversified and fragmented client portfolio (Provision Matrix). Understandably, the expected credit loss calculated using this method is significantly higher than in the past, and the total provision for doubtful accounts amounts to Euro 0.6 million, of which Euro 0.1 million is directly deducted from revenues as it relates to amounts accrued during the year, which are not expected to be collected.
Notwithstanding the above, the provision for the year under review was lower than in 2019 (Euro 0.6 million compared to Euro 0.9 million in 2019) as last year had been significantly impacted by the write-down of a number of non-performing receivables in particular from carriers in the Balkan region. The utilisations of the provision for doubtful accounts, which amount to approximately Euro 1.5 million, are due to the bankruptcy of the carrier Ernest whose receivable had been written down in 2019, as well as the closure of two years of litigation for injunctions issued against some customers for airport services that no longer exist under the current regulatory regime.

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

| *in thousands of Euro* | As at 31.12.2019 | Provisions | Uses | Releases | As at 31.12.2020 |
|---|---|---|---|---|---|
| | | | | | |
| **PROVISIONS FOR DOUBTFUL ACCOUNTS** | **(1,836)** | **(644)** | **1,482** | **6** | **(992)** |

| *in thousands of Euro* | As at 31.12.2018 | Provisions | Uses | Releases | As at 31.12.2019 |
|---|---|---|---|---|---|
| | | | | | |
| **PROVISIONS FOR DOUBTFUL ACCOUNTS** | **(958)** | **(915)** | **0** | **35** | **(1,836)** |

## 9. Other current assets

The following table breaks down other current assets at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| VAT Receivable | 1,266 | 182 | 1,084 |
| Direct income tax receivables | 15 | 0 | 15 |
| Other tax assets | 18 | 7 | 11 |
| Employee receivables | 58 | 83 | (25) |
| Other receivables | 2,436 | 4,931 | (2,495) |
| **OTHER CURRENT ASSETS** | **3,793** | **5,203** | **(1,410)** |

The decrease in this category is primarily due to the reduction in the item "other receivables", details of which are provided in the following table, partly offset by the increase in the receivable arising from the drastic reduction in turnover. “Direct income tax receivables" relates to the short-term receivable for investments in capital goods pursuant to Law No. 160/2019; the corresponding grant is recorded under the item "operating grants" in the category "other revenues and income".

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Receivables for passenger boarding fees surcharge | 2,443 | 4,799 | (2,356) |
| IRESA receivables | 156 | 0 | 156 |
| Other current receivables provision for doubtful accounts | (1,062) | (763) | (299) |
| Prepayments and accrued income | 445 | 327 | 118 |
| Advances to suppliers | 22 | 61 | (39) |
| Pension and social security institutions | 127 | 19 | 108 |
| Other current receivables | 305 | 488 | (183) |
| **TOTAL OTHER RECEIVABLES** | **2,436** | **4,931** | **(2,495)** |

The decrease in this category of receivables is primarily due to the halving of receivables due from carriers for passenger boarding fee surtaxes due to the collapse in traffic. Relating to this account, the Group charged the carriers the boarding fee 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 measure of Euro 1.50 and Euro 5.00 per passenger boarded. There were no tariff changes to the surcharge in 2020.

The IRESA receivable is linked to the introduction, as of January 1, 2020, of the new regional tax on aircraft noise emissions, which the Group charges to carriers based on the noise certificate and the take-off/landing time of the aircraft and reimburses, once collected, to the Emilia Romagna Region.

The account "other current receivables provision for doubtful accounts" includes the provision for passenger boarding fee surtax doubtful accounts and for IRESA, obtained for reclassification under assets in the statement of financial position, as a deduction of the respective receivable, of the surtax and IRESA charged to the carriers which in the meantime were subject to administration procedures or which contested the charge. This item, which is exclusively posted in the statement of financial position, is classified as a deduction of the respective receivables due to the high improbability of recovery, reporting the following movements:

| *in thousands of Euro* | As at 31.12.2019 | Provisions/Increases | Uses | Releases | As at 31.12.2020 |
|---|---|---|---|---|---|
| Provision for municipal surtax doubtful accounts | (763) | (340) | 41 | 0 | (1,062) |
| **TOTAL OTHER RECEIVABLES PROVISIONS FOR DOUBTFUL ACCOUNTS** | **(763)** | **(340)** | **41** | **0** | **(1,062)** |

The item "Accrued income and prepayments" includes insurance premiums, data processing fees and other services invoiced in advance. This item includes Euro 93 thousand of SACE commissions on new loans paid in advance.

Finally, "other current receivables" include sundry receivables such as prepayments, employee loans, Telepass transit receivables for parking lots and credit card collections credited to banks in the following year.

## 10. Current Financial Assets

The following table breaks down current financial assets at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Deposit accounts | 0 | 500 | (500) |
| Capitalisation policies | 274 | 0 | 274 |
| Other financial receivables | 1 | 1 | 0 |
| **CURRENT FINANCIAL ASSETS** | **275** | **501** | **(226)** |

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

| *in thousands of Euro* | As at 31.12.2019 | Acquisitions | Other increases/ reclassifications | Decreases / Disposals | As at 31.12.2020 |
|---|---|---|---|---|---|
| Deposit accounts | 500 | 0 | (500) | 0 | 0 |
| Capitalisation policies | 0 | 0 | 274 | 0 | 274 |
| Other financial receivables | 1 | 0 | 0 | 0 | 1 |
| **TOTAL OTHER CURRENT FINANCIAL ASSETS** | **501** | **0** | **(226)** | **0** | **275** |

As at December 31, 2020, this account included a capitalisation product of Euro 0.3 million, already in place at December 31, 2019, of 5-year duration and May 2021 maturity, reclassified to this item due to the proximity of the contractual due date. As per IFRS 9, this asset is also classified in the category "Held to collect - HTC". 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.

The change in the item deposit accounts refers to a deposit certificate of Euro 500 thousand, subscribed in 2019 and with maturity in October 2020 and which was collected on maturity.

### 11. Cash and cash equivalents

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Bank and postal deposits | 43,625 | 29,227 | 14,398 |
| Cash in hand and similar | 33 | 26 | 7 |
| **CASH AND CASH EQUIVALENTS** | **43,658** | **29,253** | **14,405** |

"Bank and postal deposits" represent the bank current account balances.
Cash and cash equivalents increased in the year due to the receipt in July of two new loans totalling Euro 58.9 million; on the other hand, liquidity was significantly absorbed in the year by the significant cash outflows deriving from the COVID-19 emergency management, as illustrated in the cash flow analysis in the Directors' Report.

## Net Financial Position

The following table shows the breakdown of the net financial position at December 31, 2020 and December 31, 2019, in accordance with Consob Communication of July 28, 2006 and the ESMA/2011/81 Recommendations:

| | *in thousands of Euro* | **As at 31.12.2020** | **As at 31.12.2019** |
|---|---|---|---|
| A | Cash | 33 | 26 |
| B | Other cash equivalents | 43,625 | 29,227 |
| A | Securities held for trading | 0 | 0 |
| **D** | **Cash and cash equivalents (A)+(B)+(C)** | **43,658** | **29,253** |
| **E** | **Current financial receivables** | **275** | **501** |
| F | Current bank debt | (33) | (28) |
| G | Current portion of non-current debt | (3,064) | (3,059) |
| H | Other current financial debt | (1,440) | (3,086) |
| I | **Current financial debt (F)+(G)+(H)** | **(4,537)** | **(6,173)** |
| J | **Net current financial position (I)-(E)-(D)** | **39,396** | **23,581** |
| K | Non-current bank debt | (68,759) | (11,643) |
| L | Bonds issued | 0 | 0 |
| M | Other non-current debt | (1,026) | (1,437) |
| **N** | **Non-current financial debt (K)+(L)+(M)** | **(69,785)** | **(13,080)** |
| **O** | **Net financial (debt) position (J) + (N)** | **(30,389)** | **10,501** |

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 account I is equal to the balance of the account "current financial liabilities"; reference should be made to note 17 for further details.
The account N is equal to the balance of the account "non-current financial liabilities"; reference should again 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 2019-2020 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, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Share capital | 90,314 | 90,314 | 0 |
| Reserves | 87,814 | 67,009 | 20,804 |
| Profit (loss) for the year | (13,590) | 20,852 | (34,442) |
| **GROUP SHAREHOLDERS' EQUITY** | **164,538** | **178,175** | **(13,638)** |

#### i. Share capital

The share capital of the Parent Company at December 31, 2020 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:

| in thousands of Euro | for the year ended 31.12.2020 | for the year ended 31.12.2019 |
|---|---|---|
| Group profit (loss) for the year (*) | (13,639,104) | 20,685,267 |
| Average number of shares outstanding | 36,125,665 | 36,125,665 |
| **Undiluted earnings/(losses) per share** | **(0.38)** | **0.57** |
| **Diluted earnings/(losses) per share** | **(0.38)** | **0.57** |

*(*) from Statement of Consolidated Comprehensive Income*

The undiluted earnings/(losses) and diluted earnings/(losses) per share of the AdB Group December 31, 2020 and December 31, 2019 are the same due to the absence of potential dilutive instruments.

#### ii. Reserves

The following table breaks down the Reserves at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Share premium reserve | 25,683 | 25,683 | 0 |
| Legal reserve | 8,179 | 7,170 | 1,009 |
| Extraordinary Reserve | 56,655 | 37,029 | 19,626 |
| FTA Reserve | (3,272) | (3,272) | 0 |
| Profits carried forward | 1,604 | 1,387 | 217 |
| OCI Reserve | (1,036) | (988) | (48) |
| **TOTAL RESERVES** | **87,814** | **67,009** | **20,804** |

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 profits carried forward increased as a result of the allocation of the profit for fiscal year 2019 of all Group companies in addition to the profit/loss resulting from the translation of subsidiaries' financial statements to IAS/IFRS.

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:

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| IAS 19 actuarial profits | (1,366) | (1,300) | (66) |
| Deferred taxes on actuarial gains/losses as per IAS 19 | 330 | 312 | 18 |
| **OCI RESERVE** | **(1,036)** | **(988)** | **(48)** |
| **of which minority interest** | **0** | **0** | **0** |
| **of which Group** | **(1,036)** | **(988)** | **(48)** |

## 13. Severance and other personnel provisions

The following table breaks down severance and other personnel provisions at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Severance | 4,041 | 4,088 | (47) |
| Other personnel provisions | 210 | 169 | 41 |
| **SEVERANCE AND OTHER PERSONNEL PROVISIONS** | **4,251** | **4,257** | **(6)** |

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

| *in thousands of Euro* | As at 31.12.2019 | Service cost | Net interest | Benefits paid | Actuarial profits/(losses) | As at 31.12.2020 |
|---|---|---|---|---|---|---|
| Severance | 4,088 | 19 | 30 | (152) | 56 | 4,041 |
| Other personnel provisions | 169 | 123 | 0 | (92) | 10 | 210 |
| **SEVERANCE AND OTHER PERSONNEL PROVISIONS** | **4,257** | **142** | **30** | **(244)** | **66** | **4,251** |

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: 0.34% for the valuation at December 31, 2020 and 0.77% for the valuation at December 31, 2019;
b) inflation rate: 0.80% for the valuation at December 31, 2020 and 1.20% for the valuation at December 31, 2019;
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) employee turnover rate equal to 15% for TAG, 2% for FFM and 1% for Aeroporto di Bologna.

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.

| | Valuation parameter | | | | | |
|---|---|---|---|---|---|---|
| *in thousands of Euro* | +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 | 4,007 | 4,079 | 4,100 | 3,984 | 3,949 | 4,136 |

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 | 539 |
| 2 | 125 |
| 3 | 123 |
| 4 | 301 |
| 5 | 183 |

The other personnel provisions at December 31, 2020 concern the long-term incentive plan and the non-competition agreement of the Chief Executive Officer/General Manager of the Parent Company 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, 2020 of the long-term incentive plan (IV cycle 2018-2020 and V cycle 2019-2021 as the cycle 2020-2022 was not deliberated upon in the current year given the exceptionality of events) 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: 0.34% for the valuation at December 31, 2020 (0.77% for the valuation at December 31, 2019) of the liability for the non-competition agreement equal to the yield on the comparable duration of the employment duration in the sector and -0.27% for the valuation at December 31, 2020 (-0.11% for the valuation at December 31, 2019) 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 75-100% 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%:

| *in thousands of Euro* | Service cost |
|---|---|
| Other personnel provisions | 43 |

### 14. Deferred tax liabilities

The following table breaks down the deferred tax liabilities at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2019 | Provisions | Uses | As at 31.12.2020 |
|---|---|---|---|---|
| | | | | |
| **DEFERRED TAX LIABILITIES** | **2,558** | **60** | **0** | **2,618** |

The deferred tax liability provision amounts to Euro 0.6 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.

| *IRAP rate 4.2%* | Assessable | | | | Tax | | | |
|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | As at 31.12.2019 | Increases | Uses | As at 31.12.2020 | As at 31.12.2019 | Increases | Uses | As at 31.12.2020 |
| Amortisation of concession rights | 9,169 | 213 | 0 | 9,382 | 2,199 | 52 | 0 | 2,251 |
| **Total IRES** | **9,169** | **213** | **0** | **9,382** | **2,199** | **52** | **0** | **2,251** |

| *IRAP rate 4.2%* | Assessable | | | | Tax | | | |
|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | As at 31.12.2019 | Increases | Uses | As at 31.12.2020 | As at 31.12.2019 | Increases | Uses | As at 31.12.2020 |
| Amortisation of concession rights | 8,522 | 198 | 0 | 8,720 | 359 | 8 | 0 | 367 |
| **Total IRAP** | **8,522** | **198** | **0** | **8,720** | **359** | **8** | **0** | **367** |
| **Total** | | | | | **2,558** | **60** | **0** | **2,618** |

### 15. Provision for renewal of airport infrastructure (non-current and 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 in perfect functioning state.

The changes in the provision in the year ending December 31, 2020 are reported below, divided between non-current and current.

| *in thousands of Euro* | As at 31.12.2019 | Provisions | Uses | Reclassifications | As at 31.12.2020 |
|---|---|---|---|---|---|
| Provision for renewal of airport infrastructure (non-current) | 9,524 | 2,641 | (332) | (1,517) | 10,316 |
| Provision for renewal of airport infrastructure (current) | 4,040 | 0 | (3,979) | 1,517 | 1,578 |
| **TOTAL PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE** | **13,564** | **2,641** | **(4,311)** | **0** | **11,894** |

The increases in the year totalled Euro 2.6 million, of which Euro 2.3 million classified under provisions in the income statement and the residual of Euro 0.3 million recorded under financial charges from discounting.

The utilisations in 2020 totalled Euro 4.3 million and are primarily due to structural and functional upgrading of a section of the runway, the taxiway, connecting runways and the service road with closure of the airport for a few days in September, in addition to the completion of roadworks, pedestrian paths and land-side walkways.

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, 2020, the infrastructure renewal provision totalled Euro 11.9 million (Euro 13.6 million at December) as a result of the periodic review of the ten-year schedule of interventions.

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, 2020:

| *in thousands of Euro* | Financial (charges)/ financial income | Sensitivity Analysis (+0.5%) | Sensitivity Analysis (-0.1%) |
|---|---|---|---|
| Provision for renewal of airport infrastructure | **336** | **407** | **322** |

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 and current)

The changes in the non-current and current provision for risks and charges in the year are reported below:

| *in thousands of Euro* | As at 31.12.2019 | Provisions | Util./Other decreases | As at 31.12.2020 |
|---|---|---|---|---|
| Risk provision for disputes | 978 | 107 | (109) | 976 |
| Provisions for other risks and charges | 412 | 27 | (16) | 423 |
| **PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)** | **1,390** | **134** | **(125)** | **1,399** |
| Employee back-dated provision | 18 | 5 | 0 | 23 |
| **PROVISIONS FOR RISKS AND CHARGES (CURRENT)** | **18** | **5** | **0** | **23** |
| **TOTAL PROVISIONS FOR RISKS AND CHARGES** | **1,408** | **139** | **(125)** | **1,422** |

The main changes relate to the provision for litigation, which has been set aside to cover the risk of possible revocatory actions on the collections of bankrupt customers in 2020, while the decrease relates to the release to the income statement of provisions made in previous years for disputes that were closed during the year.

With regard to provisions for current risks, the change relates to the subsidiary FFM and, in particular, the estimated economic impact of the renewal of the Handlers' Collective Bargaining Agreement, which expired on June 30, 2017. The renewal of the Airport Operators Collective Bargaining Agreement was signed in January 2020 and the related One-off payment to employees for the years of contractual vacancy was paid at the beginning of the year utilising the provisions at December 31, 2019.
On the basis of the progress of litigation at the preparation date of this document, supported by an update from their advisors, the Group believes that the provisions set aside in the financial statements are adequate and represent the best estimate of liabilities for risks and charges.

### *Contingent liabilities*

With regards to the notification of invitation from the Municipality of Bologna, received on February 10, 2020, of a differing cadastral classification of a number of buildings - against that agreed with the administration since 2007 - with a consequent impact on the IMU tax for recent years and following which a provision for risks of Euro 226 thousand was recognised to the 2020 financial statements, 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 336 thousand and therefore to include appropriate information 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 for passenger boarding fees. As of the date of preparation of this document, and specifically taking into account the information available and the elements of defence that can be objected to in relation to the action brought (see. Directors' Report), the Directors considered it appropriate to provide disclosure in the Notes, without making any accrual, in view of the fact that in this case the conditions for action by the creditor do not exist, although while at the same time continuing to closely monitor the airline's situation.

## 17. Non-current and current financial liabilities

The following table breaks down non-current and current financial liabilities at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Bank loans – non-current | 68,759 | 11,643 | 57,116 |
| Non-current financial liabilities for leasing | 1,026 | 1,437 | (411) |
| **NON-CURRENT FINANCIAL LIABILIITES** | **69,785** | **13,080** | **56,705** |
| Bank loans - current | 3,064 | 3,059 | 5 |
| Current financial liabilities for leasing | 544 | 521 | 23 |
| Payables due for boarding fee surtaxes and Iresa | 896 | 2,565 | (1,669) |
| Other current financial debt | 33 | 28 | 5 |
| **CURRENT FINANCIAL LIABILITIES** | **4,537** | **6,173** | **(1,636)** |
| **TOTAL FINANCIAL LIABILITIES** | **74,322** | **19,253** | **55,069** |

Financial liabilities at December 31, 2020 increased significantly compared to the previous year due to the signing of two loans by the Parent Company to support the infrastructure development plan and the increased working capital needs as a result of the COVID-19 emergency. These concern loans disbursed by SACE guarantees under the "Italy Guarantee" programme amounting to Euro 25 million with Unicredit and Euro 33.9 million with Intesa Sanpaolo. The loans have a 72-month duration, with equal instalments to be paid on a quarterly basis, and a grace period of 2 years (Unicredit) and 3 years (Banca Intesa).

In addition to the above two new loans classified under "non-current loans" considering the two-year grace period, as of December 31, 2020, loan liabilities consist of:

- fifteen-year bank loan with maturity 2026, with a residual balance of Euro 2.7 million at December 31, 2019 (Euro 3.3 million at December 31, 2019), 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 2.2 million under non-current loans (Euro 2.8 million at December 31, 2018), and for Euro 0.5 million, equal to the capital portion to be repaid in 2021, under current loans (same amount at December 31, 2019);
- ten-year bank loan with 2024 maturity, with a balance of Euro 10.1 million at December 31, 2020 (Euro 11.4 million at December 31, 2019), granted by Banca Intesa to fund the infrastructure investment plan of the Parent Company. This loan is classified for Euro 7.6 million under non-current loans (Euro 8.9 million at December 31, 2019), and for Euro 2.5 million under current loans (same amount at December 31, 2019). In 2020 the Parent Company adhered to the moratorium proposed by the Bank with postponement of the instalment on the loan maturing in June 2020 and corresponding extension of the duration of the loan from June to December 2024. The Company did not incur any additional charges for this moratorium. 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.

Changes during the period also include a short-term loan of Euro 5 million obtained and repaid by the Parent Company in the first half of the year and the repayments on existing loans totalling Euro 1.8 million.

Loans breakdown:

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Bank loans – non-current | 68,759 | 11,643 | 57,116 |
| Bank loans - current | 3,064 | 3,059 | 5 |
| **TOTAL LOANS** | **71,823** | **14,702** | **57,121** |

The contractual conditions of the loans in place at December 31, 2020 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-Yearly | 2024 | Yes |
| Monte dei Paschi di Siena (former Banca Agricola Mantovana) | Loan | Euribor variable 3 Months + spread 0.9% | Quarterly | 2026 | No |
| Unicredit Spa Sace guarantee | Loan | Fixed rate of 0.77% | Quarterly | 2026 | Yes |
| Intesa San Paolo Spa - SACE-backed | Loan | Euribor variable 3 Months + spread 1.29% | Quarterly | 2026 | No |

The annual nominal cost of the two new bank loans, shown in the table above, is in addition to the cost of the SACE guarantee, which amounts to 0.5% in the first year, 1% in the second and third years and 2% from the fourth to sixth years of the guaranteed portion of the debt, equal to 90% of the loan.

The loans are not covered by secured guarantees.

With reference to the cross default clauses on the loan contracts of the Group, 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, 2020 the Group has not received any communication for application of cross default clauses by any of its lenders as the Group is in compliance with its existing contractual commitments.
With regard to non-compliance, due to worsening margins owed to the current crisis, Banca Intesa informed AdB on August 31, 2020 that some covenants – which are usually reviewed on an annual basis, and relate to a loan undertaken with the bank prior to the Covid-19 pandemic – will be suspended for 2020 and 2021. The annual contractual covenants on the Unicredit loan finalised in July shall apply from the 2022 financial statements.
A sensitivity analysis is illustrated below on variable interest rate loans held at December 31, 2020.

| | | | in thousands of Euro | | | |
|---|---|---|---|---|---|---|
| **Credit Institution** | **Type of loan** | **Interest rate applied** | **Balance 31.12.2020** | **Interest balance for year** | **Sensitivity Analysis (+0.5%)** | **Sensitivity Analysis: (-0.1%)** |
| Monte dei Paschi di Siena (former Banca Agricola Mantovana) | Banking | Euribor 3 months/360 + 0.9% | 2,751 | 16 | 31 | 13 |
| Intesa San Paolo Spa - SACE-backed | Banking | Euribor 3 months/360 + 1.29% | 33,900 | 120 | 194 | 105 |

The following table shows the liabilities for leases, in accordance with IFRS 16, representing the obligation to make the contractually-agreed payments for the right-to-use assets recorded under fixed assets in note 2.

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Non-current lease liabilities | 1,026 | 1,437 | (411) |
| Current lease liabilities | 544 | 521 | 23 |
| **TOTAL LEASE LIABILITIES** | **1,570** | **1,958** | **(388)** |

The Group has both underwritten leasing contracts as lessor with the sub-license of airport areas and spaces to its customers and also has undertaken leasing contracts as lessee for equipment, plant, machinery, automotive vehicles and land.
The table above refers to these latter obligations broken down into financial liabilities for leases:
- non-current: Euro 1 million for contractual instalments due beyond 12 months
- current: Euro 0.5 million relating to contractual instalments due within the current year.

We illustrate below the table required by IAS 7 - Cash Flow Statement for a greater disclosure of changes in financial liabilities:

| *in thousands of Euro* | 31/12/2019 | Cash flows | New contracts | Interest/Other Reclassifications | 31/12/2020 |
|---|---|---|---|---|---|
| Loans - current portion | 3,059 | (6,794) | 5,000 | 1,799 | 3,064 |
| Lease liabilities - current portion | 521 | (362) | 47 | 338 | 544 |
| Loans - non-current portion | 11,643 | 0 | 58,900 | (1,784) | 68,759 |
| Lease liabilities - non-current portion | 1,437 | 0 | 38 | (449) | 1,026 |
| **Total** | **16,660** | **(7,156)** | **63,985** | **(96)** | **73,393** |

The surtax on passenger boarding fees payable and for IRESA concerns the portion received by airlines at December 31, 2020 and reversed to the authority body in January.

## 18. Trade payables

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| | | | |
| **TRADE PAYABLES** | **13,612** | **18,537** | **(4,925)** |

Trade payables refer to the purchase of goods and services, including investments, and are mainly due to domestic suppliers; the item shows a significant decrease compared to December 31, 2019, mainly due to the reduction in external operational costs as the average payment days do not show significant changes between the two years (from 93 days in 2019 to 96 average days in 2020).

The table below shows the breakdown of trade payables at December 31, 2020 and December 31, 2019 by due date:

| *in thousands of Euro* | Not yet due | Overdue | Total as at 31.12.2020 |
|---|---|---|---|
| Invoices/credit notes received | 4,319 | 2,772 | 7,091 |
| Invoices/credit notes to be received | 6,521 | 0 | 6,521 |
| **TOTAL TRADE PAYABLES** | **10,840** | **2,772** | **13,612** |

| *in thousands of Euro* | Not yet due | Overdue 0-30 | Overdue 30-60 | Overdue 60-90 | Overdue beyond 90 | Total |
|---|---|---|---|---|---|---|
| | | | | | | |
| **TRADE PAYABLES** | **4,319** | **1,634** | **565** | **106** | **466** | **7,091** |

| *in thousands of Euro* | 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 |
| **TOTAL TRADE PAYABLES** | **14,008** | **4,529** | **18,537** |

| *in thousands of Euro* | Not yet due | Overdue 0-30 | Overdue 30-60 | Overdue 60-90 | Overdue beyond 90 | Total |
|---|---|---|---|---|---|---|
| | | | | | | |
| **TRADE PAYABLES** | **4,712** | **4,225** | **160** | **17** | **127** | **9,241** |

## 19. Other Liabilities

The following table breaks down current liabilities at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Current tax payables | 511 | 3,598 | (3,087) |
| Employee payables and social security institutions | 2,470 | 4,708 | (2,238) |
| ENAC concession fee and other State payables | 17,891 | 17,669 | 222 |
| Other current liabilities, accrued liabilities and deferred income | 2,562 | 5,137 | (2,575) |
| **TOTAL OTHER CURRENT LIABILITIES** | **23,434** | **31,112** | **(7,678)** |

The principal changes were as follows:

### i. Current tax payables

The following table breaks down tax payables at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Direct income taxes | 0 | 2,620 | (2,620) |
| Other tax payables | 511 | 978 | (467) |
| **TOTAL CURRENT TAX PAYABLES** | **511** | **3,598** | **(3,087)** |

Direct tax payables essentially fell to zero due to the tax loss for the period and the consequent recognition of deferred tax assets for IRES.
Other tax payables primarily relates to IRPEF payables for employed and self-employed staff, in which the former fell sharply as a result of the reduction in payroll costs and related liabilities, as shown in the following table.

### ii. Employee payables and social security institutions

The following table breaks down employee payables and social security institutions at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Due to personnel renumeration | 896 | 1,030 | (134) |
| Employee deferred compensation | 934 | 2,365 | (1,431) |
| Social security payables | 640 | 1,313 | (673) |
| **EMPLOYEE PAYABLES AND SOCIAL SECURITY INSTITUTIONS** | **2,470** | **4,708** | **(2,238)** |

Employee payables and social security institutions were down considerably at December 31, 2020 due to lower personnel costs for:

- reduction in the workforce;
- recourse to the Extraordinary Temporary Lay-Off Scheme for both the Parent Company and FFM;
- substantial absence of employee performance bonuses and MBOs;
- decrease in backlog of leave due to forced utilisations during the year.

### iii. ENAC concession fee and other State payables

The ENAC concession fees and other State payables mainly comprises:

- Euro 15.6 million (Euro 14.2 million in 2019) concerning the fire prevention service as governed by Article 1, paragraph 1328 of the 2007 Finance Act, modified by Article 4, paragraph 3*bis* of Law No. 2/2009. For further details, reference should be made to the chapter on Disputes in the Directors' Report;
- Euro 2.2 million as payable for the variable airport concession fee related to the 2019 adjustment and fee for the entire year 2020 while the payable at December 31, 2019, amounting to Euro 3.5 million, was only related to the second advance payment 2019 and adjustment for the year 2018. Payment of the fee, in fact, normally due on July 31 (previous year's balance and first advance payment for the current year) and January 31 of the following year (second advance payment for the current year), was postponed by ENAC as a measure to support the sector, first to January 31, 2021 and then to April 30, 2021.

### iv. Other current liabilities, accrued liabilities and deferred income

The following table breaks down current liabilities, accrued liabilities and deferred income December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Payables due for boarding fee surtaxes and Iresa | 1,539 | 4,036 | (2,497) |
| Other current liabilities | 952 | 1,018 | (66) |
| Current accrued liabilities and deferred income | 71 | 83 | (12) |
| **TOTAL OTHER CURRENT LIABILITIES, ACCRUED LIABILITIES AND DEFERRED INCOME** | **2,562** | **5,137** | **(2,575)** |

The main account concerns the surtax for passenger boarding fees and, from January 1, 2020 for IRESA, relating to the receivables from carriers not yet received at December 31 for Euro 1.5 million. The portion of the municipality surtax payable and for IRESA relating to receivables collected from carriers, not yet paid to the creditor entities on the other hand is classified under current financial liabilities (Note 17). The significant decline in this account is due to the reduction in aviation revenues following the abrupt drop in traffic as a result of the health emergency.
"Other current liabilities" include deposits and advances received from customers in addition to deferred income and miscellaneous payables.

## NOTES TO THE MAIN CONSOLIDATED INCOME STATEMENT ACCOUNTS

The principal income statement accounts in 2020 are compared with 2019 below; it bears recalling that the main differences between the two years are due almost exclusively to the dramatic reduction in traffic and revenues as a consequence of the Covid-19 pandemic, and on the other hand, to the various cost containment measures implemented by the Group in response to the crisis.

## REVENUES

### 20. Revenues

The tables below breakdown revenues for the years ending December 31, 2020 and 2019.In relation to the performance, reference should be made to the greater detail provided in the Directors' Report.
Consolidated revenues totalled Euro 67.5 million, a decline of Euro 57.6 million on 2019 (-46.1%).

Isolating the item "revenues from construction services", which concerns investments on concession rights that were significantly higher in 2020 (Euro 29.4 million compared to Euro 16.4 million in 2019), the revenues for the year report a 65.2% decrease from Euro 108.6 million in 2019 to Euro 37.8 million in 2020.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Revenues from aeronautical services | 21,548 | 63,274 | (41,726) |
| Revenues from non-aeronautical services | 15,426 | 44,295 | (28,869) |
| Revenues from construction services | 29,415 | 16,420 | 12,995 |
| Other operating revenues and income | 1,101 | 1,146 | (45) |
| **TOTAL REVENUES** | **67,490** | **125,135** | **(57,645)** |

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:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Airport fees | 17,476 | 56,322 | (38,846) |
| Parking | 4,583 | 16,818 | (12,235) |
| Revenues from construction services | 29,415 | 16,420 | 12,995 |
| Others | 7,065 | 12,603 | (5,538) |
| **TOTAL IFRS 15 REVENUE STREAMS** | **58,539** | **102,163** | **(43,624)** |

The reconciliation between IFRS 15 revenue streams and total revenues is shown in the following table:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Airport fees | 17,476 | 56,322 | (38,846) |
| Parking | 4,583 | 16,818 | (12,235) |
| Revenues from construction services | 29,415 | 16,420 | 12,995 |
| Other | 7,065 | 12,603 | (5,538) |
| **TOTAL IFRS 15 REVENUE STREAMS** | **58,539** | **102,163** | **(43,624)** |
| Commercial/non-comm. sub-licenses | 8,870 | 22,825 | (13,955) |
| **TOTAL NON IFRS 15 REVENUE STREAMS** | **8,870** | **22,825** | **(13,955)** |
| TOTAL NON IFRS 15 Revenues | 81 | 147 | (66) |
| **TOTAL REVENUES** | **67,490** | **125,135** | **(57,645)** |

### i. Revenues from aeronautical services

The table below shows revenues from aeronautical services in 2020 and 2019.

This category of revenues presents the greatest decline, at 65.9%, since it is the component directly correlated with traffic (passenger traffic -73.4%).

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Revenues from centralised infrastructure/other airport services | 339 | 721 | (382) |
| Exclusive use revenues | 570 | 1,293 | (723) |
| Airport fee revenues | 22,858 | 75,841 | (52,983) |
| PRM revenues | 1,678 | 6,091 | (4,413) |
| Air traffic development incentives | (7,164) | (25,895) | 18,731 |
| Handling services | 1,769 | 2,699 | (930) |
| Other aeronautical revenues | 1,498 | 2,524 | (1,026) |
| **TOTAL REVENUES FROM AERONAUTICAL SERVICES** | **21,548** | **63,274** | **(41,726)** |

The breakdown of airport fee revenues is shown below:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Passenger boarding fees | 9,154 | 38,514 | (29,360) |
| Landing, take-off and parking fees | 9,162 | 21,596 | (12,434) |
| Passenger security fees | 2,987 | 12,381 | (9,394) |
| Baggage stowage control fees | 982 | 3,514 | (2,532) |
| Cargo loading and unloading fees | 692 | 761 | (69) |
| Reduction for provision | (119) | (925) | 806 |
| **TOTAL AVIATION FEE REVENUES** | **22,858** | **75,841** | **(52,983)** |

### ii. Revenues from non-aeronautical services

The table below shows revenues from non-aeronautical services in 2020 and 2019.

The strong contraction (-65.2%) is due to the sharp drop in passenger traffic with decline in revenues from services directly linked to traffic (parking -72.7%, Marconi Business Lounge -78.0%) but was also particularly significant in the sub-concessions of premises and areas (-62.8%) due to the closure of almost all businesses initially decreed by Ministerial Decree of March 11, 2020, which was partially restored during the summer season but then extended into the autumn due to the second wave of the pandemic. This category of revenues was also negatively impacted by renegotiations with customers with the adoption, as of May, of a new contractual scheme for retail customers that provided for more favourable conditions for clients with the cancellation of fixed fees and payment of only the variable portion linked to turnover.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Commercial premises and spaces sub-license | 7,345 | 19,760 | (12,415) |
| Parking | 4,583 | 16,818 | (12,235) |
| Other commercial revenues | 3,498 | 7,717 | (4,219) |
| **TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES** | **15,426** | **44,295** | **(28,869)** |

Other commercial revenues are broken down as follows:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Marconi Business Lounge | 634 | 2,887 | (2,253) |
| Advertising | 1,082 | 1,891 | (809) |
| Misc. commercial revenues | 1,782 | 2,939 | (1,157) |
| **TOTAL OTHER COMMERCIAL REVENUES** | **3,498** | **7,717** | **(4,219)** |

The contraction in activities at the Marconi Business Lounge due to the noted reasons linked to the drop in traffic was compounded by a sharp reduction in the other two items in this category, in particular the item "other commercial revenues", within which lower revenues were recorded primarily for security services, maintenance of operating equipment, training courses for airport personnel and road access to the Terminal, all components closely linked to operations.

### iii. Revenues from construction services

Revenues from construction services concern the construction services undertaken by the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group 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 29.4 million in 2020, compared to Euro 16.4 million in 2019, due to the greater investments in airport infrastructure under concession; see the Directors' Report for further information.

### iv. Other Revenue and Income

The table below shows other revenues and income in 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Indemnities, reimbursement and misc. income | 700 | 961 | (261) |
| Operating and plant grants | 84 | 104 | (20) |
| Revenues from Terminal Value on Provision for Renewal | 316 | 81 | 235 |
| Capital gains | 1 | 0 | 1 |
| **TOTAL OTHER REVENUES AND INCOME** | **1,101** | **1,146** | **(45)** |

The decrease in these revenues was lesser (-3.9%) as it is a category less impacted by the effects of the COVID-19 pandemic. The first item, "Indemnities, reimbursement and misc. income", decreased mainly due to lower sales of energy efficiency certificates and lower "condominium expenses" recharged to sub-concessionaires.
"Operating and plant grants" include Euro 29 thousand for the non-repayable grant pursuant to Article 25 of Legislative Decree No. 34/2020, Euro 28 thousand for the "Sanitization bonus" tax credit pursuant to Article 125 of the same decree, in addition to Euro 21 thousand for grants from the Bologna Chamber of Commerce for the Covid-19 emergency safe restart. This item includes the relative portion of the plant grant for investments in capital goods pursuant to Law No. 160/2019 (Euro 6 thousand).
The account "Revenues from Terminal Value on Provision for Renewal" includes the income statement counter-entry of the receivable discounted from Terminal Value, calculated on interventions and utilisations of the provision for renewal in 2020. The increase with respect to the previous year is due to the greater amount of work carried out, especially on the runway, as part of the extraordinary maintenance carried out during the closure in September 2020.

## COSTS

As early as the beginning of spring 2020, when the effects of the pandemic began to be felt in full and uncertainties grew over the duration of the phenomenon, the actions implemented by the Group to contain operating costs were aimed at renegotiating, where possible, the contractual terms with suppliers, closing part of the Terminal areas to reduce consumption given the limited operations
and the request to use the Extraordinary Temporary Lay-off Scheme for employees of the Parent Company and the subsidiary FFM, in order to keep the largely fixed costs of airport operators as variable as possible.
On the other hand, some costs have increased for pandemic containment measures and the equipment and devices needed for this purpose (sanitizing gel diffusers, masks, etc.).
In summary, overall costs decreased by 11% in 2020 from Euro 80.2 million to Euro 71.4 million. Excluding the item "construction services" - up 79.1% due to higher investments in concession rights - the savings on total operating costs rises to 32.8%, from Euro 64.6 million in 2019 to Euro 43.4 million in 2020.

### 21. Costs

### i. Consumables and goods

The table below presents consumables and goods in 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Consumables and goods | 792 | 749 | 43 |
| Maintenance materials | 121 | 240 | (119) |
| Fuel and gasoline | 446 | 1,316 | (870) |
| **TOTAL CONSUMABLES AND GOODS** | **1,359** | **2,305** | **(946)** |

As illustrated in the table, this cost category reports overall savings of approximately Euro 1 million (-41.0%), primarily due to lower fuel consumption for both General Aviation aircraft and operating equipment, given the reduced level of operations, as well as lower costs for maintenance materials also due to the reduction in activities. On the other hand, the cost of consumable goods increased primarily due to COVID-19 safety equipment for employees and passengers (PPE, gel dispensers, social distance signs, dedicated signage, etc.).

### ii. Service costs

The following table shows the breakdown of services costs for 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Maintenance costs | 4,203 | 4,856 | (653) |
| Utilities | 1,832 | 2,403 | (571) |
| Cleaning and accessory services | 1,564 | 2,122 | (558) |
| Services | 4,457 | 6,549 | (2,092) |
| MBL Services | 105 | 334 | (229) |
| Advertising, promotion and development | 326 | 839 | (513) |
| Insurance | 863 | 816 | 47 |
| Professional and consultancy services | 1,427 | 2,096 | (669) |
| Statutory board fees and expenses | 535 | 591 | (56) |
| Other service costs | 75 | 314 | (239) |
| **TOTAL SERVICE COSTS** | **15,387** | **20,920** | **(5,533)** |

This category of costs also decreased significantly (-26.4%), primarily due to the COVID-19 emergency, which reduced the cost of several services correlated to traffic (PRM Passengers with Reduced Mobility service, MBL Marconi Business Lounge service, shuttle service to/from parking lots) and terminal operations, with the resulting savings on utilities, cleaning and maintenance, and enabled the renegotiation of several service contracts to take account of the reduced operating needs.

In addition to the effect of Covid, snow clearance activities were reduced due to the milder temperatures during the winter period.

A breakdown in maintenance expenses is provided below:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Owned asset maintenance expenses | 960 | 1,099 | (139) |
| Airport infrastructure maintenance expenses | 2,878 | 3,031 | (153) |
| Third party asset maintenance expenses | 365 | 726 | (361) |
| **TOTAL MAINTENANCE EXPENSES** | **4,203** | **4,856** | **(653)** |

The breakdown of services is illustrated below:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Snow clearance | 312 | 508 | (196) |
| Porterage, transport third-party services | 172 | 690 | (518) |
| PRM assistance service | 483 | 1,735 | (1,252) |
| De-icing and other public service charges | 358 | 374 | (16) |
| Security service | 1,213 | 1,297 | (84) |
| Other outsourcing | 1,919 | 1,945 | (26) |
| **TOTAL SERVICES** | **4,457** | **6,549** | **(2,092)** |

For the disclosure pursuant to Article 38, paragraph 1, letter o) of Legislative Decree No. 127/91, it should be noted that the remuneration of the sole director of AdB, who also serves on the Board of Directors of the subsidiary, FFM, amounts to Euro 95 thousand (Euro 85 thousand for AdB and Euro 10 thousand for FFM).

The table below reports the fees paid to the Board of Statutory Auditors and the Independent Audit Firm:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Statutory auditors' fees | 158 | 154 | 4 |
| Independent auditors' fees | 141 | 147 | (6) |
| **Total** | **299** | **301** | **(2)** |

The independent auditors' fees are illustrated below:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Audit (*) | 125 | 124 | 1 |
| Certification work | 6 | 6 | 0 |
| Other services (**) | 10 | 17 | (7) |
| **Total** | **141** | **147** | **(6)** |

*(*) 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 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Concession fees | 1,684 | 6,636 | (4,952) |
| Hire charges | 123 | 145 | (22) |
| Rental charges | 23 | 161 | (138) |
| EDP processing charges | 1,588 | 1,701 | (113) |
| Other rental & hire costs | 4 | (29) | 33 |
| **TOTAL LEASES, RENTALS AND OTHER COSTS** | **3,422** | **8,614** | **(5,192)** |

This cost category also decreased significantly (-60.3%), mainly due to the lower traffic volumes, on whose basis the concession and security fees are calculated and lower variable fees relating to the rental of parking areas.

### v. Other operating expenses

The following table shows the breakdown of other operating expenses for 2020 and 2019 (no significant changes).

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Misc. and local taxes | 1,151 | 1,354 | (203) |
| Fire prevention service contribution | 1,399 | 1,440 | (41) |
| Capital losses | 17 | 0 | 17 |
| Other operating expenses | 375 | 466 | (91) |
| **TOTAL OTHER OPERATING EXPENSES** | **2,942** | **3,260** | **(318)** |

Other operating expenses also reported savings (-9.8%), although less than other cost categories as they consist primarily of fixed taxes and levies such as the contribution to the Fire Prevention Service, which is charged at Euro 30 million per year divided between all Italian airports in proportion to the traffic at each airport. Although some concessions were granted on local taxation (e.g. TARI by the Municipality of Bologna), in relation to the COVID-19 emergency, no reduction was applied for the Fire Prevention Service, making this charge even more unfair to which reference should be made to the chapter on disputes in the Directors' Report.

### vi. Personnel costs

The following table shows the breakdown of personnel costs for 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Wages and salaries | 13,643 | 20,279 | (6,636) |
| Social security expenses | 4,223 | 5,627 | (1,404) |
| Severance provisions | 1,300 | 1,444 | (144) |
| Retirement pension and others | 199 | 195 | 4 |
| Other personnel costs | 922 | 1,915 | (993) |
| **TOTAL PERSONNEL COSTS** | **20,287** | **29,460** | **(9,173)** |

The decline in personnel costs (-31.1%) was due, on the one hand, to the decrease in the workforce (-52 average resources in 2020 compared to 2019; -77 resources at December 31, 2020 compared to December 31, 2019) owing to the non-renewal of forward contracts for the operating areas and, on the other, to the other personnel cost containment actions in the light of the dramatic reduction in traffic caused by the COVID-19 emergency.

In particular, on March 21, 2020, the Parent Company launched an Extraordinary Temporary Lay-off Scheme for all employees, followed by those employed by the subsidiary FFM in April, maintaining only the operational services deemed essential, resulting in a significant reduction in the activities of other employees, after using the backlog of holidays and blocking overtime work.

In June, following the resumption of operations at the airport by carriers, the use of the Extraordinary Temporary Lay-off Scheme was partially reduced for the operating sectors but then resumed with greater intensity due to the second wave of the pandemic. In addition to the above savings, the employee performance bonuses were reduced to zero due to the loss reported in the year, and we also report a sharp reduction in other staff costs such as canteen expenses, staff training and refresher courses, travel expenses, the cost of temporary staff and social security charges (under other personnel costs") as shown in the following table:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Employee canteen | 351 | 648 | (297) |
| Personnel training and refresher courses | 98 | 334 | (236) |
| Employee expenses | 44 | 296 | (252) |
| Other personnel provisions | 122 | 95 | 27 |
| Misc. personnel costs | 307 | 542 | (235) |
| **TOTAL OTHER PERSONNEL COSTS** | **922** | **1,915** | **(993)** |

The average headcount by category in the two periods under consideration is shown below:

| *Average workforce (No.)* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Executives | 9 | 9 | 0 |
| White-collar | 395 | 435 | (40) |
| Blue-collar | 88 | 99 | (11) |
| **TOTAL PERSONNEL** | **492** | **543** | **(51)** |

The headcount at the end of the two financial years under consideration was as follows:

| *Workforce (number)* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Executives | 9 | 9 | 0 |
| White-collar | 379 | 442 | (63) |
| Blue-collar | 83 | 97 | (14) |
| **TOTAL PERSONNEL** | **471** | **548** | **(77)** |

## 22. Depreciation, amortisation and impairment

The following table shows the movement of depreciation, amortisation and impairment for the periods ended December 31, 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Amortisation/impairment of Concession Rights | 6,688 | 6,243 | 445 |
| Amortisation of other intangible assets | 1,409 | 1,576 | (167) |
| Depreciation/write-down of tangible assets | 2,531 | 2,750 | (219) |
| **TOTAL DEPRECIATION AND AMORITISATION** | **10,628** | **10,569** | **59** |

Depreciation and amortisation is in line with the effects of the full year application from the progressive roll-out of investments over the last twelve months (see Investments Chapter of the Directors' Report and notes 1 and 2). On the other hand, with regard to concession fees, it should be noted the effect of the extension of the duration of the airport concession provided for by the Relaunch Decree in order to contain the economic effects of the COVID-19 pandemic; consequently, the amortisation plan of the concession fees that came into operation in July 2020, together with the amortisation plan of the residual book value of the concession fees as of June 30, 2020, were rescheduled to the new expiry date of the airport concession (December 2046).
Depreciation of tangible assets includes Euro 0.5 million of depreciation of the right-to-use assets in accordance with IFRS 16.

Finally, this category includes Euro 54 thousand of write-downs (concession rights for Euro 9 thousand and tangible assets for Euro 45 thousand) for the cancellation of projects that can no longer be used, compared to Euro 33 thousand in the previous year for Concession rights.

### 23. Provisions for risks and charges

The following table shows the movement of the provisions for risks and charges in 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Provisions for doubtful accounts | 508 | (1) | 509 |
| Provision for renewal of airport infrastructure | 2,306 | 2,893 | (587) |
| Provisions for other risks and charges | 30 | 409 | (379) |
| **TOTAL PROVISIONS** | **2,844** | **3,301** | **(457)** |

This category of costs also reports a contraction due to:

- the lower provision for renewal of airport infrastructure, which represents the amount accrued during the period of the costs of restoration and replacement of the airport infrastructure to be returned to ENAC at the end of the concession in a state of efficiency and full operation. The lower provision was due to the revision of the ten-year plan of restoration and replacement interventions, with the deferral of several airside projects.
- the provision for risks and charges, which reports the release of provisions previously set aside for the conclusion of the risk on a dispute concluded in 2020.

With regard to the provision for doubtful accounts, these are made to take account of the perceived risk of loss expected from each receivable and on a lump-sum basis, as provided for by IFRS 9. The higher provision compared with 2019 is also due to the reduction in revenues in the previous year rather than the allocation of the provision in this line item, as in 2019 a write-down of revenues and corresponding receivables was carried out fully in the previous year.

### 24. Net financial income and expenses

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Income from securities | 26 | 17 | 9 |
| Other income | 94 | 133 | (39) |
| Discounting income on provisions | 78 | 0 | 78 |
| **TOTAL FINANCIAL INCOME** | **198** | **150** | **48** |
| Interest expenses and bank charges | (578) | (431) | (147) |
| Discounting charges on provisions | (538) | (664) | 126 |
| Interest charges for discounting of liabilities for leasing | (6) | (22) | 16 |
| Other financial expenses | (96) | (8) | (88) |
| **TOTAL FINANCIAL EXPENSES** | **(1,218)** | **(1,125)** | **(93)** |
| **TOTAL FINANCIAL INCOME AND EXPENSES** | **(1,020)** | **(975)** | **(45)** |

**Financial operations** reported net financial expenses of Euro 1 million which was in line with 2019. In detail, financial income rose while interest expense decreased from the discounting of provisions. On the other hand, bank interest expense rose due to higher overall debt.

## 25. Income taxes

The following table shows the taxes for the year for 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Current income taxes | (340) | 9,034 | (9,374) |
| Deferred tax assets and liabilities | (4,484) | 206 | (4,690) |
| **TOTAL INCOME TAXES FOR THE YEAR** | **(4,824)** | **9,240** | **(14,064)** |
| **% current taxes on results before taxes** | **n.a.** | **30.02%** | **n.a.** |
| **% income taxes for the year on results before taxes** | **n.a.** | **30.71%** | **n.a.** |

Income taxes in 2020 amounted to tax income of Euro 4.8 million compared to a tax charge of Euro 9.2 million in 2019, primarily due to the recognition of deferred tax assets on the IRES tax loss for the year of Euro 4.8 million.

| *IRES effective/theoretical Tax Rate Reconciliation* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Pre-tax result | (18,414) | 30,092 | (48,506) |
| **Ordinary tax rate** | **24%** | **24%** | **0%** |
| **Ires surtax** | **3.5%** | **3.5%** | **0%** |
| Theoretical tax charge | 0 | 8,275 | (8,275) |
| **Effect of increases and decrease to the ordinary rate** | | | |
| Provisions deductible in future years | 854 | 2,825 | (1,971) |
| Costs deductible in future years | 2,909 | 1,659 | 1,250 |
| Other Costs deductible in previous years | 0 | 18 | (18) |
| Other non-deductible costs | 839 | 992 | (153) |
| Utilisation provisions deductible in future years | (1,570) | (554) | (1,016) |
| Costs not deductible in previous years | (2,883) | (4,097) | 1,214 |
| Other differences | (1,734) | (2,853) | 1,119 |
| IAS deferred tax assets / liabilities | (195) | (168) | (27 |
| Adjusted IRES rate 24% | 0 | (95) | 95 |
| **Total increase/decrease** | **1,780** | **(2,273)** | |
| Tax effect on changes IRES 24% | 0 | (523) | 523 |
| Tax effect on surcharge changes IRES 3.5% | 0 | (76) | 76 |
| IRES deferred tax assets on tax loss 24% | (4,847) | 0 | (4,847) |
| IRES tax for the year 24% | 0 | 6,699 | (6,699) |
| IRES surcharge 3.5% | 0 | 951 | (951) |
| **Effective IRES rate** | **n.a.** | **25.42%** | **n.a.** |

The breakdown of current income taxes is illustrated below:

| *Breakdown of income taxes* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| IRES | 0 | 7,650 | (7,650) |
| IRAP | 12 | 1,549 | (1,537) |
| Prior year taxes | (352) | (165) | (187) |
| **TOTAL** | **(340)** | **9,034** | **(9,187)** |

The item “Prior year taxes" mainly relates to the IRAP resulting from the exclusion of the obligation to pay the 2019 IRAP balance as provided for by Legislative Decree No. 34 of May 19, 2020 (the "Relaunch Decree").

### 26. 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 2020, 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.

### 27. Commitments and risks

**Environmental investment commitments**

In January 2020, the Airport Decarbonization Territorial Agreement was updated from the original agreement signed in 2015 to align with the new 2016-2030 Airport Master Plan and changed project requirements. Following this update, the Parent Company's commitment increased from Euro 6.5 million to Euro 9.3 million for investment in the construction of a large wooded area to the north of the airport, as well as nature conservation works on the "Golena San Vitale" site of Community interest and the construction of a cycle path linking the airport and the city of Bologna.

**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.

### 28. Law 124/2017 Article 1, paragraphs 125-129 - Transparency of public disbursements

In 2020, the Group benefited from the so-called "State aid" related to:

- the exemption from the payment of the 2019 IRAP balance and the first 2020 advance payment, as per Article 24 of Legislative Decree No. 34 of May 19, 2020 (Relaunch Decree) amounting to Euro 368 thousand and Euro 12 thousand respectively;
- the non-repayable grant pursuant to Article 25 of Legislative Decree No. 34/2020 amounting to Euro 29 thousand;
- the tax credit of Euro 28 thousand for the so-called "Sanitization bonus" pursuant to Article 125 of the same decree;

in addition to Euro 21 thousand for grants from the Bologna Chamber of Commerce for the safe restart of the Covid-19 emergency.

The Group also received approximately Euro 21 thousand in operating grants from the Bologna Chamber of Commerce for the purchase and installation of security systems. Please refer to the National Register of State Aid website for further information.

## 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.

Reference should be made to the Directors' Report for further information on the business outlook.

The Chairman of the Board of Directors
*(Enrico Postacchini)*

Bologna, March 15, 2021

**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, 2020, 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, 2020 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, 2020:

   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, 15 March 2021

| **The Chief Executive Officer** | **Officer in charge of preparing the corporate accounting documents** |
|---|---|
| (Nazareno Ventola) | (Patrizia Muffato) |

# Aeroporto Guglielmo Marconi di Bologna S.p.A.

Consolidated financial statements as at December 31, 2020

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

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 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, 2020, 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, 2020, 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 matters:

| Key Audit Matters | Audit Response |
|---|---|
| Impairment test following the impacts deriving from the Covid-19 pandemic on the Group's business | |
| The performance of the Aeroporto Guglielmo | Our audit procedures performed in response to |

EY S.p.A.
Sede Legale: Via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
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Marconi di Bologna Group for the 2020 fiscal year was heavily influenced by the restrictions on air traffic for the purpose of containing the Covid-19 pandemic. Such restrictions contributed to a contraction in passenger volume transiting through the Bologna airport of 73.4% as compared to the 2019 fiscal year and consequently, contributed to a reduction in revenue for aviation services of 65.9% and non-aviation services by 65.2% compared to the 2019 fiscal year.
The reduction in traffic and the contraction in revenues of the Group as impacted by the restrictions imposed by the Covid-19 pandemic represent an indicator of impairment in accordance with IAS 36.
In consideration of the significance of the impacts deriving from events described above, we considered that this aspect represents a key audit matter.

The disclosures relating to the impairment test are included in note 1. “Intangible assets”. The disclosures relating to Covid-19 impacts on the fiscal year 2020 are included in section “Accounting Standards adopted for the preparation of the Consolidated Financial Statements for the year ended December 31, 2020” under paragraph “Impacts of the Covid-19 pandemic and going concern”.

this Key Audit Matter included, among others:

- assessment of the valuation methodologies adopted by the Group;
- analysis of the assumptions underlying the preparation the financial and economic plan made by the Group;
- analysis of the consistency of the assumptions in the context of the macroeconomic environment;
- discussions with management regarding the manner of construction of the impairment test model;
- testing the consistency of the of the discount rate applied (WACC).

In performing our audit procedures, we also involved our valuation specialists who performed and independent calculation and carried out a sensitivity analysis of the key assumptions for the purpose of determining changes in assumptions that could significantly impact the determination of the recoverable amount.

Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements in relation to the Key Audit Matter.

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Valuation of the provision for renewal of airport infrastructure

The provision for renewal of airport infrastructure (the “Provision”) accounted for in the consolidated financial statements as of December 31, 2020 amounts to Euro 11.7 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.
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

Our audit procedures performed in response to this Key Audit Matter included, among others:

- assessment of the process and key internal controls implemented by the Group;
- understanding of the concession agreement from which the obligation arises;
- analysis of the supporting report prepared by the Group’s technical departments;
- test of details on a sample of Provision’s utilizations accounted for during the fiscal year;
- assessment of the key changes to the amount of the Provision as compared to the prior year;
- a critical analysis of the assumptions

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.

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. “Provision for renewal of airport infrastructure (non-current and current)”.

underlying the calculation of the Provision as well as the consistency of such with the 2021-2025 business plan approved by the Directors;

- testing the reasonableness of the discount rate used and the mathematical accuracy of the accrued Provision.

Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements in relation to the Key Audit Matter.

## 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, 2020, 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, 2020 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, 2020 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 31, 2021

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, 2020

# Statement of Financial Position
# Income Statement
# Statement of Comprehensive Income
# Cash Flow Statement
# Statement of Changes in Shareholders' Equity

# Statement of Financial Position

| *in units of Euro* | Note | As at 31.12.2020 | As at 31.12.2019 |
|---|---|---|---|
| Concession rights | | 193,676,872 | 171,238,190 |
| Other intangible assets | | 1,560,895 | 2,255,143 |
| ***Intangible assets*** | **1** | **195,237,767** | **173,493,333** |
| Land, property, plant and equipment | | 12,321,496 | 14,668,675 |
| Investment property | | 4,732,016 | 4,732,016 |
| ***Tangible assets*** | **2** | **17,053,512** | **19,400,691** |
| Investments | **3** | 3,189,098 | 3,189,098 |
| Other non-current financial assets | **4** | 11,915,476 | 11,505,419 |
| Deferred tax assets | **5** | 10,428,260 | 5,963,489 |
| Other non-current assets | **6** | 231,546 | 952,662 |
| ***Other non-current assets*** | | **25,764,380** | **21,610,668** |
| ***NON-CURRENT ASSETS*** | | **238,055,659** | **214,504,692** |
| Inventories | **7** | 649,213 | 585,649 |
| Trade receivables | **8** | 5,687,761 | 14,706,895 |
| Other current assets | **9** | 3,643,056 | 4,897,509 |
| Current financial assets | **10** | 274,630 | 701 |
| Cash and cash equivalents | **11** | 37,990,527 | 24,609,068 |
| ***CURRENT ASSETS*** | | **48,245,187** | **44,799,822** |
| ***TOTAL ASSETS*** | | **286,300,846** | **259,304,514** |

| *in units of Euro* | Note | As at 31.12.2020 | As at 31.12.2019 |
|---|---|---|---|
| Share capital | | 90,314,162 | 90,314,162 |
| Reserves | | 83,567,481 | 63,544,871 |
| Profit (loss) for the year | | (13,963,341) | 20,067,779 |
| **TOTAL SHAREHOLDERS' EQUITY** | **12** | **159,918,302** | **173,926,812** |
| Severance and other personnel provisions | **13** | 3,863,789 | 3,886,797 |
| Deferred tax liabilities | **14** | 2,072,521 | 2,068,884 |
| Provision for renewal of airport infrastructure | **15** | 10,138,656 | 9,369,485 |
| Provisions for risks and charges | **16** | 1,239,889 | 1,248,123 |
| Non-current financial liabilities | **17** | 67,562,298 | 10,337,264 |
| Other non-current liabilities | | 40,539 | 159,301 |
| ***NON-CURRENT LIABILITIES*** | | **84,917,692** | **27,069,854** |
| Trade payables | **18** | 12,859,707 | 18,050,405 |
| Other liabilities | **19** | 23,054,503 | 30,646,909 |
| Provision for renewal of airport infrastructure | **15** | 1,538,000 | 3,974,879 |
| Provisions for risks and charges | | 0 | 0 |
| Current financial liabilities | **17** | 4,012,642 | 5,635,655 |
| ***CURRENT LIABILITIES*** | | **41,464,852** | **58,307,848** |
| ***TOTAL LIABILITIES*** | | **126,382,544** | **85,377,702** |
| ***TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES*** | | **286,300,846** | **259,304,514** |

# Income Statement

| *in units of Euro* | Note | for the year ended 31.12.2020 | for the year ended 31.12.2019 |
|---|---|---|---|
| Revenues from aeronautical services | | 18,208,332 | 57,763,693 |
| Revenues from non-aeronautical services | | 14,963,815 | 43,721,350 |
| Revenues from construction services | | 29,376,924 | 16,420,459 |
| Other operating revenues and income | | 1,185,135 | 1,274,071 |
| **Revenues** | **20** | **63,734,206** | **119,179,573** |
| Consumables and goods | | (915,196) | (1,084,051) |
| Service costs | | (14,118,242) | (19,453,920) |
| Construction service costs | | (27,978,023) | (15,638,533) |
| Leases, rentals and other costs | | (3,345,619) | (8,522,965) |
| Other operating expenses | | (2,898,095) | (3,199,970) |
| Personnel costs | | (19,193,646) | (28,076,493) |
| **Costs** | **21** | **(68,448,821)** | **(75,975,932)** |
| Amortisation/impairment of Concession Rights | | (6,497,873) | (6,045,321) |
| Amortisation of other intangible assets | | (1,396,726) | (1,561,254) |
| Depreciation of tangible assets | | (2,447,400) | (2,636,604) |
| **Depreciation, amortisation and impairment** | **22** | **(10,341,999)** | **(10,243,179)** |
| Provisions for doubtful accounts | | (502,040) | 5,315 |
| Provision for renewal of airport infrastructure | | (2,309,052) | (2,814,137) |
| Provisions for other risks and charges | | (2,164) | (266,676) |
| **Provisions for risks and charges** | **23** | **(2,813,256)** | **(3,075,498)** |
| **Total Costs** | | **(81,604,076)** | **(89,294,609)** |
| **Operating result** | | **(17,869,870)** | **29,884,964** |
| Financial income | **24** | 167,420 | 129,115 |
| Financial expenses | **24** | (1,192,280) | (1,089,032) |
| **Result before taxes** | | **(18,894,730)** | **28,925,047** |
| Taxes for the year | **25** | 4,931,389 | (8,857,268) |
| **Profit (loss) for the year** | | **(13,963,341)** | **20,067,779** |

| | | |
|---|---|---|
| **Undiluted earnings/(loss) per share (in Euro)** | **(0.39)** | **0.55** |
| **Diluted earnings/(loss) per share (in Euro)** | **(0.39)** | **0.55** |

## Comprehensive Income Statement

| *in units of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 |
|---|---|---|
| **Profit (loss) for the period (A)** | **(13,963,341)** | **20,067,779** |
| ***Other profits (losses) that will be reclassified in the net result for the year*** | 0 | 0 |
| ***Total other profits (losses) that will be reclassified in the net result for the year (B1)*** | **0** | **0** |
| ***Other profits (losses) that will not be reclassified in the net result for the year*** | | |
| Actuarial losses on severance and other personnel provisions | **(59,980)** | **(206,762)** |
| Tax impact on actuarial profits on severance and other personnel provisions | **14,812** | **50,240** |
| ***Total other losses that will not be reclassified in the net result for the year (B2)*** | **(45,168)** | **(156,523)** |
| **Total other losses, net of taxes (B1 + B2) = B** | **(45,168)** | **(156,523)** |
| **Total profits (losses), net of taxes (A + B)** | **(14,008,509)** | **19,911,256** |

# Cash Flow Statement

| *in units of Euro* | As at 31.12.2020 | As at 31.12.2019 |
|---|---|---|
| Core income-generating operations | | |
| Result for the year before taxes | (18,894,730) | 28,925,047 |
| Adjustments to items with no impact on cash and cash equivalents | | |
| - Margin from construction services | (1,398,901) | (781,926) |
| + Depreciation and amortisation | 10,341,999 | 10,243,179 |
| + Provisions | 2,813,256 | 3,075,498 |
| + Interest expense (income) on discounting and severance provisions | 456,217 | 671,058 |
| +/- Interest income and financial expenses | 568,643 | 288,859 |
| +/- Losses/gains and other non-monetary costs/revenues | (169,956) | 879,210 |
| +/- Severance provisions and other personnel costs | 122,513 | 95,598 |
| **Cash flow generated/(absorbed) by operating activities before changes in working capital** | **(6,160,959)** | **43,396,523** |
| Change in inventories | (63,564) | (58,792) |
| (Increase)/decrease in trade receivables | 9,844,376 | (1,821,521) |
| (Increase)/decrease in other receivables and current/non-current assets | 2,128,782 | (410,910) |
| Increase/(decrease) in trade payables | (5,190,698) | (420,124) |
| Increase/(decrease) in other liabilities, various and financial | (6,628,121) | 2,688,722 |
| Interest paid | (810,368) | (422,155) |
| Interest collected | 76,827 | 140,361 |
| Taxes paid | (2,231,466) | (7,215,753) |
| Severance and other personnel provisions paid | (232,947) | (331,100) |
| Use of provisions | (5,889,955) | (2,007,725) |
| **Cash flow generated / (absorbed) by net operating activities** | **(15,158,093)** | **33,537,526** |
| Purchase tangible assets | (857,800) | (2,415,021) |
| Payment from sale of tangible assets | 0 | 16,000 |
| Purchases of intangible assets/concession rights | (27,520,277) | (14,663,828) |
| Proceeds on sale of tangible assets | 0 | 0 |
| Purchase/capital increase of equity investments | 0 | 0 |
| Proceeds on sale of equity investments | 0.00 | 0 |
| Changes in current and non-current financial assets | (362,696) | 16,000,000 |
| **Cash flow generated / (absorbed) by investment activities** | **(28,740,773)** | **(1,062,849)** |
| Proceeds from the issuance of shares and other equity instruments | 0 | 0 |
| Dividends paid | 0 | (16,220,424) |
| Loans received | 63,900,000 | 3,000,000 |
| Loans repaid | (6,277,778) | (6,934,865) |
| Payments of leasing capital share | (341,897) | (535,007) |
| **Cash flow generated / (absorbed) by financing activities** | **57,280,325** | **(20,690,296)** |
| | | |
| **Final cash change** | **13,381,459** | **11,784,382** |
| | | |
| **Cash and cash equivalents at beginning of year** | **24,609,068** | **12,824,687** |
| **Final cash change** | **13,381,459** | **11,784,382** |
| **Cash and cash equivalents at end of the year** | **37,990,527** | **24,609,068** |

## Statement of changes in Shareholders' Equity

| *in units of Euro* | *Share capital* | *Share Premium Reserve* | *Legal Reserve* | *Other Reserves* | *FTA Reserve* | *Actuarial profits/(losses) reserve* | *Profits (losses) carried forward* | *Profit (loss) for the year* | *Shareholders' Equity* |
|---|---|---|---|---|---|---|---|---|---|
| **Shareholders' Equity as at 31.12.2018** | **90,314,162** | **25,683,134** | **6,175,631** | **32,945,085** | **(3,205,671)** | **(768,966)** | **1,991,758** | **17,100,846** | **170,235,979** |
| Allocation of the 2018 financial year result | 0 | 0 | 855,042 | 25,380 | 0 | 0 | 16,220,424 | (17,100,846) | 0 |
| Share capital increase | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | (16,220,424) | 0 | (16,220,424) |
| Total comprehensive profit (loss) | 0 | 0 | 0 | 0 | 0 | (156,523) | 0 | 20,067,779 | 19,911,256 |
| **Shareholders' Equity as at 31.12.2019** | **90,314,162** | **25,683,134** | **7,030,673** | **32,970,465** | **(3,205,671)** | **(925,489)** | **1,991,758** | **20,067,779** | **173,926,812** |
| Allocation of the 2019 financial year result | 0 | 0 | 1,003,389 | 19,064,390 | 0 | 0 | 0 | (20,067,779) | 0 |
| Share capital increase | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive profit (loss) | 0 | 0 | 0 | 0 | 0 | (45,168) | 0 | (13,963,341) | (14,008,509) |
| **Shareholders' Equity as at 31.12.2020** | **90,314,162** | **25,683,134** | **8,034,062** | **52,034,855** | **(3,205,671)** | **(970,657)** | **1,991,758** | **(13,963,341)** | **159,918,302** |

# Notes to the Financial Statements for the year ended December 31, 2020

## Information on the Company's business

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 and expiry in December 2046 following the extension of two years in accordance with Law No. 77 of July 17, 2020, which converted Article 102, paragraph 1-bis of Law Decree No. 34 of May 19, (Relaunch Decree) in order to contain the economic effects of the COVID-19 emergency. 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, 2020

### Basis of preparation

These financial statements of the company concern the year ended December 31, 2020 and include the comparative figures for the year ended December 31, 2019 (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.

### Impacts of the Covid-19 pandemic and going concern

In 2020, the performance was significantly impacted by the effects of the crisis caused by the spread of the Covid-19 pandemic and the travel restrictions imposed by the governments of Italy and many other countries in response to the health emergency. This unprecedented crisis had severe repercussions on traffic volumes at Bologna airport (passenger traffic declined 73.4% compared to 2019). As extensively illustrated in the Directors' Report, service was dramatically reduced, entailing overall declines of 68.5% in revenues from aeronautical services and of 65.8% in revenues from non-aeronautical services.
The repercussions were extremely significant on all items in the financial statements: in fact, the main differences between the two years compared are due almost exclusively to the dramatic reduction in traffic and revenues as a consequence of the COVID-19 pandemic mitigated by the various cost containment measures implemented by the Group in response to the crisis.

Also the balance sheet reflects the overall decline in revenues, with the resulting:

- strong decline in trade and other receivables, in the case of the latter due to the simultaneous reduction of boarding fee surtaxes as a result of the significant drop in traffic in the year;
- significant increase in deferred tax assets due to the recognition of the tax benefit on the IRES loss for the year, which is believed to be recoverable in future years;
- significant use of cash due to the reduction in business volumes and lower collections during the period;
- increase in debt due to the new loans contracted to meet cash needs during the period;
- deterioration of the net financial position, which became net financial debt at December 31, 2020;
- decrease in current liabilities due to the decline in tax payables, employee payables and social security institutions, trade payables due to cost savings and payables to the beneficiary entities due to the reduction of the passenger boarding fee surtax;
- decrease in shareholders' equity due to the loss for the year as FY 2019 earnings were prudently allocated to reserves.

Despite the worst contraction in air traffic ever recorded and, therefore, in revenues and results for the year, and the unprecedented economic and financial backdrop, taking account of all information currently available regarding the future, the Company believes that there are no significant uncertainties (as defined in paragraph 25 of IAS 1) regarding its ability to continue as a going concern, as the measures already put in place and those being implemented will enable it to overcome this crisis in the medium term. Although the scale and impact of the crisis has been disruptive, it must in any event be considered exceptional and temporary in nature, partly thanks to the identification of suitable vaccines, which have already been widely administered in some countries, with a positive impact and mitigation of health and related problems, and also thanks to other support measures introduced at government and European level.
The Company based this assessment on several elements set out in greater detail below and took into account the existing and reasonably anticipated effects of the epidemic on all business activities.
Information available about the future, obtained at a date after the close of the fiscal year and up to the date the financial statements are approved, refer to:

- the 2021-2025 business plan, approved by the Board of Directors on January 25, 2021, whose traffic growth forecasts over the time horizon are based on leading industry studies;
- the post-Covid-19 infrastructure development strategy: AdB has launched a long-term infrastructure development program in accordance with new priorities and executive phases in order to respond consistently to the new traffic needs and to allow adequate remuneration of investments and ensure they are fully sustainable in financial terms;
- the measures in support of the sector, such as the Extraordinary Temporary Lay-Off Scheme already applicable from March 22 to June 13, 2021 and the other measures still being defined, including that provided for by Article 128-*bis* of the 2021 Finance Act, which allocates a fund of Euro 450 million to compensate for damages suffered by airport operators and Euro 50 million for handling companies (see Directors' Report paragraph);
- the other measures to reduce internal costs (e.g. blocking the recruitment of new staff, reduction of vacation arrears, elimination of overtime, etc.) and external costs, with particular reference to non-strategic supplies and also through renegotiations with suppliers;
- cash and cash equivalents sufficient to cover cash needs for at least twelve months from the approval of these financial statements, conservatively considering a very contracted crisis and traffic evolution from the COVID-19 pandemic still through 2021 and, although to a lesser extent, 2022 and 2023;
- contacts, some already underway and others planned for 2021, with other lenders for any additional credit access needs;
- further action that can be taken to preserve liquidity (e.g. further investment plan adjustments).

In summary, the Company believes that measures outlined above, as well as its financial solidity will allow it to overcome the current crisis and meet Adb's existing financial, contractual and concession obligations.
In 2020, the performance was significantly impacted by the effects of the crisis caused by the spread of the COVID-19 pandemic and the travel restrictions imposed by the governments of Italy and many other countries in response to the health emergency. This unprecedented crisis had severe repercussions on traffic volumes at Bologna airport (passenger traffic declined 73.4% compared to 2019). As extensively illustrated in the Directors' Report, service was dramatically reduced, entailing overall declines of 68.5% in revenues from aeronautical services and of 65.8% in revenues from non-aeronautical services.
The repercussions were extremely significant on all items in the financial statements: in fact, the main differences between the two years compared are due almost exclusively to the dramatic reduction in traffic and revenues as a consequence of the COVID-19 pandemic mitigated by the various cost containment measures implemented by the Group in response to the crisis.

Also the balance sheet reflects the overall decline in revenues, with the resulting:

- strong decline in trade and other receivables, in the case of the latter due to the simultaneous reduction of boarding fee surtaxes as a result of the significant drop in traffic in the year;
- significant increase in deferred tax assets due to the recognition of the tax benefit on the IRES loss for the year, which is believed to be recoverable in future years;
- significant use of cash due to the reduction in business volumes and lower collections during the period;
- increase in debt due to the new loans contracted to meet cash needs during the period;
- deterioration of the net financial position, which became net financial debt at December 31, 2020;
- decrease in current liabilities due to the decline in tax payables, employee payables and social security institutions, trade payables due to cost savings and payables to the beneficiary entities due to the reduction of the passenger boarding fee surtax;
- decrease in shareholders' equity due to the loss for the year as FY 2019 earnings were prudently allocated to reserves.

Despite the worst contraction in air traffic ever recorded and, therefore, in revenues and results for the year, and the unprecedented economic and financial backdrop, taking account of all information currently available regarding the future, the Company believes that there are no significant uncertainties (as defined in paragraph 25 of IAS 1) regarding its ability to continue as a going concern, as the measures already put in place and those being implemented will enable it to overcome this crisis in the medium term. Although the scale and impact of the crisis has been disruptive, it must in any event be considered exceptional and temporary in nature, partly thanks to the identification of suitable vaccines, which have already been widely administered in some countries, with a positive impact and mitigation of health and related problems, and also thanks to other support measures introduced at government and European level.
The Company based this assessment on several elements set out in greater detail below and took into account the existing and reasonably anticipated effects of the epidemic on all business activities.
Information available about the future, obtained at a date after the close of the fiscal year and up to the date the financial statements are approved, refer to:

- the 2021-2025 business plan, approved by the Board of Directors on January 25, 2021, whose traffic growth forecasts over the time horizon are based on leading industry studies;
- the post-Covid-19 infrastructure development strategy: AdB has launched a long-term infrastructure development program in accordance with new priorities and executive phases in order to respond consistently to the new traffic needs and to allow adequate remuneration of investments and ensure they are fully sustainable in financial terms;
- the measures in support of the sector, such as the Extraordinary Temporary Lay-Off Scheme already applicable from March 22 to June 13, 2021 and the other measures still being defined, including that provided for by Article 128-*bis* of the 2021 Finance Act, which allocates a fund of Euro 450 million to compensate for damages suffered by airport operators and Euro 50 million for handling companies (see Directors' Report paragraph);
- the other measures to reduce internal costs (e.g. blocking the recruitment of new staff, reduction of vacation arrears, elimination of overtime, etc.) and external costs, with particular reference to non-strategic supplies and also through renegotiations with suppliers;
- cash and cash equivalents sufficient to cover cash needs for at least twelve months from the approval of these financial statements, conservatively considering a very contracted crisis and traffic evolution from the COVID-19 pandemic still through 2021 and, although to a lesser extent, 2022 and 2023;
- contacts, some already underway and others planned for 2021, with other lenders for any additional credit access needs;

- further action that can be taken to preserve liquidity (e.g. further investment plan adjustments).

In summary, the Company believes that measures outlined above, as well as its financial solidity will allow it to overcome the current crisis and meet AdB's existing financial, contractual and concession obligations.

For further information on risk factors, assumptions and uncertainties, please refer to the relevant paragraph in the Directors' Report.

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, 2019 with the exception of the new accounting standards, amendments and interpretations which entered into force from January 1, 2020, 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".

The Company has not adopted in advance any accounting standard, interpretation or amendment issued but not yet in effect.
The publication of the financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. for the year ended December 31, 2020 was approved by the Board of Directors on March 15, 2021.

## 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 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 current when:

- it is expected to be settled within the normal operating cycle;
- it is held mainly for the purpose of negotiating it;
- 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, 2020 and 2019 concerning the name, Share Capital and percentage holding in the subsidiaries is provided below:

| | | | *% Held* | |
|---|---|---|---|---|
| *in thousands of Euro* | **Currency** | **Share capital** | **As at 31.12.2020** | **As at 31.12.2019** |
| 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% |

Until July 2020 AdB held 24% of Ravenna Terminal Passeggeri S.r.l., 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). In July 2020, AdB's investment was reduced to zero following a share capital reduction for losses and the non-participation in the recapitalisation approved by the Shareholders' Meeting.

## Accounting policies

**Business combinations and goodwill**

Business combinations are recognised using the acquisition 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 gain or loss is recorded to the income statement. It is therefore considered in the determination of goodwill.

Any contingent 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 measured 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.

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.

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.

"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 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, 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 on the expiry of the concession, this amount remains within the “concession rights” category of intangible assets, although does not enter into the amortisation schedule to coincide at December 31, 2046 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 counter entry to Other revenues and income in the income statement. Subsequent to the initial recognition, the Terminal Value receivable 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.

“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%.

**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 2020 and 2019 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 gains and losses are recognised to the income statement when the loans and receivables are eliminated or if there is an impairment loss, 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 - listed prices (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).

Any gain or loss is recognized in the income statement when the liability is extinguished, as well as through the amortization 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.
It should be noted that, for the three-year period 2018-2020, AdB prepares the National Tax Consolidation, pursuant to Articles 117 to 129 of Presidential Decree No. 917 of December 26, 1986 (CFA), in which all Group companies have participated and which allows for IRES taxation at Group level. As of December 31, 2020, only FFM has an IRES payable to the Parent Company arising from the profit in the period.

*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 loses 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 net equity or to the comprehensive income statement, 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 surtax of 3.5% (in force for airport management companies for tax years 2019-2020-2021)
- IRAP 4.2% (in force for airport management companies)

*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;
- trade receivables and payables include the indirect tax 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.

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

From January 1, 2020 the following new accounting standards, amendments and interpretations, revised by the IASB, entered into force, which have not impacted the Company's financial statements:

*Amendments to IFRS 3 - "Definition of a Business"*
The definition of a business was modified in particular, in order to support entities in determining whether or not a set of assets acquired constitutes a business. The IFRS 3 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.

*Amendments to IFRS 7, IFRS 9 and IAS 39: Interest rate benchmark reform*
These amendments change some of the requirements for the application of hedge accounting, establishing temporary derogations in order to mitigate the impact from the uncertainty of the reform relating to the replacement of the current IBOR (Interbank Offered Rates) benchmark interest rate, pending its completion, on the assessment of the effectiveness of hedges through derivative financial instruments.

*Amendments to IAS 1 and IAS 8: Definition of material*
The amendments provide a new definition of material, stating that information is material if it is reasonable to assume that its omission, misstatement or obscuring could influence the decisions that the main users of financial statements would make on the basis of the financial information presented in the financial statements. Materiality depends on the nature or extent of the information, or both. An entity assesses whether the information, individually or in combination with other information, is material in the context of

the financial statements as a whole. Information is concealed if it is disclosed in such a way as to have, for the main users of the financial statements, a similar effect to the omission or misstatement of the same information.

*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 individuals. 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.

*Amendments to IFRS 16 – Leasing*

In May 2020 the IASB published an amendment to the standard IFRS 16 that permits the neutralisation of changes in lease payments due to agreements between the parties in view of the negative effects of Covid-19. The amendment was approved on October 9, 2020 and was effective as of June 1, 2020.

In January 2021, amendments were approved to IFRS 9, IAS 39, IFRS 7 and IFRS 16 (*Interest Rate Benchmark Reform - Phase 2*), which will be applicable from January 1, 2021.

## 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 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 amendment is applicable from January 1, 2023.

In May 2020, the IASB published other amendments to IFRS 3, IAS 16 and IAS 37 and the Annual Improvements to IFRS 2018-2020 Cycle concerning IFRS 1, IFRS 9, IAS 41 and illustrative examples appended to IFRS 16. The amendments will be applicable from January 1, 2022.

On February 12, 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements and IFRS Practice Statement 2*: *Disclosure of Accounting policies* and to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*: *Definition of Accounting Estimates* that will be applicable effective January 1, 2023.

IFRS 17 - Insurance contracts, as well as amendments to IFRS 17 and IFRS 4 Insurance Contracts, are excluded from the list since these accounting standards do not pertain to the activity carried out by the Group.

**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.

## Discretional valuations and significant accounting estimates

The preparation of the financial statements requires the directors of the Company to undertake discretional 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, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Concession rights | 193,677 | 171,238 | 22,439 |
| Software, licences and similar rights | 1,021 | 1,733 | (712) |
| Other intangible assets | 55 | 60 | (5) |
| Other intangible assets in progress | 486 | 463 | 23 |
| **TOTAL INTANGIBLE ASSETS** | **195,239** | **173,494** | **21,745** |

The table below shows the changes in intangible assets for the period ended December 31, 2020 compared to December 31, 2019, by intangible asset category.

| | 31.12.2019 | | | Changes of the year | | | | As at 31.12.2020 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | Historical cost | Accumulated amortisation | Book value | Increases / Acquisitions | Amortisation | Decreases/Disposals/Write-downs/Reclassifications | Decrease provision | Historical cost | Accumulated amortisation | Book value |
| Concession rights | 211,081 | (39,843) | 171,238 | 28,217 | (6,489) | 711 | 0 | 240,009 | (46,332) | 193,677 |
| Software, licences and similar rights | 13,357 | (11,624) | 1,733 | 680 | (1,392) | 0 | 0 | 14,037 | (13,016) | 1,021 |
| Other intangible assets | 100 | (40) | 60 | 0 | (5) | 0 | 0 | 100 | (45) | 55 |
| Other intangible assets in progress | 463 | 0 | 463 | 23 | 0 | 0 | 0 | 486 | 0 | 486 |
| **TOTAL INTANGIBLE ASSETS** | **225,001** | **(51,507)** | **173,494** | **28,920** | **(7,886)** | **711** | **0** | **254,632** | **(59,393)** | **195,239** |

In 2020, Concession rights increased by Euro 28.2 million (equal to the fair value of construction services provided in the period), principally due to:

- construction work on a new cargo building and related annexes for a specialised operator;
- the acquisition of an area adjacent to the airport grounds for the future infrastructural development of the terminal;
- structural and functional upgrading works on the runway, consisting of upgrading and repairs of the paving, the white water disposal network and repairs of the VLA systems;
- extension and modification of the departing baggage handling system (BHS) to comply with "STANDARD 3" security level as required by EU Regulation 2015/1998;
- work related to the raised area of the Express Car Park.

Amortisation of concession rights in the period amounted to Euro 6.5 million and was applied according to the residual duration of the concession, which was extended by two years by Article 202 of Law Decree No. 77 of 19/5/2020, converted into Law No. 77 of July 17, 2020 and, therefore, expiring in December 2046.

Software, licenses and similar rights, recorded an increase of Euro 0.7 million, primarily linked to the development of some software platforms and the modernization of the Operating System through the activation of the module serving the de-icing plant.

Other intangible assets in progress include software development not concluded at December 31, 2020.

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

The Concession Rights are tested for impairment at least once a year, when the financial statements are approved, as well as periodically when there are internal and external indicators of the reduction in value of such assets in order to identify any loss in value.
In light of the COVID-19 health and economic crisis, already when closing the 2019 financial statements the Company had conducted a further sensitivity on the impairment test to assess the effect of a potential reduction in EBITDA of nearly 40% over the three-year period 2020-2022; this analysis showed that, even in this eventuality, no impairment indicators resulted.
Following the continuation of the Covid-19 emergency and the worsening of the consequences, AdB updated the tests at the time of approving the half-year report and also at that time, no impairment losses emerged with reference to the amounts recorded under Concession Rights at June 30, 2020.
With regard to the full year 2020, the Company updated the impairment test in order to assess the existence of any impairment losses with reference to the amounts recorded under Concession Rights at December 31, 2020; a brief summary of the subject is provided below, with reference to Note 1 to the Consolidated Financial Statements for further details.

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).

For impairment testing purposes, the Company has identified a single CGU which coincides with the Aeroporto G. Marconi di Bologna S.p.A. Group, and the cash flows based on the 2021-2046 economic-financial forecasts approved by the Board of Directors on February 15, 2021 together with the methodology relating to the impairment test.

In view of the extension of the airport management concession from 2044 to 2046 (See Regulatory Framework) explicit economic and financial forecasts for the period 2021-2046 were used to prepare the test, and in compliance with Article 703 of the Navigation Code, the "Terminal Value" was used as the cash flow provided for in IAS 36, paragraph 39, letter c) for the disposal of assets at the end of the concession to which the Group is entitled under the regulations.

The method used is based on the presumption that the economic capital value of a company at a certain date (in the present case, December 31, 2020) is representative of the algebraic sum of the following elements:

- “operating" value, equal to the present value of the cash flows generated by the Company's operations over a defined period of time, including the discounted cash flow of the receivable from the Terminal Value;
- value of the non-strategic surplus assets at the measurement date. It should be noted that there are no non-core or non-capital ancillary activities included in the projections.

These 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 6.03%.

The impairment test performed did not identify any impairment of the carrying amounts of the concession rights for the year ended December 31, 2020 and no impairment losses were therefore recognised on the assets concerned.

In relation to the option granted by Article 110 paragraphs 7, 8, 8*bis* of the so-called August Decree (No. 104/2020) to realign the higher book values of the concession rights with respect to the tax values present in the financial statements as at December 31, 2019 - as also is the case in these financial statements - and generated as a result of the transition to IAS/IFRS accounting standards, the Company, pursuant to the provisions of law, intends to exercise the option in the tax return to be submitted in 2021. During the same period it will also allocate the amount due to special reserves subject to tax suspension on the basis of the above legislation, given that the shareholders' equity reserves to be allocated in accordance with the above legislation are already present, available and sufficient.

## 2. Tangible assets

The following table breaks down tangible assets at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | **As at 31.12.2020** | **As at 31.12.2019** | **Change** |
|---|---|---|---|
| Land | 2,763 | 2,763 | 0 |
| Buildings, light constructions and improvements | 3,490 | 3,877 | (387) |
| Machinery, equipment & plant | 2,532 | 2,936 | (404) |
| Furniture, EDP and internal transport | 1,744 | 2,097 | (353) |
| Tangible fixed assets in progress | 347 | 1,037 | (690) |
| Investment property | 4,732 | 4,732 | 0 |
| ***TOTAL TANGIBLE ASSETS*** | ***15,608*** | ***17,442*** | ***(1,834)*** |
| Land in leasing | 1,252 | 1,732 | (480) |
| Leased buildings and minor construction and improvements | 0 | 2 | (2) |
| Leased machinery, equipment & plant | 7 | 7 | 0 |
| Leased furniture, office machinery, transport equipment | 186 | 218 | (32) |
| ***TOTAL LEASED TANGIBLE ASSETS*** | ***1,445*** | ***1,959*** | ***(514)*** |
| **TOTAL TANGIBLE ASSETS** | **17,053** | **19,401** | **(2,348)** |

The table below shows the changes in tangible assets for the period ended December 31, 2020 compared to December 31, 2019, by asset category.

| | 31.12.2019 | | | Changes of the year | | | | As at 31.12.2020 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | Historical cost | Accumulated depreciation | Book value | Increases/ Acquisitions | Depreciation | Decreases/Disposals/Reclassifications | Decrease provision | Historical 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 | 8,562 | (4,685) | 3,877 | 0 | (387) | 0 | 0 | 8,562 | (5,072) | 3,490 |
| Machinery, equipment & plant | 14,608 | (11,672) | 2,936 | 465 | (869) | (71) | 71 | 15,002 | (12,470) | 2,532 |
| Furniture, EDP and internal transport | 9,678 | (7,581) | 2,097 | 319 | (655) | (24) | 7 | 9,973 | (8,229) | 1,744 |
| Assets in progress and advances | 1,037 | 0 | 1,037 | 74 | 0 | (764) | 0 | 347 | 0 | 347 |
| Investment property | 4,732 | 0 | 4,732 | 0 | 0 | 0 | 0 | 4,732 | 0 | 4,732 |
| ***TOTAL TANGIBLE ASSETS*** | ***41,380*** | ***(23,938)*** | ***17,442*** | ***858*** | ***(1,911)*** | ***(859)*** | ***78*** | ***41,379*** | ***(25,771)*** | ***15,608*** |
| Land in leasing | 2,136 | (404) | 1,732 | (52) | (374) | (127) | 73 | 1,957 | (705) | 1,252 |
| Leased buildings and minor construction and improvements | 13 | (11) | 2 | 0 | (2) | (13) | 13 | 0 | 0 | 0 |
| Leased machinery, equipment & plant | 18 | (11) | 7 | 10 | (10) | (5) | 5 | 23 | (16) | 7 |
| Leased furniture, office machinery, transport equipment | 313 | (95) | 218 | 75 | (107) | (13) | 13 | 375 | (189) | 186 |
| ***TOTAL LEASED TANGIBLE ASSETS*** | ***2,480*** | ***(521)*** | ***1,959*** | ***33*** | ***(493)*** | ***(158)*** | ***104*** | ***2,355*** | ***(910)*** | ***1,445*** |
| **TOTAL TANGIBLE ASSETS** | **43,860** | **(24,459)** | **19,401** | **891** | **(2,404)** | **(1,017)** | **182** | **43,734** | **(26,681)** | **17,053** |

In 2020, this category increased overall by Euro 0.9 million, mainly relating to the purchase of furniture, ABC (Automatic Border Control) gate machines for passport control and thermo-scanners to measure the temperature of passengers at terminal entrances, security checkpoints and arrivals.

This category includes right-of-use assets, recognised in accordance with IFRS 16, which the AdB recognises as a lessee primarily for the long-term lease of land used for parking and employee motor vehicles. The amount recognised at December 31, 2020 corresponds to the present value of the lease instalments falling due, which is reflected under current and non-current financial liabilities for leases (see Note 17). In 2020, some leases were reviewed and the Company obtained the cancellation and/or reduction of rentals based on which it restated the right-of-use values at December 31, 2020 without taking advantage of the simplification provided by IFRS 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, 2020 (compared with December 31, 2019). There were no movements in the year.

| *in thousands of Euro* | As at 31.12.2019 | Increases / Acquisitions | Decreases / Disposals | Write-downs | As at 31.12.2020 |
|---|---|---|---|---|---|
| Investments in subsidiaries | 3,147 | 0 | 0 | 0 | 3,147 |
| Other investments | 42 | 0 | 0 | 0 | 42 |
| **TOTAL INVESTMENTS** | **3,189** | **0** | **0** | **0** | **3,189** |

The following table breaks down investments in subsidiaries at the end of the two comparative years:

| *in thousands of Euro* | Quota | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|---|
| Fast Freight Marconi Spa | 100% | 597 | 597 | 0 |
| Tag Bologna Srl | 100% | 2,550 | 2,550 | 0 |
| **TOTAL INVESTMENTS IN SUBSIDIARIES** | | **3,147** | **3,147** | **0** |

Finally, the following table breaks down investments in other companies in the two comparative years:

| *in thousands of Euro* | Quota | As at 31.12.2020 | As at 31.12.2019 | 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 |
| **TOTAL OTHER INVESTMENTS** | | **42** | **42** | **0** |

Investments held at December 31, 2020 are broken down below, with indication of the holding and the relative carrying amount.

| *in thousands of Euro* | *Reg. office* | *Currency* | **% Holding** | **Share capital at 31.12.2020** | **Profit (loss) 2020** | **Net Equity 31.12.2020** | **Share Net Equity 31.12.2020** | **Book value** | **Difference** |
|---|---|---|---|---|---|---|---|---|---|
| Fast Freight Marconi SpA | Bologna | Euro | 100% | 520 | 460 | 5,716 | 5,716 | 597 | 5,119 |
| Tag Bologna Srl | Bologna | Euro | 100% | 316 | (237) | 748 | 748 | 2,550 | (1,802) |
| **TOTAL INVESTMENTS IN SUBSIDIARIES** | | | | | | | | **3,147** | |

| *in thousands of Euro* | *Registered Office* | *Currency* | **% Holding** | **Share capital at 31.12.2020** | **Profit (loss) 2020** | **Net Equity 31.12.2020** | **Share Net Equity 31.12.2020** | **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 | 1 | 671 | 0 | 0 | 0 |
| Bologna Welcome Srl | Bologna | Euro | 10% | 310 | 65 | 585 | 59 | 40 | 18 |
| **TOTAL OTHER INVESTMENTS** | | | | | | | | **42** | |

The negative difference concerning the subsidiary TAG Bologna S.r.l. is not considered an impairment.
The figures relating to the shareholders' equity and the profit of Bologna Welcome S.r.l. concern financial year 2019 (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, 2020.

## 4. Other non-current financial assets

The following table shows the movements in other non-current financial assets for the year ended December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | **As at 31.12.2019** | **Increases/ Acquisitions** | **Decreases / Reclass.** | **Write-downs** | **As at 31.12.2020** |
|---|---|---|---|---|---|
| Receivables from Terminal Value | 364 | 835 | 156 | 0 | 1,043 |
| Equity Financial Instruments | 10,873 | 0 | 0 | 0 | 10,873 |
| Other non-current financial assets | 269 | 5 | (274) | 0 | 0 |
| **TOTAL OTHER NON-CURRENT FINANCIAL ASSETS** | **11,506** | **840** | **430** | **0** | **11,916** |

At December 31, 2020 the account "Other non-current financial assets" mainly comprises:

- Euro 1 million in receivables from Terminal Value for the portion of fees for construction/improvement services provided by the Company relating to investments in concession rights, 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 of airport infrastructure. This receivable, recorded at present value, derives from application of the Terminal Value regulation as per Article 703 of the Navigation Code, 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. The movements during the year regard:
  - the increase in the present value of the receivable from Terminal Value calculated on the concession rights and on the work carried out accrued in the provision for renewal for the year 2020 and the related financial income for the year of Euro 835 thousand;
  - the decrease due to the adjustment of the receivable from Terminal Value on the values recorded at December 31, 2019 as a result of the extension of the duration of the concession (Euro 156 thousand).

- 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, 2020 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;
  Regarding the valuation at December 31, 2020 of the Equity Financial Instruments, the Company requested Marconi Express Spa an update of the business plan in light of the entry into operation of the People Mover only on November 18, 2020 and the drastic reduction in traffic volumes caused by the pandemic. In view of the new business plan submitted at the beginning of the year to the lending bank syndicate, which provides for a rescheduling of the debt repayment plan, made necessary following the reduction in revenues caused by the pandemic and following the other anti-crisis measures illustrated by Marconi Express, the Company believes there is no impairment loss to be recorded on the value of the equity instrument at December 31, 2020.

Movements in this category include Euro 0.27 million from a capitalisation product with a duration of five years and expiring in May 2021 reclassified due to the approaching contractual maturity under item 10 Current financial assets, to which reference should be made.

## 5. Deferred tax assets

The following table presents the movements in deferred tax assets for the year ended December 31, 2020 compared with December 31, 2019.

| *in thousands of Euro* | As at 31.12.2019 | Provisions | Util./Reclass. | As at 31.12.2020 |
|---|---|---|---|---|
| | | | | |
| **DEFERRED TAX ASSETS** | **5,963** | **5,862** | **(1,397)** | **10,428** |

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

- "Other costs with deferred deductibility" mainly include maintenance costs as per Article 107 of the CFA, deductible in future years;
- "Deferred tax 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;
- the new item "Unlimited tax losses carried forward", which represents the most significant increase in 2020, relates to deferred tax assets on the Company's IRES tax loss, for which there is reasonable certainty of future recovery in view of projected cash flows.

The recoverability of the deferred tax assets is based on assessable income forecasts, as indicated in the forecasts used for the purposes of the impairment test and approved by the Board of Directors on March 15, 2021.

| *IRES* | Assessable | | | | Tax | | | |
|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | As at 31.12.2019 | Increases | Uses | As at 31.12.2020 | As at 31.12.2019 | Increases | Util./adjustments for IRES adjustment | As at 31.12.2020 |
| | | | | | | | | |
| Other costs with deferred IRES deductibility | 6,358 | 3,131 | (2,265) | 7,224 | 1,667 | 769 | (623) | 1,813 |
| Provision for doubtful accounts | 1,713 | 600 | (1,373) | 940 | 411 | 144 | (330) | 225 |
| IRES deferred tax provisions | 1,117 | 107 | (109) | 1,115 | 268 | 26 | (26) | 268 |
| Provision for renewal of airport infrastructure | 11,326 | 0 | (561) | 10,765 | 2,795 | 0 | (195) | 2,600 |
| Amortisation concession rights from ENAC - ENAV Agreement | 207 | 0 | (14) | 193 | 50 | 0 | (3) | 47 |
| Disc. severance prov. plus other Long-term personnel costs | 571 | 132 | (53) | 650 | 111 | 33 | (14) | 130 |
| Unlimited tax losses carried forward | 0 | 19,899 | 0 | 19,899 | 0 | 4,776 | 0 | 4,776 |
| **Total IRES** | **21,292** | **23,869** | **(4,375)** | **40,789** | **5,302** | **5,748** | **(1,191)** | **9,859** |

| *IRAP* | *Assessable* | | | | Tax | | | |
|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | As at 31.12.2019 | Increases | Uses | As at 31.12.2020 | As at 31.12.2019 | Increases | Uses | As at 31.12.2020 |
| IRAP deferred tax provisions | 420 | 0 | (109) | 311 | 18 | 0 | (5) | 13 |
| Provision for renewal of airport infrastructure | 13,344 | 2,641 | (4,308) | 11,677 | 560 | 111 | (181) | 490 |
| Amortisation concession rights from ENAC - ENAV Agreement | 135 | 0 | (14) | 121 | 6 | 0 | (1) | 5 |
| Discounting other long-term personnel costs | 168 | 82 | (41) | 209 | 7 | 3 | (1) | 9 |
| **Total IRAP** | **14,067** | **2,723** | **(4,472)** | **12,318** | **591** | **114** | **(188)** | **517** |

The table below, on the other hand, shows the tax credits, within AdB, for the utilisation of the fiscal benefits in relation to energy recovery actions.

| *Other* | *Tax Credit* | | | |
|---|---|---|---|---|
| *in thousands of Euro* | As at 31.12.2019 | Increases | Util./Reclass. | As at 31.12.2020 |
| Other Receivables | 70 | 0 | (18) | 52 |
| **Total "Other receivables"** | **70** | **0** | **(18)** | **52** |

## 6. Other non-current assets

The following table breaks down other non-current assets at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Security deposits | 48 | 47 | 1 |
| Accrued income and prepayments | 89 | 184 | (95) |
| Tax receivables | 94 | 722 | (628) |
| **OTHER NON-CURRENT ASSETS** | **231** | **953** | **(722)** |

The main change in this category is due to the item "tax receivables" and regards the collection in May of the credit related to the IRES refund request for the non-deduction of the IRAP on the cost of personnel (Law Decree 201/2011 and Tax Agency Provision No. 2012/140973 of 2012) for the portion referring to the years 2009-2011 for Euro 0.6 million, including the portions pertaining to the subsidiaries Tag Bologna and Fast Freight Marconi within the Group tax consolidation.
Also included in this account at December 31, 2020 is the tax credit receivable beyond the next fiscal year for investments in new capital assets under Law No. 160/2019.

## 7. Inventories

The following table breaks down inventories at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Inventories of raw materials, supplies and consumables | 572 | 519 | 53 |
| Inventories of Finished Products | 77 | 66 | 11 |
| **INVENTORIES** | **649** | **585** | **64** |

Raw materials, supplies and consumables mainly concern inventories held of workshop materials and consumables, such as stationary and printing, in addition to heating fuel and de-icing liquid for the runway, while inventories of finished goods refer to antifreeze liquid for de-icing the aircraft. The increase in inventories at December 31, 2020 is primarily due to higher inventories of consumables.

## 8. Trade receivables

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

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Trade receivables | 6,647 | 16,492 | (9,845) |
| Provisions for doubtful accounts | (960) | (1,785) | 825 |
| **TRADE RECEIVABLES** | **5,687** | **14,707** | **(9,020)** |

At December 31, 2020, trade receivables for Euro 5.7 million were recorded net of the provision for doubtful accounts of almost Euro 1 million.

Gross trade receivables contracted significantly (-Euro 9.8 million) from Euro 16.5 million at December 31, 2019 to Euro 6.6 million due to the drop in revenues as a result of the severe traffic decline caused by the COVID-19 pandemic.
On the other hand, due to the overall crisis in the sector, there was a general and significant slowdown in average payment times from clients, which increased from 40 to 90 days. As part of the measures taken by the Company to aid its customers in overcoming the financial difficulties caused by the Covid-19 emergency, payment deferrals were granted for amounts invoiced, resulting in the rescheduling of a large part of overdue receivables or those falling due. The deferment of payments partly derives from the requests and valuations of individual customers in financial difficulty and partly was stimulated by ENAC as a knock-on effect on aviation sub-concessionaires of the deferred payment of airport fees granted to operators. In this regard, it should be noted that this rescheduling also has an impact on 2021 following the further extension of the payment terms for the license fee from January 31 to April 30, 2021, with consequent financial benefit also for the fees of the aviation sub-concessionaires.

The following tables provide an analysis of the aging of trade receivables of the company at December 31, 2020 and December 31, 2019:

| *in thousands of Euro* | Not yet due | Overdue | Total as at 31.12.2020 |
|---|---|---|---|
| Trade receivables for invoices/credit notes issued | 1,722 | 4,206 | 5,927 |
| Trade receivables for invoices/credit notes to be issued | 720 | 0 | 720 |
| **TOTAL TRADE RECEIVABLES** | **2,442** | **4,206** | **6,647** |

| *in thousands of Euro* | Not yet due | Overdue 0-30 | Overdue 30-60 | Overdue 60-90 | Overdue beyond 90 | Total |
|---|---|---|---|---|---|---|
| **TRADE RECEIVABLES** | **1,722** | **743** | **917** | **338** | **2,208** | **5,927** |

| *in thousands of Euro* | 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 |
| **TOTAL TRADE RECEIVABLES** | **9,453** | **7,039** | **16,492** |

| *in thousands of Euro* | Not overdue | Overdue 0-30 | Overdue 30-60 | Overdue 60-90 | Overdue beyond 90 | Total |
|---|---|---|---|---|---|---|
| **TRADE RECEIVABLES** | **9,388** | **1,253** | **3,106** | **161** | **2,519** | **16,427** |

As may be seen from a comparison with the table that shows the ageing of receivables at December 31, 2019, the ageing of receivables increased considerably during 2020, not in actual terms but in percentage terms, as a consequence of the slowdown of collections resulting from the ongoing crisis. In particular, receivables overdue by more than 90 days rose from 15% of total overdue receivables at December 31, 2019 to 37% at December 31, 2020 and the total overdue receivables rose from 43% to 71% in the current year.

In order to assess the actual likelihood of collecting the total amount of receivables at December 31, 2020, write-downs were carried out on the basis of specific analysis of cases in arrears and/or in dispute, whose probability of recovery reduced in the year due to the economic downturn and the write-down applied on the residual debtor balance, classified by customer category and overdue period, with the simplified parameter method applied, as permitted by IFRS 9 for companies with a diversified and fragmented client portfolio (Provision Matrix). Understandably, the expected credit loss calculated using this method is significantly higher than in the past, and the total provision for doubtful accounts amounts to Euro 0.6 thousand, of which Euro 0.1 thousand is directly deducted from revenues as it relates to amounts accrued during the year, which are not expected to be collected.
Notwithstanding the above, the provision for the year under review was lower than in 2019 as last year had been significantly impacted by the write-down of a number of non-performing receivables in particular from carriers in the Balkan region. These included Ernest, whose license had been suspended by Enac as of January 13, 2020, and who had filed a request for reservation pursuant to Article 161, paragraph 6 of the Bankruptcy Law (pre-arrangement). The postponement of the deadlines due to the pandemic has in fact directly led the carrier to bankruptcy proceedings in November 2020, following which the Company, while pursuing to assert its claims, has decided to utilise the provision as of December 31, 2019. The utilisations of the provision for doubtful accounts, which amount to approximately Euro 1.5 million, are due to the closure of two years of litigation for injunctions issued against some customers for airport services that no longer exist under the current regulatory regime.

In relation to that above, the movements in the provision for doubtful accounts in the year and in the previous year were as follows:

| *in thousands of Euro* | As at 31.12.2019 | Provisions | Uses | Releases | As at 31.12.2020 |
|---|---|---|---|---|---|
| | | | | | |
| **PROVISIONS FOR DOUBTFUL ACCOUNTS** | **(1,785)** | **(637)** | **1,456** | **6** | **(960)** |

| *in thousands of Euro* | As at 31.12.2018 | Provisions | Uses | Releases | As at 31.12.2019 |
|---|---|---|---|---|---|
| | | | | | |
| **PROVISIONS FOR DOUBTFUL ACCOUNTS** | **(911)** | **(909)** | **0** | **35** | **(1,785)** |

## 9. Other current assets

The following table breaks down other current assets at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| VAT Receivable | 1,090 | 24 | 1,066 |
| Direct income tax receivables | 10 | 0 | 10 |
| Other tax assets | 16 | 5 | 11 |
| Tax consolidation receivables | 131 | 19 | 112 |
| Employee receivables | 57 | 82 | (25) |
| Other receivables | 2,339 | 4,767 | (2,428) |
| **OTHER CURRENT ASSETS** | **3,643** | **4,897** | **(1,254)** |

The decrease in this category is primarily due to the reduction in the item "other receivables", details of which are provided in the following table, partly offset by the increase in the receivable arising from the drastic reduction in turnover. “Direct income tax receivables" relates to the short-term receivable for investments in new capital goods pursuant to Law No. 160/2019; the corresponding annual portion of the grant is recorded under the item “other revenues and income"".

| in thousands of Euro | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Receivables for passenger boarding fees surcharge | 2,444 | 4,801 | (2,357) |
| IRESA receivables | 156 | 0 | 156 |
| Other current receivables provision for doubtful accounts | (1,062) | (763) | (299) |
| Prepayments and accrued income | 430 | 315 | 115 |
| Advances to suppliers | 19 | 49 | (30) |
| Pension and social security institutions | 122 | 16 | 106 |
| Other current receivables | 230 | 349 | (119) |
| **TOTAL OTHER RECEIVABLES** | **2,339** | **4,767** | **(2,428)** |

The decrease in the item "other receivables" is primarily due to the halving of amounts due from carriers in relation to the surcharge for passenger boarding fees which is directly linked to the contraction in passenger traffic as no tariff changes have been made.
The IRESA receivable is linked to the introduction, as of January 1, 2020, of the new regional tax on aircraft noise emissions, which the Company charges to carriers based on the noise certificate and the take-off/landing time of the aircraft and reimburses, once collected, to the Emilia Romagna Region.
The account "other current receivables provision for doubtful accounts" includes the provision for passenger boarding fee surtax doubtful accounts and for IRESA, obtained for reclassification under assets in the statement of financial position, as a deduction of the respective receivable, of the surtax and IRESA charged to the carriers which in the meantime were subject to administration procedures or which contested the charge. This item, which is exclusively posted in the statement of financial position, is classified as a deduction of the respective receivables due to the high improbability of recovery, reporting the following movements:

| in thousands of Euro | As at 31.12.2019 | Provisions/Increases | Uses | Releases | As at 31.12.2020 |
|---|---|---|---|---|---|
| Provision for municipal surtax doubtful accounts | (763) | (340) | 41 | 0 | (1,062) |
| **TOTAL PROVISIONS FOR OTHER DOUBTFUL RECEIVABLES** | **(763)** | **(340)** | **41** | **0** | **(1,062)** |

The item "Accrued income and prepayments" includes insurance premiums, data processing fees and other services invoiced in advance. This item includes Euro 93 thousand of SACE commissions on new loans paid in advance.

## 10. Current Financial Assets

The following table breaks down current financial assets at December 31, 2020 (compared with December 31, 2019).

| in thousands of Euro | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Capitalisation policies | 274 | 0 | 274 |
| Other financial receivables | 1 | 1 | 0 |
| **CURRENT FINANCIAL ASSETS** | **275** | **1** | **274** |

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

| in thousands of Euro | As at 31.12.2019 | Acquisitions | Other increases Reclassifications | Decreases / Disposals | As at 31.12.2020 |
|---|---|---|---|---|---|
| Capitalisation policies | 0 | 0 | 274 | 0 | 274 |
| Other financial receivables | 1 | 0 | 0 | 0 | 1 |
| **TOTAL OTHER CURRENT FINANCIAL ASSETS** | **1** | **0** | **274** | **0** | **275** |

As at December 31, 2020, this account included a capitalisation product of Euro 0.3 million, already in place at December 31, 2019, of 5-year duration and May 2021 maturity, reclassified to this item due to the proximity of the contractual due date. As per IFRS 9, this asset is classified in the category “Held to collect - HTC”. 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.

### 11. Cash and cash equivalents

The following table breaks down cash and cash equivalents at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Bank and postal deposits | 37,969 | 24,587 | 13,382 |
| Cash in hand and similar | 22 | 22 | 0 |
| **CASH AND CASH EQUIVALENTS** | **37,991** | **24,609** | **13,382** |

“Bank and postal deposits” represent the bank current account balances available. Cash and cash equivalents increased compared to December 31, 2019 despite the cash absorption from operations due to the ongoing crisis, following the disbursement in July of two new loans totalling Euro 58.9 million. For further information on cash flow, reference should be made to the relevant section of the Directors’ Report.

## Net Financial Position

The following table shows the breakdown of the net financial position at December 31, 2020 and December 31, 2019, in accordance with Consob Communication of July 28, 2006 and the ESMA/2011/81 Recommendations:

| | *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 |
|---|---|---|---|
| A | Cash | 22 | 22 |
| B | Other cash equivalents | 37,969 | 24,587 |
| A | Securities held for trading | 0 | 0 |
| **D** | **Cash and cash equivalents (A)+(B)+(C)** | **37,991** | **24,609** |
| **E** | **Current financial receivables** | **275** | **1** |
| F | Current bank debt | (30) | (27) |
| G | Current portion of non-current debt | (2,545) | (2,544) |
| H | Other current financial debt | (1,437) | (3,065) |
| I | **Current financial debt (F)+(G)+(H)** | **(4,012)** | **(5,636)** |
| J | **Net current financial (debt) position (I)-(E)-(D)** | **34,254** | **18,974** |
| K | Non-current bank debt | (66,536) | (8,903) |
| L | Bonds issued | 0 | 0 |
| M | Other non-current debt | (1,026) | (1,434) |
| N | **Non-current financial debt (K)+(L)+(M)** | **(67,562)** | **(10,337)** |
| O | **Net financial (debt) position (J+N)** | **(33,308)** | **8,637** |

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

The account N is equal to the balance of the account “non-current financial liabilities”; reference should again 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, 2020 (compared with December 31, 2019).

| In thousands of Euro | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Share capital | 90,314 | 90,314 | 0 |
| Reserves | 83,567 | 63,545 | 20,022 |
| Profit (loss) for the year | (13,963) | 20,068 | (34,031) |
| **SHAREHOLDERS' EQUITY** | **159,918** | **173,927** | **(14,009)** |

### a. Share capital

The share capital of the Parent Company at December 31, 2020 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:

| in thousands of Euro | for the year ended 31.12.2020 | for the year ended 31.12.2019 |
|---|---|---|
| Group profit (loss) for the year | (14,008,509) | 19,911,256 |
| Average number of shares outstanding | 36,125,665 | 36,125,665 |
| **Undiluted earnings/(losses) per share** | **(0.39)** | **0.55** |
| **Diluted earnings/(losses) per share** | **(0.39)** | **0.55** |

*(*) from Statement of Comprehensive Income*

The undiluted earnings/(losses) and diluted earnings/(losses) per share of AdB at December 31, 2020 and December 31, 2019 are the same due to the absence of potential dilutive instruments.

### b. Reserves

The following table breaks down the Reserves at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Share premium reserve | 25,683 | 25,683 | 0 |
| Legal reserve | 8,034 | 7,031 | 1,003 |
| Extraordinary Reserve | 52,035 | 32,970 | 19,065 |
| FTA Reserve | (3,206) | (3,206) | 0 |
| Profits carried forward | 1,992 | 1,992 | 0 |
| OCI Reserve | (971) | (925) | (46) |
| **TOTAL RESERVES** | **83,567** | **63,545** | **20,022** |

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 Parent Company Shareholders' Meeting of April 30, 2020, in addition to approving the 2019 Annual Accounts, accepted the prudent approach proposed by the Board of Directors to support the capital base and limit the economic impact of COVID-19, resolving to allocate the 2019 profit of Euro 20.1 million entirely to reserves. Therefore, the increases in the legal reserve of Euro 1 million and Euro 19.1 million in the extraordinary reserve are due to the allocation of the profit for the 2019 financial year.
The extraordinary reserve is entirely made up of profits from previous years, while the profits/losses carried forward reserve was established, as for the FTA reserves, on the occasion of the transition to IAS/IFRS accounting standards.

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, 2020 and the comparative period:

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Actuarial gains/losses as per IAS 19 | (1,278) | (1,218) | (60) |
| Deferred taxes on actuarial gains/losses as per IAS 19 | 307 | 293 | 14 |
| **OCI RESERVE** | **(971)** | **(925)** | **(46)** |

### 13. Severance and other personnel provisions

The following table breaks down severance and other personnel provisions at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Severance | 3,654 | 3,718 | (64) |
| Other personnel provisions | 210 | 169 | 41 |
| **SEVERANCE AND OTHER PERSONNEL PROVISIONS** | **3,864** | **3,887** | **(23)** |

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

| *in thousands of Euro* | As at 31.12.2019 | Service cost | Net interest | Benefits paid | Actuarial profits/(losses) | As at 31.12.2020 |
|---|---|---|---|---|---|---|
| Severance | 3,718 | 0 | 27 | (141) | 50 | 3,654 |
| Other personnel provisions | 169 | 123 | 0 | (92) | 10 | 210 |
| **SEVERANCE AND OTHER PERSONNEL PROVISIONS** | **3,887** | **123** | **27** | **(233)** | **60** | **3,864** |

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: 0.34% for the valuation at December 31, 2020 and 0.77% for the valuation at December 31, 2019;
b) inflation rate: 0.80% for the valuation at December 31, 2020 and 1.20% for the valuation at December 31, 2019;
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.

| | Valuation parameter | | | | | |
|---|---|---|---|---|---|---|
| *in thousands of Euro* | +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 | 3,623 | 3,689 | 3,708 | 3,601 | 3,569 | 3,742 |

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 | 487 |
| 2 | 96 |
| 3 | 95 |
| 4 | 274 |
| 5 | 158 |

The other personnel provisions at December 31, 2020 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, 2020 of the long-term incentive plan (IV cycle 2018-2020 and V cycle 2019-2021 as the cycle 2020-2022 was not deliberated upon in the current year given the exceptionality of events) 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:

e) discount rate: 0.34% for the valuation at December 31, 2020 (0.77% for the valuation at December 31, 2019) of the liability for the non-competition agreement equal to the yield on the comparable duration of the employment duration in the sector and -0.27% for the valuation at December 31, 2020 (-0.11% for the valuation at December 31, 2019) of the liabilities for the long-term incentive, yield in line with the three-year duration of the plans under consideration;
f) demographic bases (mortality/invalidity): the mortality tables RG 48 published by the State General Office were used for the mortality rates.
g) frequency voluntary resignations and dismissals by the company: 1%;
h) probability of reaching objectives equal to 75-100% 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%:

| *in thousands of Euro* | Service cost |
|---|---|
| Other personnel provisions | 43 |

### 14. Deferred tax liabilities

The following table breaks down the deferred tax liabilities at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2019 | Provisions | Uses | As at 31.12.2020 |
|---|---|---|---|---|
| **DEFERRED TAX LIABILITIES** | **2,069** | **4** | **0** | **2,073** |

| *IRES rate 24%* | *Assessable* | | | | *Tax* | | | |
|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | As at 31.12.2019 | Increases | Uses | As at 31.12.2020 | As at 31.12.2019 | Increases | Uses | As at 31.12.2020 |
| Amortisation of concession rights | 7,433 | 15 | 0 | 7,448 | 1,784 | 4 | 0 | 1,788 |
| **Total IRES** | **7,433** | **15** | **0** | **7,448** | **1,784** | **4** | **0** | **1,788** |

| *IRAP rate 4.2%* | Assessable | | | | Tax | | | |
|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | As at 31.12.2019 | Increases | Uses | As at 31.12.2020 | As at 31.12.2019 | Increases | Uses | As at 31.12.2020 |
| Amortisation of concession rights | 6,786 | 0 | 0 | 0 | 285 | 0 | 0 | 285 |
| **Total IRAP** | **6,786** | **0** | **0** | **0** | **285** | **0** | **0** | **285** |
| **Total** | **15,054** | | | | **2,069** | **4** | **0** | **2,073** |

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, a transition that resulted in the misalignment between statutory and tax values of concession rights for the mark-up on construction services and the redefinition of the amortization schedule based on the duration of the concession.
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 and 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, which the company is required to return in a perfect operational state at the end of the concession.

The changes in the provision in the year ending December 31, 2020 are reported below, divided between non-current and current.

| *in thousands of Euro* | As at 31.12.2019 | Provisions | Uses | Reclassifications | As at 31.12.2020 |
|---|---|---|---|---|---|
| Provision for renewal of airport infrastructure (non-current) | 9,369 | 2,640 | (332) | (1,538) | 10,139 |
| Provision for renewal of airport infrastructure (current) | 3,977 | 0 | (3,977) | 1,538 | 1,538 |
| **TOTAL PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE** | **13,346** | **2,640** | **(4,309)** | **0** | **11,677** |

The increases in the year totalled Euro 2.6 million, of which Euro 2.3 million classified under provisions in the income statement and the residual of Euro 0.3 million recorded under financial charges from discounting. The utilisations at December 31, 2020 amount to Euro 4.3 million and are mainly due to the works carried out in September for the upgrading of a section of the runway and other sections of the airside road network, in addition to the completion of works on the landside road network.

The 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, 2020:

| *in thousands of Euro* | Financial (charges)/financial income | Sensitivity Analysis (+0.5%) | Sensitivity Analysis (-0.1%) |
|---|---|---|---|
| Provision for renewal of airport infrastructure | 332 | 402 | 318 |

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 and current)

The following table presents the movements in the year ending December 31, 2020 in the provisions for risks and charges:

| *in thousands of Euro* | As at 31.12.2019 | Provisions | Util./decreases | As at 31.12.2020 |
|---|---|---|---|---|
| Risk provision for disputes | 972 | 107 | (110) | 969 |
| Provisions for other risks and charges | 276 | 4 | (10) | 270 |
| **PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)** | **1,248** | **111** | **(110)** | **1,239** |
| Provisions for risks and charges | 0 | 0 | 0 | 0 |
| **PROVISIONS FOR RISKS AND CHARGES (CURRENT)** | **0** | **0** | **0** | **0** |
| **TOTAL PROVISIONS FOR RISKS AND CHARGES** | **1,248** | **111** | **(110)** | **1,239** |

The provision for litigation was set aside to cover the risk of possible revocatory actions on the collections of bankrupt customers in 2020, while the decrease relates to the release to the income statement of provisions made in previous years for disputes that were closed during the year.

***Contingent liabilities***

With regards to the notification of invitation from the Municipality of Bologna, received on February 10, 2020, of a differing cadastral classification of a number of buildings - against that agreed with the administration since 2007 - with a consequent impact on the IMU tax for recent years and following which a provision for risks of Euro 73 thousand was recognised to the 2020 financial statements, 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 217 thousand and therefore to include appropriate information 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 and current financial liabilities

The following table breaks down non-current and current financial liabilities at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Bank loans – non-current | 66,536 | 8,903 | 57,633 |
| Non-current financial liabilities for leasing | 1,026 | 1,434 | (408) |
| **NON-CURRENT FINANCIAL LIABILIITES** | **67,562** | **10,337** | **57,225** |
| Bank loans - current | 2,545 | 2,544 | 1 |
| Current financial liabilities for leasing | 541 | 500 | 41 |
| Payables due for boarding fee surtaxes and Iresa | 896 | 2,565 | (1,669) |
| Other current financial debt | 30 | 27 | 3 |
| **CURRENT FINANCIAL LIABILITIES** | **4,012** | **5,636** | **(1,624)** |
| **TOTAL FINANCIAL LIABILITIES** | **71,574** | **15,973** | **55,601** |

Total bank loans at December 31 amount to Euro 69.1 million, of which Euro 66.5 million non-current and Euro 2.5 million current.

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Bank loans – non-current | 66,536 | 8,903 | 57,633 |
| Bank loans - current | 2,545 | 2,544 | 1 |
| **TOTAL LOANS** | **69,081** | **11,447** | **57,634** |

The increase in the period is due to two new loans secured by SACE guarantees signed with Unicredit for Euro 25 million and Intesa Sanpaolo for Euro 33.9 million, with a duration of 72 months, quarterly equal capital instalments with a grace period of 2 years for the first and 3 years for the second.

In addition to these loans, at December 31, 2020 the account includes a ten-year bank loan with 2024 maturity, with a balance of Euro 10.1 million at December 31, 2020 (Euro 11.4 million at December 31, 2019), granted by Banca Intesa to fund the infrastructure investment plan. This loan is classified for Euro 7.6 million under non-current loans (Euro 8.9 million at December 31, 2019), and for Euro 2.5 million under current loans (same amount at December 31, 2019). In 2020 the Company adhered to the moratorium proposed by the Bank with postponement of the instalment on the loan maturing in June 2020 and corresponding extension of the duration of the loan from June to December 2024. The Company did not incur any additional charges for this moratorium. 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.

Changes during the period also include a short-term loan of Euro 5 million obtained and repaid in the first half of the year and the repayment of a single instalment in December 2020 totalling Euro 1.3 million.

The contractual conditions of the loans in place at December 31, 2020 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-Yearly | 2024 | Yes |
| Unicredit Spa Sace guarantee | Loan | Fixed rate of 0.77% | Quarterly | 2026 | Yes |
| Intesa San Paolo Spa - SACE-backed | Loan | Euribor variable 3 Months + spread 1.29% | Quarterly | 2026 | No |

The annual nominal cost of the two new bank loans, shown in the table above, is in addition to the cost of the SACE guarantee, which amounts to 0.5% in the first year, 1% in the second and third years and 2% from the fourth to sixth years of the guaranteed portion of the debt, equal to 90% of the loan.

The loans are 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, 2020 the Company has not received any communication for application of cross default clauses by any of its lenders.
With regard to non-compliance, due to worsening margins owed to the current crisis, Banca Intesa informed AdB on August 31, 2020 that some covenants – which are usually reviewed on an annual basis, and relate to a loan undertaken with the bank prior to the Covid-19 pandemic – will be suspended for 2020 and 2021. The annual contractual covenants on the Unicredit loan finalised in July shall apply from the 2022 financial statements.
A sensitivity analysis is illustrated below on variable interest rate loans held at December 31, 2020.

| | | | in thousands of Euro | | | |
|---|---|---|---|---|---|---|
| Issuing financial institution | Type of loan | Interest rate applied | Balance 31.12.2020 | Interest balance for the year | Sensitivity Analysis (+0.5%) | Sensitivity Analysis (-0.1%) |
| Intesa San Paolo Spa - SACE-backed | Banking | Euribor 3 months/360 + 1.29% | 33,900 | 120 | 194 | 105 |

Non-current and current financial liabilities for leases at the end of the two fiscal years are as follows:

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Non-current lease liabilities | 1,026 | 1,434 | (408) |
| Current lease liabilities | 541 | 500 | 41 |
| **TOTAL LEASE LIABILITIES** | **1,567** | **1,934** | **(367)** |

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

"Non-current financial liabilities for leasing" of Euro 1 million concern contractually due fees and with maturity beyond 12 months for the right to use third party assets recorded as fixed assets in application of IFRS 16 (note 2), while current financial liabilities for leases regard the current portion of the instalments due for the right to use third party assets recorded as fixed assets as of January 1, 2019 in application of IFRS 16.

We illustrate below the table required by IAS 7 - Cash Flow Statement for a greater disclosure of changes in financial liabilities:

| *in thousands of Euro* | 31/12/2019 | Cash flows | New contracts | Interest/Other Reclassifications | 31/12/2020 |
|---|---|---|---|---|---|
| Loans - current portion | 2,544 | (6,278) | 5,000 | 1,279 | 2,545 |
| Lease liabilities - current portion | 500 | (342) | 47 | 336 | 541 |
| Loans - non-current portion | 8,903 | 0 | 58,900 | (1,267) | 66,536 |
| Lease liabilities - non-current portion | 1,434 | 0 | 38 | (446) | 1,026 |
| **Total** | **13,381** | **(6,620)** | **63,985** | **(98)** | **70,648** |

Finally, relating to current financial liabilities, the surtax on passenger boarding fees payable and for IRESA concerns the portion received by airlines and reversed to the authority body in January.

## 18. Trade payables

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| **TRADE PAYABLES** | **12,859** | **18,051** | **(5,192)** |

Trade payables are primarily owed to domestic suppliers and decreased compared to December 31, 2019 as a result of lower external operating costs as average payment days remained essentially stable (96 days).

The table below shows the breakdown of trade payables at December 31, 2020 and December 31, 2019 by due date:

| *in thousands of Euro* | Not yet due | Overdue | Total as at 31.12.2020 |
|---|---|---|---|
| Invoices/credit notes received | 3,914 | 2,668 | 6,582 |
| Invoices/credit notes to be received | 6,277 | 0 | 6,277 |
| **TOTAL TRADE PAYABLES** | **10,191** | **2,668** | **12,859** |

| *in thousands of Euro* | Not yet due | Overdue 0-30 | Overdue 30-60 | Overdue 60-90 | Overdue beyond 90 | Total |
|---|---|---|---|---|---|---|
| | | | | | | |
| **TRADE PAYABLES** | **3,914** | **1,570** | **558** | **106** | **434** | **6,582** |

| *in thousands of Euro* | 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 |
| **TOTAL TRADE PAYABLES** | **13,687** | **4,364** | **18,051** |

| *in thousands of Euro* | Not yet due | Overdue 0-30 | Overdue 30-60 | Overdue 60-90 | Overdue beyond 90 | Total |
|---|---|---|---|---|---|---|
| | | | | | | |
| **TRADE PAYABLES** | **4,558** | **4,111** | **149** | **15** | **89** | **8,922** |

The increase in payables overdue by more than 90 days is primarily due to some suppliers blocked from payment pending certification of the regularity of their contributions.

## 19. Other Liabilities

The following table breaks down other liabilities at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Current tax payables | 480 | 3,506 | (3,026) |
| Employee payables and social security institutions | 2,321 | 4,510 | (2,189) |
| ENAC concession fee and other State payables | 17,891 | 17,669 | 222 |
| Other current payables, accrued expenses and deferred income | 2,362 | 4,961 | (2,599) |
| Fiscal consolidation payables | 2 | 0 | 2 |
| **OTHER LIABILITIES** | **23,056** | **30,646** | **(7,590)** |

The principal changes were as follows:

### c. Current tax payables

The following table breaks down tax payables at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Direct income taxes | 0 | 2,606 | (2,606) |
| Other tax payables | 480 | 900 | (420) |
| **CURRENT TAX PAYABLES** | **480** | **3,506** | **(3,026)** |

Direct tax payables essentially fell to zero due to the tax loss for the period and the consequent recognition of deferred tax assets for IRES.
Other tax payables primarily relates to IRPEF payables for employed and self-employed staff, in which the former fell sharply as a result of the reduction in payroll costs.

## d. Employee payables and social security institutions

The following table breaks down employee payables and social security institutions at December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Payables to personnel for salaries | 840 | 960 | (120) |
| Payables to personnel for deferred compensation | 882 | 2,305 | (1,423) |
| Payables to social security institutions | 599 | 1,245 | (626) |
| **CURRENT PAYABLES TO PERSONNEL AND SOCIAL SECURITY INSTITUTIONS** | **2,321** | **4,510** | **(2,189)** |

Employee payables and social security institutions were down considerably at December 31, 2020 due to lower personnel costs, as illustrated in further detail in the pertinent section.
In summary, in addition to the reduction in the workforce and the use of the Extraordinary Temporary Lay-Off Fund with the consequent reduction in personnel costs, there was a reduction in deferred payables due to the absence of payables for employee performance bonuses and MBOs, the reduction in backlog of vacations due to forced leave during the year, as well as the presence in payables as of December 31, 2019 of the one-off payment to employees for the contractual vacancy period (National Collective Labour Agreement for Airport Operators expired on December 31, 2016 and was renewed in January 2020).

## e. ENAC concession fee and other State payables

The ENAC concession fees and other State payables mainly comprises:

- Euro 15.6 million (Euro 14.2 million in 2019) concerning the fire prevention service as governed by Article 1, paragraph 1328 of the 2007 Finance Act, modified by Article 4, paragraph 3*bis* of Law No. 2/2009. For further details, reference should be made to the chapter on Disputes in the Directors' Report;
- Euro 2.2 million as payable for the variable airport concession fee related to the 2019 adjustment and fee for the entire year 2020 while the payable at December 31, 2019, amounting to Euro 3.5 million in 2019, was only related to the second advance payment 2019 and adjustment for the year 2018. Payment of the fee, in fact, normally due on July 31 (previous year's balance and first advance payment for the current year) and January 31 of the following year (second advance payment for the current year), was postponed by ENAC as a measure to support the sector, first to January 31, 2021 and recently to April 30, 2021.

## f. Other current liabilities, accrued liabilities and deferred income

The following table breaks down current liabilities, accrued liabilities and deferred income December 31, 2020 (compared with December 31, 2019).

| *in thousands of Euro* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Payables due for boarding fee surtaxes and Iresa | 1,539 | 4,036 | (2,497) |
| Other current liabilities | 765 | 853 | (88) |
| Current accrued liabilities and deferred income | 58 | 72 | (14) |
| **TOTAL OTHER CURRENT PAYABLES, ACCRUED EXPENSES AND DEFERRED INCOME** | **2,362** | **4,961** | **(2,599)** |

The main account concerns the surtax for passenger boarding fees and, from January 1, 2020 for IRESA, relating to the receivables from carriers not yet received at December 31, 2020 for Euro 1.5 million. The portion of the passenger boarding fees payable and for IRESA relating to receivables collected from carriers, to be paid to the creditor entities on the other hand is classified under current financial liabilities (Note 17). The significant decline in this account is due to the reduction in aviation revenues following the abrupt drop in traffic as a result of the health emergency.
“Other current payables” include deposits and advances received from customers in addition to deferred income and miscellaneous payables, while the item “other accrued liabilities and deferred income" has not changed significantly compared to the previous year.

## NOTES TO THE MAIN INCOME STATEMENT ACCOUNTS

The principal 2020 income statement accounts are compared with 2019 below; it bears recalling that the main differences between the two periods are due almost exclusively to the dramatic reduction in traffic and revenues as a consequence of the COVID-19 pandemic, in addition to the various cost containment measures implemented by the Company in response to the crisis.

# REVENUES

### 20. Revenues

The following table shows details of revenues by category for the years ended December 31, 2020 and 2019, and in relation to the performance reference should be made to the detailed comments in the Directors’ Report.
Consolidated revenues totalled Euro 63.7 million, a decline of over Euro 55 million on 2019 (-46.5%).

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Revenues from aeronautical services | 18,209 | 57,764 | (39,555) |
| Revenues from non-aeronautical services | 14,965 | 43,721 | (28,756) |
| Revenues from construction services | 29,377 | 16,420 | 12,957 |
| Other operating revenues and income | 1,184 | 1,274 | (90) |
| **REVENUES** | **63,735** | **119,179** | **(55,444)** |

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:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Airport fees | 17,476 | 56,322 | (38,846) |
| Parking | 4,584 | 16,819 | (12,235) |
| Revenues from construction services | 29,377 | 16,420 | 12,957 |
| Others | 3,462 | 6,735 | (3,273) |
| **TOTAL IFRS 15 REVENUE STREAMS** | **54,899** | **96,296** | **(41,397)** |

The reconciliation between IFRS 15 revenue streams and total revenues is shown in the following table:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Airport fees | 17,476 | 56,322 | (38,846) |
| Parking | 4,584 | 16,819 | (12,235) |
| Revenues from construction services | 29,377 | 16,420 | 12,957 |
| Other | 3,462 | 6,735 | (3,273) |
| **TOTAL IFRS 15 REVENUE STREAMS** | **54,899** | **96,296** | **(41,397)** |
| Commercial/non-comm. sub-licenses | 8,760 | 22,744 | (13,984) |
| **TOTAL NON IFRS 15 REVENUE STREAMS** | **8,760** | **22,744** | **(13,984)** |
| TOTAL NON IFRS 15 Revenues | 76 | 139 | (63) |
| **TOTAL REVENUES** | **63,735** | **119,179** | **(55,444)** |

### i. Revenues from aeronautical services

The table below shows revenues from aeronautical services in 2020 and 2019. This category of revenues presents the greatest decline, at 68.5%, since it is the component directly correlated with traffic (passenger traffic -73.4%).

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Revenues from centralised infrastructure/other airport services | 104 | 285 | (181) |
| Exclusive use revenues | 645 | 1,378 | (733) |
| Airport fee revenues | 22,858 | 75,841 | (52,983) |
| PRM revenues | 1,678 | 6,091 | (4,413) |
| Air traffic development incentives | (7,164) | (25,895) | 18,731 |
| Other aeronautical revenues | 88 | 64 | 24 |
| **TOTAL REVENUES FROM AERONAUTICAL SERVICES** | **18,209** | **57,764** | **(39,555)** |

The breakdown of airport fee revenues is shown below:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Passenger boarding fees | 9,154 | 38,514 | (29,360) |
| Landing, take-off and parking fees | 9,162 | 21,596 | (12,434) |
| Passenger security fees | 2,987 | 12,381 | (9,394) |
| Baggage stowage control fees | 982 | 3,514 | (2,532) |
| Freight loading and unloading charges | 692 | 761 | (69) |
| Reduction FSC fees and miscellaneous | (119) | (925) | 806 |
| **TOTAL AVIATION FEE REVENUES** | **22,858** | **75,841** | **(52,983)** |

The "reduction of provision for doubtful accounts and other receivables" mainly refers to the write-down of aviation receivables accrued in 2020 and considered uncollectible.

### ii. Revenues from non-aeronautical services

The table below shows revenues from non-aeronautical services in 2020 and 2019. The strong contraction (-65.8%) is due to the services directly linked to passenger traffic (parking -72.7%, Marconi Business Lounge -78%) but was also particularly significant in the sub-concessions of premises and areas (-63.5%) due to the closure of almost all businesses initially decreed by Ministerial Decree of March 11, 2020, which was partially restored during the summer season but then extended into the autumn due to the second wave of the pandemic. Moreover, since May the new contractual scheme for retail customers has provided for the cancellation of fixed fees and the payment of only the variable part linked to turnover, and there have been numerous contractual renegotiations aimed at rebalancing services economically given the significant drop in traffic recorded.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Sub-licensing of areas and premises | 7,160 | 19,597 | (12,437) |
| Parking | 4,584 | 16,819 | (12,235) |
| Other commercial revenues | 3,221 | 7,305 | (4,084) |
| **TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES** | **14,965** | **43,721** | **(28,756)** |

Other commercial revenues are broken down as follows:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Marconi Business Lounge | 634 | 2,887 | (2,253) |
| Advertising | 1,082 | 1,891 | (809) |
| Misc. commercial revenues | 1,495 | 2,527 | (1,032) |
| Reduction in other commercial revenues to FSC | 10 | 0 | 10 |
| **TOTAL OTHER COMMERCIAL REVENUES** | **3,221** | **7,305** | **(4,084)** |

### 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 29.4 million in 2020, compared to Euro 16.4 million in 2019, due to the greater investments (Euro 13 million) in airport infrastructure under concession; see the Directors' Report for further information.

### iv. Other Revenue and Income

The table below shows other revenues and income in 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Compensation, reimbursements and other income | 829 | 1,146 | (317) |
| Operating and plant grants | 39 | 48 | (9) |
| Revenues from Terminal Value on Provision for Renewal | 316 | 80 | 236 |
| **TOTAL OTHER REVENUES AND INCOME** | **1,184** | **1,274** | **(90)** |

This category of revenues was less affected by the effects of the COVID-19 pandemic; the decrease in the first item, "indemnities, reimbursements and misc. income", is primarily due to lower sales of energy efficiency certificates but also to lower charges to sub-concessionaires for "condominium expenses" due to the partial closure of several areas of the Terminal.

The item "operating and plant grants" mainly relates (Euro 28 thousand) to the so-called Covid-19 sanitation bonus (Law Decree 34/2020 Article 125 and conversion law of Law Decree 104/2020) and the accrued portion of the plant grant for investments in new capital goods pursuant to Law 160/2019.
The 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 2020. The increase with respect to the previous year is due to the greater amount of work carried out, especially on the runway, as part of the extraordinary maintenance carried out during the closure in September 2020.

## COSTS

### 21. Costs

Total 2020 costs show a 9.9% decrease from Euro 76 million to Euro 68.4 million in 2020. Excluding the item "construction services" - up 79.1% due to higher investments in concession rights - the savings on total operating costs rises to 32.9%.

### i. Consumables and goods

The table below presents consumables and goods in 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Consumables and goods | 681 | 631 | 50 |
| Maintenance materials | 121 | 240 | (119) |
| Fuel and gasoline | 112 | 213 | (101) |
| **TOTAL CONSUMABLES AND GOODS** | **914** | **1,084** | **(170)** |

As shown in the table, this category of costs reports an overall saving of Euro 0.2 million (-15.7%) deriving from lower consumption, primarily of fuel and diesel due to the reduced use of vehicles and maintenance materials from the reduction in activities. On the other hand, the cost of consumables related to the COVID emergency (PPE, gel distributors, social distancing panels, dedicated signs, etc.) increased.

### ii. Service costs

The following table shows the breakdown of services costs for 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Maintenance costs | 4,120 | 4,743 | (623) |
| Utilities | 1,763 | 2,324 | (561) |
| Cleaning and accessory services | 1,530 | 2,092 | (562) |
| Third-party services | 3,684 | 5,747 | (2,063) |
| MBL Services | 105 | 334 | (229) |
| Advertising, promotion and development | 326 | 836 | (510) |
| Insurance | 766 | 731 | 35 |
| Professional and consultancy services | 1,364 | 2,004 | (640) |
| Fees and reimbursements for statutory bodies | 480 | 518 | (38) |
| Other service costs | (19) | 124 | (143) |
| **TOTAL SERVICE COSTS** | **14,119** | **19,453** | **(5,334)** |

Service costs also decreased significantly (-27.4%), primarily due to the COVID-19 emergency, which reduced the cost of several services correlated to traffic (PRM Passengers with Reduced Mobility service, MBL Marconi Business Lounge service, shuttle service to/from parking lots) and terminal operations, with the resulting savings on utilities, cleaning and maintenance, and enabled the renegotiation of several service contracts to take account of the reduced operating needs.

In addition to the effect of Covid, snow clearance activities were reduced due to the milder temperatures during the winter period.

A further breakdown in maintenance expenses is provided below:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Owned asset maintenance expenses | 909 | 1,041 | (132) |
| Airport infrastructure maintenance expenses | 2,847 | 2,977 | (130) |
| Third party asset maintenance expenses | 364 | 725 | (361) |
| **TOTAL MAINTENANCE COSTS** | **4,120** | **4,743** | **(623)** |

The breakdown of services is illustrated below:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Snow clearance | 312 | 508 | (196) |
| Porterage, transport third-party services | 167 | 665 | (498) |
| PRM assistance service | 483 | 1,735 | (1,252) |
| De-icing and other public service charges | 528 | 548 | (20) |
| Security service | 1,158 | 1,242 | (84) |
| Other outsourcing | 1,036 | 1,049 | (13) |
| **TOTAL SERVICES** | **3,684** | **5,747** | **(2,063)** |

### 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 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Concession fees | 1,684 | 6,636 | (4,952) |
| Hire charges | 111 | 128 | (17) |
| Rental charges | 23 | 161 | (138) |
| EDP processing charges | 1,524 | 1,627 | (103) |
| Other rental & hire costs | 4 | (29) | 33 |
| **TOTAL LEASES, RENTALS AND OTHER COSTS** | **3,346** | **8,523** | **(5,177)** |

This cost category also decreased significantly (-60.7%), mainly due to the lower traffic volumes, on whose basis the concession and security fees are calculated and lower variable fees relating to the rental of parking areas.

### v. Other operating expenses

The following table shows the breakdown of other operating expenses for 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Tax charges | 1,113 | 1,305 | (192) |
| Fire prevention service contribution | 1,399 | 1,440 | (41) |
| Capital losses | 17 | 0 | 17 |
| Other operating costs and expenses | 369 | 462 | (93) |
| Non-recurring expenses (income) | 0 | (7) | 7 |
| **TOTAL OTHER OPERATING EXPENSES** | **2,898** | **3,200** | **(302)** |

This category of costs also fell, although less significantly than other costs (-9.4%), as it is primarily made up of costs that are not, or are less significantly, affected by the pandemic, such as taxes and the contribution to the fire prevention service. In terms of taxation, the Bologna municipal authorities reduced the municipal tax rate following the COVID-19 pandemic, while in relation to the contribution to the fire prevention service, which is charged at Euro 30 million per year to be divided among Italian airports in proportion to the traffic of each individual airport, there was no reduction in fees linked to the drop in air traffic, thus making this charge even more unfair.

### vi. Personnel costs

The following table shows the breakdown of personnel costs for 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Salaries and wages | 12,897 | 19,329 | (6,432) |
| Social security contributions | 3,985 | 5,347 | (1,362) |
| Severance | 1,233 | 1,372 | (139) |
| Retirement pension and similar | 188 | 184 | 4 |
| Other personnel costs | 889 | 1,844 | (955) |
| **TOTAL PERSONNEL COSTS** | **19,192** | **28,076** | **(8,884)** |

The decline in personnel costs (-31.6%) was due, on the one hand, to the decrease in the workforce (-52 average resources in 2020 compared to 2019; -76 resources at December 31, 2020 compared to December 31, 2019) owing to the non-renewal of fixed-term contracts for the operating areas and, on the other, to the other personnel cost containment actions in the light of the dramatic reduction in traffic caused by the COVID-19 emergency.

In particular, on March 21, 2020, the Company launched an Extraordinary Temporary Lay-off Scheme for all employees, maintaining only the operational services deemed essential, resulting in a significant reduction in the activities of other employees.

In June, following the resumption of operations at the airport by carriers, the use of the Extraordinary Temporary Lay-off Scheme was partially reduced for the operating sectors and then reintroduced in the autumn given the fall in traffic related to the second wave of the pandemic. In addition, as a result of the negative performance of the current year, the cost item linked to employee performance bonuses was reduced almost to zero, as were all related costs such as employee training and refresher courses, travel expenses and canteen costs, as shown in the following table:

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Staff canteen | 332 | 617 | (285) |
| Personnel training and refresher courses | 87 | 298 | (211) |
| Personnel travel expenses | 43 | 293 | (250) |
| Other personnel provisions | 122 | 95 | 27 |
| Misc. personnel costs | 305 | 541 | (236) |
| **TOTAL OTHER PERSONNEL COSTS** | **889** | **1,844** | **(955)** |

The average headcount by category in the two periods under consideration is shown below:

| *Average workforce (number)* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Executives | 9 | 9 | (0) |
| White-collars | 370 | 411 | (41) |
| Blue-collars | 84 | 95 | (11) |
| **TOTAL PERSONNEL** | **463** | **515** | **(52)** |

The headcount at the end of the two financial years under consideration was as follows:

| *Workforce (number)* | As at 31.12.2020 | As at 31.12.2019 | Change |
|---|---|---|---|
| Executives | 9 | 9 | 0 |
| White-collar | 355 | 417 | (62) |
| Blue-collar | 79 | 93 | (14) |
| **TOTAL PERSONNEL** | **443** | **519** | **(76)** |

## 22. Depreciation, amortisation and impairment

The table below shows amortisation, depreciation and write-downs in 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Amortisation/impairment of concession rights | 6,498 | 6,045 | 453 |
| Amortisation of other intangible assets | 1,397 | 1,561 | (164) |
| Depreciation/impairment of tangible assets | 2,449 | 2,637 | (188) |
| **TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT** | **10,344** | **10,243** | **101** |

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 (see Investments Chapter of the Directors' Report and notes 1 and 2). On the other hand, with regard to concession fees, it should be noted the effect of the extension of the duration of the airport concession provided for by the Relaunch Decree in order to contain the economic effects of the COVID-19 pandemic; consequently, the amortisation plan of the concession fees that came into operation in July 2020, together with the amortisation plan of the residual book value of the concession fees as of June 30, 2020, were rescheduled to the new expiry date of the airport concession (December 2046).
The item "Depreciation/write-down of tangible assets" includes Euro 0.5 million of depreciation on leased assets in accordance with IFRS 16.
Finally, this category includes Euro 54 thousand of write-downs of concession rights and tangible assets for the cancellation of projects that can no longer be used compared to Euro 33 thousand in the previous year (Concession rights).

## 23. Provisions for risks and charges

The following table shows the movement of the provisions for risks and charges in 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Provisions for doubtful accounts | 502 | (5) | 507 |
| Provision for renewal of airport infrastructure | 2,309 | 2,814 | (505) |
| Provisions for other risks and charges | 2 | 267 | (265) |
| **TOTAL PROVISIONS** | **2,813** | **3,076** | **(263)** |

This category of costs also reports a contraction due to:

- the lower provision for renewal of airport infrastructure, which represents the amount accrued during the period of the costs of restoration and replacement of the airport infrastructure to be returned to ENAC at the end of the concession in a state of efficiency and full operation. The lower provision was due to the revision of the ten-year plan of restoration and replacement interventions, with the deferral of several airside projects.

- the provision for risks and charges, which shows an almost nil amount for the year results from a provision for risks and charges of an amount similar to the release made for the termination of the risk on a dispute concluded in 2020.

The higher provision for doubtful accounts compared with 2019 is due to the reduction in revenues in the previous year rather than the allocation of the provision in this line item, as in 2019 a write-down of revenues and corresponding receivables was carried out fully in the previous year.

### 24. Financial income and expenses

The following table shows the breakdown of financial income and financial expenses for 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Income from securities | 5 | 6 | (1) |
| Other income | 83 | 123 | (40) |
| Discounting income on provisions | 79 | 0 | 79 |
| **TOTAL FINANCIAL INCOME** | **167** | **129** | **38** |
| Interest expenses and bank charges | (655) | (411) | (244) |
| Discounting charges on provisions | (529) | (649) | 120 |
| Interest charges for discounting of liabilities for leasing | (6) | (22) | 16 |
| Other financial expenses | (1) | (7) | 6 |
| **TOTAL FINANCIAL EXPENSES** | **(1,192)** | **(1,089)** | **(103)** |
| **TOTAL FINANCIAL INCOME AND EXPENSES** | **(1,025)** | **(960)** | **(65)** |

**Net Financial expense** amounted to slightly over Euro 1 million, up slightly from 2019 due primarily to higher debt for the year.

### 25. Income taxes

The following table shows the taxes for the year for 2020 and 2019.

| *in thousands of Euro* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Current income taxes | (467) | 8,775 | (9,242) |
| Deferred tax assets and liabilities | (4,464) | 82 | (4,546) |
| **TOTAL TAXES FOR THE YEAR** | **(4,931)** | **8,857** | **(13,788)** |
| **% current taxes on results before taxes** | **n.a.** | **30.34%** | **n.a.** |
| **Taxes for the year as a % of result before taxes** | **n.a.** | **30.62%** | **n.a.** |

Income taxes in 2020 amounted to tax income of Euro 5 million compared to a tax charge of Euro 9.2 million in 2019 and reduce the statutory loss in the year, primarily due to the recognition of deferred tax assets on the IRES tax loss for the year of Euro 4.8 million compared to Euro 7.4 million of IRES in the previous year.

With reference to current taxes, the item "Income from tax consolidation" includes the benefits deriving from participation in the tax consolidation procedure for Euro 129 thousand, entirely referring to the remuneration connected to the tax loss for the year; the item “Prior year taxes" mainly relates to the IRAP resulting from the exclusion of the obligation to pay the 2019 IRAP balance as provided for by Legislative Decree No. 34 of May 19, 2020 (the "Relaunch Decree"). It should be noted the absence of 2020 IRAP tax liability for the tax loss for the year, compared to Euro 1.5 million tax liability in the prior year.

The breakdown of current income taxes is illustrated below:

| *Breakdown of taxes for the year* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| IRES | 0 | 7,448 | (7,448) |
| Income from tax consolidation | (129) | 0 | (129) |
| IRAP | 0 | 1,492 | (1,492) |
| Adjustment to IRES tax rate deferred taxes to be reabsorbed in '20-21 | 0 | (149) | 149 |
| Prior year taxes | (338) | (16) | (322) |
| **TOTAL** | **(467)** | **8,775** | **(9,242)** |

The reconciliation between the IRES effective and theoretical tax rate is illustrated below:

| *IRES effective/theoretical Tax Rate Reconciliation* | for the year ended 31.12.2020 | for the year ended 31.12.2019 | Change |
|---|---|---|---|
| Result before taxes | (18,894) | 28,925 | (47,819) |
| **Ordinary tax rate** | **24%** | **24%** | **0** |
| **IRES surcharge 3.5%** | **3.5%** | **3.5%** | **0** |
| Theoretical tax charge | n.a. | 7,954 | n.a. |

| *Effect of increase or decrease to the IRES ordinary tax rate:* | | | |
|---|---|---|---|
| Taxed provisions deductible in subsequent financial years | 783 | 1,112 | (329) |
| Costs deductible in subsequent financial years | 2,865 | 3,114 | (249) |
| Write-downs/losses on equity investments | 0 | 0 | 0 |
| Other Costs deductible in previous years | 0 | 18 | (18) |
| Other non-deductible costs | 806 | 936 | (130) |
| Use of provisions taxed in prior financial years | (1,534) | (553) | (981) |
| Costs not deductible in previous years | (2,840) | (4,052) | 1,212 |
| Other differences | (1,623) | (2,415) | 792 |
| ***Total increase/decrease*** | **(1,543)** | **(1,840)** | **297** |
| Tax effect on changes in Ires ord. rate 24% | 0 | (442) | 82 |
| Tax effect on ordinary surcharge rate changes Ires at .3.5%% | 0 | (64) | 64 |
| IRES deferred tax assets on tax loss 24% | (4,776) | 0 | (4,776) |
| Income from IRES tax consolidation | (129) | 0 | (129) |
| Current IRES 24% | 0 | 6,500 | (6,500) |
| Surcharge 3.5% | 0 | 948 | (948) |
| ***Effective tax rate*** | **n.a.** | **25.75%** | **n.a.** |

## 26. 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 administration and legal services, including the compensation, reversed to the employer AdB, of directors of the Parent Company and the secondment of personnel, for Euro 99 thousand (Euro 87 thousand in 2019).
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 2020 to the subsidiary amount to Euro 174 thousand (Euro 180 thousand in 2019).

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, 2020 the Parent Company recognises current payables of Euro 2 thousand compared to Euro 14 thousand of receivables in the previous year while the non-current payable of Euro 8 thousand in the previous year relating to the application for the reimbursement of IRAP from IRES (Legislative Decree 201/2011 Article 2 c.a.) was eliminated following the collection and reversal to the subsidiary in 2020;
- 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 2.7 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 and Supervisory Board;
- packages and goods x-ray controls.

Revenues in the year from the subsidiary amount to Euro 354 thousand compared to Euro 434 thousand in 2019.

Among the non-commercial relations with FFM, we report the tax consolidation contract renewed in January 2018 for the financial years 2018-2020, on the basis of which at December 31, 2020 a receivable of Euro 131 thousand is reported for the IRES balance in the year (Euro 6 thousand at December 31, 2019). The payable of Euro 15 thousand recorded until December 31, 2019 and relating to the IRAP refund request from IRES (Legislative Decree No. 201/2011 art. 2 c.a) was duly paid to the subsidiary following collection by the Parent Company under the current tax consolidation agreement.

The following tables present the balances of related parties transactions contained in the financial statements balances.

| *in thousands of Euro* | for the year ended 31.12.2020 | | for the year ended 31.12.2019 | |
|---|---|---|---|---|
| | **Total** | **of which related parties** | **Total** | **Total** |
| Concession rights | 193,677 | 0 | 171,238 | 0 |
| Other intangible assets | 1,562 | 0 | 2,256 | 0 |
| **Intangible assets** | **195,239** | **0** | **173,494** | **0** |
| Land, property, plant and equipment | 12,321 | 0 | 14,669 | 0 |
| Investment property | 4,732 | 0 | 4,732 | 0 |
| **Tangible assets** | **17,053** | **0** | **19,401** | **0** |
| Equity investments | 3,189 | 0 | 3,189 | 0 |
| Other non-current financial assets | 11,916 | 0 | 11,506 | 0 |
| Deferred tax assets | 10,428 | 0 | 5,963 | 0 |
| Other non-current assets | 231 | 0 | 953 | 0 |
| **Other non-current assets** | **25,764** | **0** | **21,611** | **0** |
| **NON-CURRENT ASSETS** | **238,056** | **0** | **214,506** | **0** |
| Inventories | 649 | 0 | 585 | 0 |
| Trade receivables | 5,687 | 361 | 14,707 | 219 |
| Other current assets | 3,643 | 144 | 4,897 | 28 |
| Current financial assets | 275 | 0 | 1 | 0 |
| Cash and cash equivalents | 37,991 | 0 | 24,609 | 0 |
| **CURRENT ASSETS** | **48,245** | **505** | **44,799** | **247** |
| **TOTAL ASSETS** | **286,301** | **505** | **259,305** | **247** |

| *in thousands of Euro* | for the year ended 31.12.2020 | | for the year ended 31.12.2019 | |
|---|---|---|---|---|
| | **Total** | **of which related parties** | **Total** | **of which related parties** |
| Share capital | 90,314 | 0 | 90,314 | 0 |
| Reserves | 83,567 | 0 | 63,545 | 0 |
| Profit (loss) for the year | (13,963) | 0 | 20,068 | 0 |
| **TOTAL SHAREHOLDERS' EQUITY** | **159,918** | **0** | **173,927** | **0** |
| Severance and other personnel provisions | 3,864 | 0 | 3,887 | 0 |
| Deferred tax liabilities | 2,073 | 0 | 2,069 | 0 |
| Provision for renewal of airport infrastructure | 10,139 | 0 | 9,369 | 0 |
| Provisions for risks and charges | 1,239 | 0 | 1,248 | 0 |
| Non-current financial liabilities | 67,562 | 0 | 10,337 | 0 |
| Other non-current liabilities | 41 | 0 | 160 | 24 |
| **NON-CURRENT LIABILITIES** | **84,918** | **0** | **27,070** | **24** |
| Trade payables | 12,859 | 33 | 18,051 | 23 |
| Other liabilities | 23,056 | 3 | 30,646 | 1 |
| Provision for renewal of airport infrastructure | 1,538 | 0 | 3,975 | 0 |
| Provisions for risks and charges | 0 | 0 | 0 | 0 |
| Current financial liabilities | 4,012 | 0 | 5,636 | 0 |
| **CURRENT LIABILITIES** | **41,465** | **36** | **58,308** | **24** |
| **TOTAL LIABILITIES** | **126,383** | **36** | **85,378** | **48** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **286,301** | **36** | **259,305** | **48** |

| *in thousands of Euro* | **for the year ended 31.12.2020** | | **for the year ended 31.12.2019** | |
|---|---|---|---|---|
| | **Total** | **of which related parties** | **Total** | **of which related parties** |
| Revenues from aeronautical services | 18,209 | 75 | 57,764 | 85 |
| Revenues from non-aeronautical services | 14,965 | 243 | 43,721 | 242 |
| Revenues from construction services | 29,377 | 0 | 16,420 | 0 |
| Other operating revenues and income | 1,184 | 135 | 1,274 | 194 |
| **Revenues** | **63,735** | **453** | **119,179** | **521** |
| Consumables and goods | (914) | 0 | (1,084) | 0 |
| Service costs | (14,119) | (171) | (19,453) | (179) |
| Construction service costs | (27,978) | 0 | (15,639) | 0 |
| Leases, rentals and other costs | (3,346) | 0 | (8,523) | 0 |
| Other operating charges | (2,898) | (2) | (3,200) | 0 |
| Personnel costs | (19,192) | (1) | (28,076) | (1) |
| **Costs** | **(68,447)** | **(174)** | **(79,975)** | **(180)** |
| Amortisation/write-downs Concession rights | (6,498) | 0 | (6,045) | 0 |
| Amortisation of other intangible assets | (1,397) | 0 | (1,561) | 0 |
| Depreciation of tangible assets | (2,449) | 0 | (2,637) | 0 |
| **Depreciation, amortisation and impairment** | **(10,344)** | **0** | **(10,243)** | **0** |
| Provisions for doubtful accounts | (502) | 0 | 5 | 0 |
| Provision for renewal of airport infrastructure | (2,309) | 0 | (2,814) | 0 |
| Provisions for other risks and charges | (2) | 0 | (267) | 0 |
| **Provisions for risks and charges** | **(2,813)** | **0** | **(3,076)** | **0** |
| **Total Costs** | **(81,604)** | **(174)** | **(89,294)** | **(180)** |
| **EBIT** | **(17,869)** | **0** | **29,885** | **0** |
| Financial income | 167 | 0 | 129 | 0 |
| Financial expenses | (1,192) | 0 | (1,089) | 0 |
| **Result before taxes** | **(18,894)** | **0** | **28,925** | **0** |
| **Taxes for the year** | 4,931 | **0** | (8,857) | **0** |
| **Profit (loss) for the year** | **(13,963)** | **0** | **20,068** | **0** |

The movements with regards to the individual related parties respectively in 2020 and 2019 are presented below.

| 2020 | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***in thousands of Euro*** | **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 | 220 | 13 | 0 | 233 | 233 | 0 | 26 | 2 | *0* | 29 | 29 |
| Fast Freight Marconi SpA | 0 | 0 | 0 | 141 | 131 | 0 | 272 | 272 | 0 | 7 | 1 | *0* | 8 | 8 |
| **Total** | **0** | **0** | **0** | **361** | **144** | **0** | **505** | **505** | **0** | **33** | **3** | ***0*** | **36** | **36** |

| 2019 | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***in thousands of Euro*** | **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 |
| **Total** | **0** | **0** | **0** | **219** | **28** | **0** | **247** | **247** | **24** | **23** | **1** | **0** | **24** | **48** |

| 2020 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | **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 | 64 | 35 | 99 | (171) | (2) | (1) | (174) | 0 | 0 |
| Fast Freight Marconi SpA | 75 | 179 | 100 | 354 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **75** | **243** | **135** | **453** | **(171)** | **(2)** | **(1)** | **(174)** | **0** | **0** |

| 2019 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *in thousands of Euro* | **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 |
| **Total** | **85** | **242** | **194** | **521** | **(179)** | **0** | **(1)** | **(180)** | **0** | **0** |

All the related party transactions described above were undertaken during the course of ordinary operations and on an arm's length basis.

## 27.Commitments and risks

**Environmental investment commitments**

In January 2020, the Airport Decarbonization Territorial Agreement was updated from the original agreement signed in 2015 to align with the new 2016-2030 Airport Master Plan and changed project requirements. Following this update, the Company's commitment increased from Euro 6.5 million to Euro 9.3 million for investment in the construction of a large wooded area to the north of the airport, as well as nature conservation works on the "Golena San Vitale" site of Community interest and the construction of a cycle path linking the airport and the city of Bologna.

**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 concerns:

- sureties of which principally to ENAC (the Italian Civil Aviation Authority) pursuant to the Full Management Agreement (Euro 5.6 million);
- 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;
- 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 2.7 million.

| in thousands of Euro | 31/12/2020 | 31/12/2019 | Change | % Change |
|---|---|---|---|---|
| Sureties | 5,733 | 6,630 | (897) | 13.4% |
| Pledge on Equity Financial Instruments | 10,873 | 10,873 | 0 | 0% |
| Patronage letters | 2,751 | 3,267 | (516) | 18.8% |
| **Total guarantees provided** | **19,357** | **20,769** | **(1,412)** | **6.8%** |

### 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.

## 28 Law 124/2017 Article 1, paragraphs 125-129 - Transparency of public disbursements

In 2020, the Company benefited from so-called "State Aid" relating to the exemption from the payment of the 2019 IRAP balance as per Article 24 of Legislative Decree No. 34 of May 19, 2020 (Relaunch Decree) amounting to Euro 355 thousand, recorded as income under "income tax" and Euro 28 thousand for the tax credit pursuant to Article 25 of the same decree.

Among operating grants, the Company also recorded Euro 5 thousand for a training project linked to sustainability issues (Fondirigenti).

# 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.

Reference should be made to the last chapter of the Directors' Report for comments on business outlook.

## PROPOSAL FOR THE ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders,
the 2020 financial statements of the company Aeroporto Guglielmo Marconi di Bologna Spa, which we present for your approval, report a loss of Euro 13,963,340.73, which the Board of Directors proposes carrying forward.

The Chairman of the Board of Directors

*(Enrico Postacchini)*

Bologna, March 15, 2021

**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, 2020, 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, 2020 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, 2020:

   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, 15 March 2021

| **The Chief Executive Officer** | **Officer in charge of preparing the corporate accounting documents** |
|---|---|
| (Nazareno Ventola) | (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**
(in accordance with 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 2020, 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 has verified annually 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.

The year 2020, due to the COVID-19 pandemic, was a year of drastic reductions in passenger traffic both worldwide (-65.9%) and domestically (-72.6%). In line with nationwide developments, Bologna Airport reports for the year 2,506,258 total passengers, contracting 73.4% on 2019. As a result, the Company's financial performance during the year under review was severely impacted by the effects of the COVID-19 pandemic, as fully explained in the Company's 2020 financial statements. The significant transactions include, both undertaken to mitigate the impacts of the COVID-19 pandemic on the Company's volumes and results, the signing of two loans supported by SACE-backed guarantees as part of the “Guarantee Italy” programme, respectively for Euro 25 million from Unicredit and Euro 33.9 million from Intesa Sanpaolo and the recourse to the Extraordinary Temporary Lay-off Scheme for employees from March 21, 2020 for a duration of 12 months. We in addition indicate the income support for workers placed in the Extraordinary Temporary Lay-Off Scheme from the Air Transport Solidarity Fund, which covered remuneration up to an effective 80% of the average salary of every worker calculated in the 12 months prior to the Extraordinary Temporary Lay-Off Scheme.

**Atypical or unusual transactions**

No atypical or unusual transactions carried out in 2020 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, before which the statement of conclusions was heard on 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 pronunciation 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 15, 2021, 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 2020, 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 2020, approved by the Board of Directors in the meeting of March 15, 2021.
- 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 2020, the company paid Euro 93,650 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 18,778 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 22,814) and the certifications for the purposes of Legislative Decree No. 118 of June 23, 2011 (Euro 6,000). 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 29, 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. On October 12, 2020, the Board of Directors co-opted, in replacement of Director Gennarino Tozzi who resigned on July 17, 2020, the Director Giovanni Cavallaro.

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 2020, the Board of Statutory Auditors attended:

- the Shareholders’ Meeting of April 30, 2020;
- 11 Board of Directors' meetings;
- 7 Control and Risks Committee meetings;
- 4 Remuneration Committee meetings;

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 2020, the undersigned Board of Statutory Auditors held 6 meetings (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, 2020, approved by the Board of Directors on March 15, 2021.

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 31, 2021 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, 2020, 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 2020 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, 2020 as drafted and approved by the Board of Directors at today's meeting, and are in agreement with the proposal to carry forward the loss for the year.

Bologna, March 31, 2021

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, 2020

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

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, 2020, 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, 2020, 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 matters:

| Key Audit Matters | Audit Response |
|---|---|
| Impairment test following the impacts deriving from the Covid-19 pandemic on the Company's business | |
| The performance of the Company for the 2020 | Our audit procedures performed in response to |

fiscal year was heavily influenced by the restrictions on air traffic for the purpose of containing the Covid-19 pandemic. Such restrictions contributed to a contraction in passenger volume transiting through the Bologna airport of 73.4% as compared to the 2019 fiscal year and consequently, contributed to a reduction in revenue for aviation services of 68.5% and non-aviation services by 65.8% compared to the 2019 fiscal year.
The reduction in traffic and the contraction in revenues of the Company as impacted by the restrictions imposed by the Covid-19 pandemic represent an indicator of impairment in accordance with IAS 36.
In consideration of the significance of the impacts deriving from events described above, we considered that this aspect represents a key audit matter.

The disclosures relating to the impairment test are included in note 1. "Intangible assets". The disclosures relating to Covid-19 impacts on the fiscal year 2020 are included in section "Accounting Standards adopted for the preparation of the Financial Statements for the year ended December 31, 2020" under paragraph "Impacts of the Covid-19 pandemic and going concern".

this Key Audit Matter included, among others:

- assessment of the valuation methodologies adopted by the Company;
- analysis of the assumptions underlying the preparation the financial and economic plan made by the Company;
- analysis of the consistency of the assumptions in the context of the macroeconomic environment;
- discussions with management regarding the manner of construction of the impairment test model;
- testing the consistency of the of the discount rate applied (WACC).

In performing our audit procedures, we also involved our valuation specialists who performed and independent calculation and carried out a sensitivity analysis of the key assumptions for the purpose of determining changes in assumptions that could significantly impact the determination of the recoverable amount.

Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements in relation to the Key Audit Matter.

Valuation of the provision for renewal of airport infrastructure

The provision for renewal of airport infrastructure (the "Provision") accounted for in the financial statements as of December 31, 2020 amounts to Euro 11.7 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

Our audit procedures performed in response to this Key Audit Matter included, among others:

- assessment of the process and key internal controls implemented by the Company;
- understanding of the concession agreement from which the obligation arises;
- analysis of the supporting report prepared by the Company's technical departments;
- test of details on a sample of Provision's utilizations accounted for during the fiscal year;
- assessment of the key changes to the amount of the Provision as compared to the prior year;
- a critical analysis of the assumptions underlying the calculation of the Provision as well as the consistency of such with the

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.

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 note 15. “Provision for renewal of airport infrastructure (non-current and current)”.

2021-2025 business plan approved by the Directors;

- testing the reasonableness of the discount rate used and the mathematical accuracy of the accrued Provision.

Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements in relation to the Key Audit Matter.

## 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, 2020, 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, 2020 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, 2020 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 31, 2021

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.*

Aeroporto di Bologna

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