

Consolidated Half-Year Financial Report at June 30, 2020

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





Consolidated Half-Year Financial Report
Aeroporto Guglielmo Marconi di Bologna Group
at June 30, 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.

CONTENTS

Ownership of the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A.	3
Board of Directors	4
Board of Statutory Auditors	5
Independent Audit Firm	5
Directors' Report at June 30, 2020	6
Consolidated Financial Statements for the period ended June 30, 2020	49
• Statement of Consolidated Financial Position	50
• Consolidated Income Statement	51
• Consolidated Statement of Comprehensive Income	52
• Consolidated Cash Flow Statement	53
• Statement of Changes in Consolidated Shareholders' Equity	54
Notes to the Consolidated Financial Statements at June 30, 2020	55
Statement pursuant to Article 154 bis of the CFA	99
Review Report on the Consolidated Half-Year Financial Report at June 30, 2020	100

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

Ownership of the Parent Company Aeroporto Guglielmo Marconi di Bologna Spa

According to the shareholder register and the notices received pursuant to Article 120 of Legislative Decree No. 58/98, the shareholders of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A., with holdings of more than 3% were as follows at June 30, 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)
Gennarino Tozzi	Director (**)
Laura Pascotto	Director (A) (B)

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

(**) Resigned on July 17, 2020.

(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 Aeroporto Guglielmo Marconi di Bologna S.p.A.
Group at June 30, 2020**

INTRODUCTION	9
1 STRATEGIES AND RESULTS	12
1.1 AIR TRANSPORT GENERAL SECTOR AND PERFORMANCE: G. MARCONI AIRPORT OVERVIEW AND POSITIONING..	12
1.2 IMPACTS OF THE COVID-19 PANDEMIC ON BOLOGNA AIRPORT AND INITIATIVES BY THE ADB GROUP IN RESPONSE TO THE EMERGENCY.....	13
1.3 STRATEGIC OBJECTIVES.....	14
1.4 SHARE PERFORMANCE.....	15
2. KEY OPERATING RESULTS.....	17
2.1 AVIATION STRATEGIC BUSINESS UNIT.....	17
2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA	17
2.1.2 AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS.....	21
2.2 NON-AVIATION STRATEGIC BUSINESS UNIT.....	22
2.2.1 NON-AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS	22
3 ANALYSIS OF THE OPERATING RESULTS, FINANCIAL POSITION AND CASH FLOWS	24
3.1 CONSOLIDATED OPERATING RESULTS ANALYSIS	24
3.2 CASH FLOW ANALYSIS	27
3.3 FINANCIAL POSITION ANALYSIS.....	29
3.4 INDICATORS.....	30
3.5 INVESTMENTS.....	30
3.6 PERSONNEL	32
3.7 KEY INFORMATION ON THE SUBSIDIARIES' PERFORMANCES.....	33
4 MAIN NON-FINANCIAL RESULTS	34
4.1 THE ENVIRONMENT	34
4.2 QUALITY	34
5 REGULATORY FRAMEWORK.....	34
5.1 REGULATORY AGREEMENT AND NEW TARIFF DYNAMIC 2020-2023	34
5.2 EMERGENCY HEALTH REGULATIONS (COVID-19 PANDEMIC) AND THEIR IMPACT ON AIRPORT MANAGEMENT ...	35
5.3 FIRE PREVENTION FUND	36
5.4 BOARDING FEE MUNICIPAL SURTAX TO BE ALLOCATED TO INPS.....	36
5.5 NEW "TERMINAL VALUE" REGULATION.....	37
5.6 NON-FINANCIAL INFORMATION REPORT	37
5.7 PRIVACY COMPLIANCE.....	37
5.8 CONTINUITY OF SERVICES PROVIDED BY ALITALIA IN EXTRAORDINARY ADMINISTRATION.....	37
5.9 IRESA	38
5.10 BREXIT	38

6 DISPUTES	39
7 MAIN RISKS AND UNCERTAINTIES.....	40
8 ALTERNATIVE PERFORMANCE INDICATORS	44
9 GUARANTEES PROVIDED	45
10 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK	45

INTRODUCTION

This report, accompanying the interim Condensed Consolidated Financial Statements of the Aeroporto Guglielmo Marconi di Bologna Group (hereinafter also the “Aeroporto Group”, “Aeroporto” or “AdB”) for the six months ended June 30, 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. 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 Law No. 77 of July 17, 2020, which converted Article 102, paragraph 1-bis of Legislative Decree No. 34 of May 19, was extended by two years. The pandemic has in fact caused and is still fuelling a global economic crisis that is unprecedented in the history of the airport and air transport sectors, as is illustrated in detail below.

The Group's structure at June 30, 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;
- Ravenna Terminal Passeggeri S.r.l. (hereinafter also “RTP”), formed in 2009 together with various public and private shareholders operating in the cruise industry to carry out activities related to the concession

for managing the Porto Corsini Maritime Station Service (Ravenna). 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. As such, AdB no longer holds shares in RTP.

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

Business Description

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

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

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

Aviation SBU

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

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

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

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

The Aviation SBU's other major revenue sources are:

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

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

Retail

Bologna airport's retail offerings include internationally recognised brands with local ties and some of the leading local, domestic and international retail and catering chains. The shopping area extends over approximately 4,500 m² and includes 43 shops. The latest airport upgrade developed the Duty-free areas – one of the SBU's main revenue sources.

Advertising

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

Passenger services

Passenger services include a business lounge operated directly by the Parent Company. The *Marconi Business Lounge* (MBL) is an exclusive, comfortable environment used mostly by business passengers travelling with the major legacy carriers. In addition, the "You First" service provides arriving and departing passengers with access to exclusive services such as check-in and baggage collection assistance, 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 17 specialised brands and 489 vehicles available at the airport.

Real Estate

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

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

1 STRATEGIES AND RESULTS

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

The first half of 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. The effects of the pandemic - which slowed in Europe towards the end of H1 2020, thanks to widespread lockdowns, although from May picking up intensity in the emerging economies and in the United States - will continue to impact the global economy for the entire year.

In the first quarter, the GDP of the leading economies significantly contracted, mainly due to the drop in consumption, amid significant cuts to jobs as a result of the strict measures to contain the spread of the virus. According to the International Monetary Fund in fact "the impact of the pandemic on global growth shall be greater than forecast in the first half of 2020 and the recovery shall be much slower": the June estimates indicate a drop in global GDP of 4.9% (1.9% higher than the April forecasts) and in fact of 8% in the advanced economies alone. The Fund forecasts a contraction in global trade of nearly 12%.

The main risks for future growth stem from a possible second wave, which would have negative repercussions not only on confidence and on households' consumption and investment decisions, but also on financial markets, which are particularly sensitive to the development of the pandemic.

During the second quarter, the expansionary measures adopted by the main central banks and the governments of individual countries however resulted in a partial calming of financial market tensions, with a reduction in the volatility seen from the peaks reported in March.

Consumer inflation, which has fallen sharply since the beginning of the year, declined to below 1% in April in all major advanced economies. Long-term inflation expectations on the financial markets remain stable.

Completing the global general economic overview for the first half of the year, oil prices - after hitting a minimum of USD 19 a barrel in mid-April, regained some of their lost value, reaching USD 40 a barrel at the beginning of July. The recovery mainly owes to the agreement reached among the OPEC+1 countries to reduce production and, to a lesser extent, the gradual recovery of crude oil demand, particularly in China.

In the Eurozone, the available indicators point towards a significant contraction in economic output in the first quarter, followed by a recovery (although partially) in May and June.

In the second quarter, share prices and interest rates benefitted from the stepping up of the ECB purchasing programme and the proposal from the European Commission to set up a "Next Generation EU" instrument

to fund through loans and transfers the recovery of the countries of the Union in order to considerably boost their budgetary capacity.

On the basis of the preliminary figures, inflation was only slightly positive, with medium/long-term period expectations which, although slightly higher than the lows of mid-March, remain under that reported before the health emergency.

In the first three months of 2020, Italian GDP contracted 5.3% and, according to Bank of Italy estimates, this contraction is expected to be even greater in the second quarter at around 10% on the same period of 2019: the gradual relaxation of the production suspension measures between May and June in fact have not managed to offset the minimum levels reached in all the main sectors in April.

According to the Bank of Italy, in the second half of the year a gradual recovery should take hold, with GDP to fall overall by 9.5% in 2020, followed by a recovery of 4.8% in 2021 and of 2.4% in 2022, subject to the occurrence of less favourable developments in the case of new national or global outbreaks. (*Source: Economic Bulletin, Bank of Italy, July 2020*).

Against this backdrop, according to the IATA's data, global passenger traffic overall in the first half of 2020 dropped 58.4%: the second quarter of the year was the hardest hit, with a maximum reduction of 94.3% in April compared to the same month in 2019. This drop was only partially recovered between May and June, in which the mobility restriction measures were gradually lifted across the various countries, particularly in the European Schengen Zone.

However, cargo traffic was decisively less negative at the global level, with a decline in volumes of 14.5% compared to the first half of 2019 (*Air Passenger and Air Freight Market Analysis (IATA), June 2020*).

The drop in passenger traffic within the European Continent was overall 61.6% in the first half of 2020, with an almost complete reduction between March and mid-June according to ACI Europe. The cargo traffic performance was also not as poor as passenger traffic performance in Europe, with cargo volumes handled in the first half of the year down by 20.1% (www.aci-europe.org (ACI Europe) e *Air Passenger and Air Freight Market Analysis (IATA), June 2020*).

The Italian market was severely affected by the restrictive measures designed to contain the pandemic between March and June 2020, with a decline in passenger traffic of 69.9% (*source: Assaeroporti, June 2020*). Bologna airport also ended the first half of 2020 with a significant drop in traffic of 67.7%, in line with the national trend. At the end of the first half of the year, the airport ranked fourth in Italy by number of passengers.

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 the period was inevitably and significantly shaped by the Covid-19 pandemic which, as shall be outlined in detail below, resulted in the almost total reduction of passenger traffic in particular in the months of April (-99.8%) and May (-99.7%) and the consequent closure of nearly all commercial operations at the airport.

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 lockdown, 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.

The actions taken firstly concerned the measuring of body temperature of all arriving passengers, carried out by Civil Protection volunteers coordinating with USMAF (Office of Marine, Air and Border Health) and with the support of AdB, the installation across the airport of sanitising gel dispensers and the placing of posters

and signage regarding the hygiene measures to be complied with and the precautions to be adopted to avoid the spread of the virus. Temperature controls were also subsequently extended to departing passengers, firstly through laser thermometers and thereafter through the installation of latest-generation thermal scanners. Simultaneously, during the most critical phase of the pandemic, access to the terminal was prevented for accompanying passengers, both those departing and arriving, and equipped waiting areas were created at the terminal. In order to ensure physical distancing, in addition, passengers arriving and departing from the terminal have been separated and certain areas have been closed in line with the reduced operational requirements. Other measures put in place include the intensive sanitisation of the areas, also through a molecular fragmentation system, the installation of plexiglass both at the front office contact points of the terminal and between the workstations of the airport staff, 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 Group commenced extraordinary cleaning and sanitation work in passenger, office and staff areas and, following the Regional Ordinance of February 23, reduced training courses, employee travel and visits by partners, suppliers and external consultants to a minimum, while then entirely cancelling them with the subsequent Prime Ministerial Decree of early March. In order to avoid the spread of the virus and at the same time ensure the airport's operational continuity, 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.

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 Italy and among the first globally, Airport Health Accreditation, as outlined in detail in the subsequent events to June 30, 2020 section.

The Group has also launched a plan to eliminate the backlog of holidays, so as to contain personnel costs and at the same time safeguard employment levels as far as possible; subsequently, the extraordinary temporary lay-off scheme was introduced for all employees, in addition to a block on the recruitment of new staff and the non-renewal of expiring fixed-term contracts.

Also with regard to costs, the Group has reduced its outgoings by analysing existing contracts, renegotiating fairly with suppliers with a view to sharing the burden of contingency measures, and halting the purchase of non-strategic or unnecessary supplies during times when air traffic demand was in sharp decline.

From a financial viewpoint, the Group entered this critical period stemming from the extraordinary scope of the Covid-19 pandemic 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. The parent company, in addition, sought new sources of lending, finalised in July, in order to ensure sufficient funding to meet the Group's financial needs, in application of the provisions of the Liquidity Decree of April 9, 2020.

Other support measures adopted by the Group included a request submitted by AdB to allocate the tax credit to cover cleaning and PPE costs, pursuant to Article 125 of Legislative Decree No. 34 of May 19, 2020 (Relaunch Decree), in addition to an application submitted by its subsidiaries for non-refundable aid pursuant to Article 25 of the same Legislative Decree.

1.3 STRATEGIC OBJECTIVES

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

“Connect”

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

“Develop”

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

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

“Experience”

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

“Care”

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

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

“Maximise financial performance”

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

“Performing and sustainable corporation”

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:

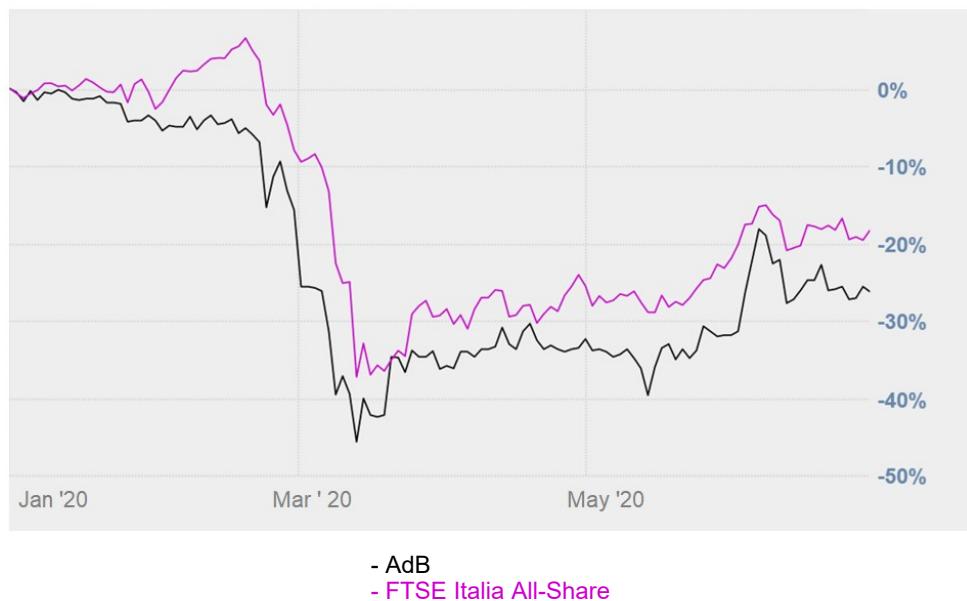
- the share performance between January 1, 2020 and June 30, 2020;
- tracking of the company's share performance against the FTSE Italia all-share index.

On June 30, 2020, the official share price was Euro 8.70 per share, resulting in an AdB Group market capitalisation of Euro 314.3 million at that date.

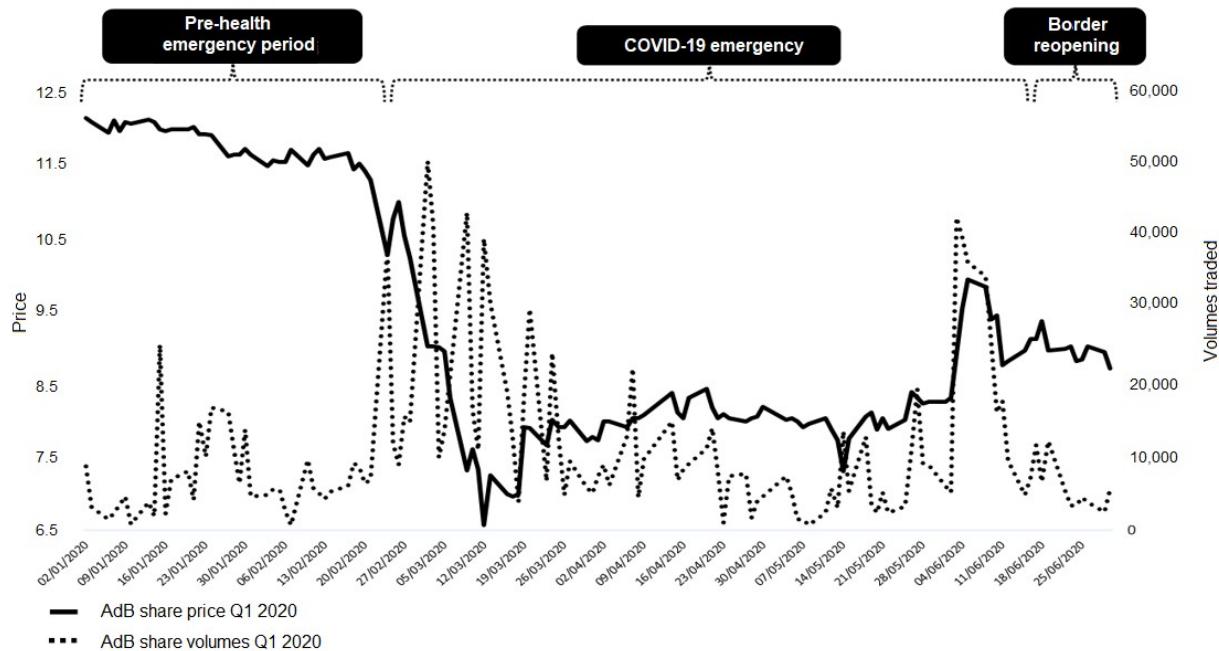
AdB share performance (01/01/2020-30/06/2020)



AdB share and FTSE Italia All-Share performance (01/01/2020-30/06/2020)



ADB share performance – prices and volumes (01/01/2020-30/06/2020)



The AdB share price and volumes in the first half of 2020 were impacted by the particular situation facing the entire globe stemming from the Covid-19 health emergency. In particular, three 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 15/06/2020, marking the beginning of a third period, which is currently ongoing.

In the first phase 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 traded shares contributed to a material increase in the share to over Euro 10.00. However, in the second half of the month, with the re-opening of the borders, both volumes and prices re-stabilised at approx. 10 thousand shares traded per day at Euro 8.50-9.00 per share.

2. KEY OPERATING RESULTS

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

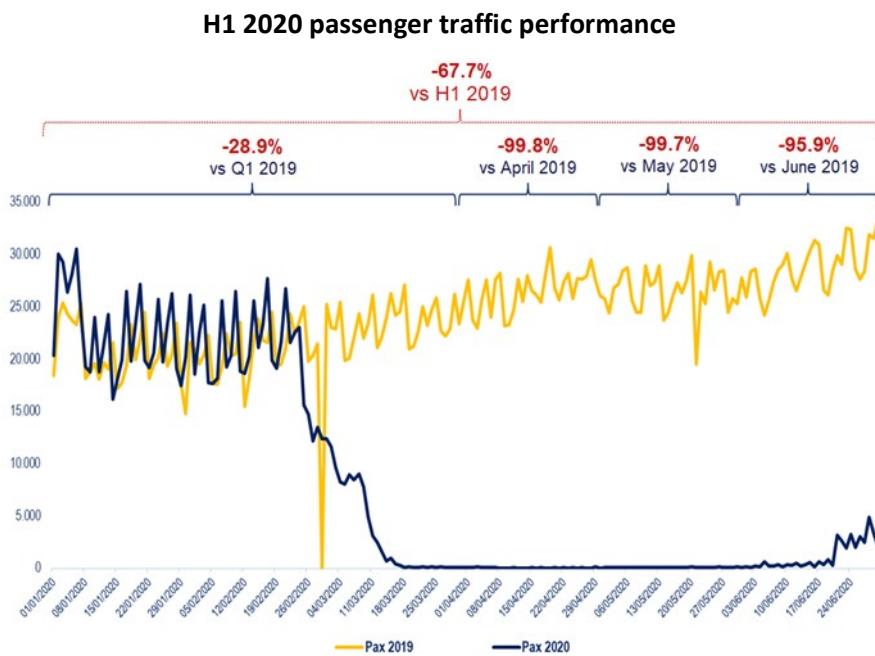
(+5.3% on 2019), followed by a sharp reversal of course starting on February 22 (-25.1% in the final eight days of the month) due to the effect of the Covid-19 outbreak.

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 operated to and from Rome Fiumicino.

With the re-opening firstly of domestic movements at the beginning of June and, subsequently from the latter part of the month, of the country's borders, a gradual (although modest) recovery of air traffic emerged. In particular, the first airline to reinstate operations at our airport was Wizzair on June 5, followed in subsequent days by Air France and Lufthansa. From June 21, Ryanair also reinstated its operations to various domestic and international destinations.

The first half of the year therefore closed with a drop in passenger traffic of 67.7% on the same period of 2019 and a reduction in movements of 59.4%.



Figures include transits. General Aviation excluded.

Cargo traffic in the first half of 2020 amounted to 19,991,293 KG, reducing 19.7% on the same period of 2019. This reduction mainly follows a contraction in air cargo due to the Covid-19 health emergency on “usual” business, only partially offset by the use of charter flights to meet health equipment demand. Surface cargo volumes also significantly decreased on the same period of 2019, entirely as a result of the substantial shutdown of production operations in the first half of the second quarter.

	January – June 2020	January – June 2019	Change %
Passengers	1,435,301	4,446,465	(67.7%)
Movements	15,121	37,216	(59.4%)
Tonnage	1,031,816	2,434,622	(57.6%)
Cargo	19,991,293	24,893,650	(19.7%)

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 between March and June impacted all traffic components: the consequences of the measures adopted to contain the pandemic were in fact equally apparent in the operations of legacy and low-cost carriers. The impact of the pandemic on the general aviation segment was slightly more contained.

The connections reinstated from June overall reported good load factors for domestic destinations, while international flights were hit harder due to the climate of uncertainty in terms of restrictions and obligations introduced upon free movement for health protection reasons.

Passenger traffic breakdown	January – June 2020	% of total	January – June 2019	% of total	% Change
Legacy	536,699	37.4%	1,784,696	40.1%	(69.9%)
Low cost	886,960	61.8%	2,608,586	58.7%	(66.0%)
Charter	8,593	0.6%	43,420	1.0%	(80.2%)
Transits	1,604	0.1%	6,222	0.1%	(74.2%)
Total Commercial Aviation	1,433,856	99.9%	4,442,924	99.9%	(67.7%)
General Aviation	1,445	0.1%	3,541	0.1%	(59.2%)
Total	1,435,301	100.0%	4,446,465	100.0%	(67.7%)

Even within this context, the international profile of Bologna airport was once again confirmed: in the first half of 2020, passengers travelling on international flights accounted for 77.9% of the total, slightly decreasing on the previous year (78.5% in the first half of 2019), due to the restrictions imposed on international travellers during the health emergency period.

Breakdown of Commercial Aviation passenger traffic	January – June 2020	January – June 2019	Change %
EU	1,183,574	3,806,424	-68.9%
Non-EU	250,282	636,500	-60.7%
Total Commercial Aviation	1,433,856	4,442,924	-67.7%
General Aviation	1,445	3,541	-59.2%
Total	1,435,301	4,446,465	-67.7%

Slightly over one-fifth of Bologna passenger traffic is domestic, while Spain (with 14.0% of total traffic) was confirmed as the second largest contributor of passenger numbers. Germany follows with 8.7%, the UK with 8.4%, and France with 6.1%.

Passenger traffic by country	January - June 2020	% of total	January – June 2019	% of total	% Change
Italy	316,608	22.1%	956,479	21.5%	(66.9%)
Spain	200,701	14.0%	604,180	13.6%	(66.8%)
Germany	125,168	8.7%	436,410	9.8%	(71.3%)
United Kingdom	121,172	8.4%	438,842	9.9%	(72.4%)
France	87,874	6.1%	248,746	5.6%	(64.7%)
Romania	72,203	5.0%	231,606	5.2%	(68.8%)
Turkey	49,091	3.4%	139,623	3.1%	(64.8%)
The Netherlands	43,965	3.1%	162,957	3.7%	(73.0%)
United Arab Emirates	38,974	2.7%	89,366	2.0%	(56.4%)
Belgium	38,476	2.7%	89,634	2.0%	(57.1%)
Other countries	341,069	23.8%	1,048,622	23.6%	(67.5%)
Total	1,435,301	100.0%	4,446,465	100.0%	(67.7%)

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

However, in the first half of 2020, due to the Covid-19 health emergency, a significant reduction was seen for all destinations connected to Bologna.

Despite the restrictions which for a number of months limited international movements, in the first half of the year Madrid became the leading destination by passenger volumes, overtaking Catania (now in second place). Rome Fiumicino, Barcelona and Palermo follow.

Main passenger traffic routes	January – June 2020	January – June 2019	Change %
Madrid	61,542	148,589	(58.6%)
Catania	57,027	195,535	(70.8%)
Rome FCO	55,861	145,115	(61.5%)
Barcelona	55,461	182,930	(69.7%)
Palermo	54,300	136,298	(60.2%)
Paris CDG	48,049	154,666	(68.9%)
Frankfurt	41,081	157,949	(74.0%)
London STN	39,082	128,883	(69.7%)
Dubai	38,475	88,395	(56.5%)
London LHR	38,126	148,288	(74.3%)

Passenger traffic including transits

Ryanair in H1 2020 accounted for 49.9% of total passenger traffic, dropping by over 65% on the same period of 2019. Wizzair and Alitalia respectively confirmed their second and third positions, both seeing volumes fall by between 65% and 70%.

Passenger traffic by airline	January – June 2020	% of total	January – June	% of total	% Change
			2019		
Ryanair	716,180	49.9%	2,057,110	46.3%	(65.2%)
Wizz Air	86,460	6.0%	244,787	5.5%	(64.7%)
Alitalia	66,531	4.6%	218,584	4.9%	(69.6%)
Air France	55,270	3.9%	154,383	3.5%	(64.2%)
Lufthansa	40,834	2.8%	157,883	3.6%	(74.1%)
Emirates	38,475	2.7%	88,395	2.0%	(56.5%)
British Airways	38,413	2.7%	148,461	3.3%	(74.1%)
KLM Royal Dutch Airlines	32,586	2.3%	111,692	2.5%	(70.8%)
Air Nostrum	30,681	2.1%	77,621	1.7%	(60.5%)
Turkish Airlines	29,833	2.1%	90,814	2.0%	(67.1%)
Other airlines	300,038	20.9%	1,096,735	24.7%	(72.6%)
Total	1,435,301	100.0%	4,446,465	100.0%	(67.7%)

Cargo Traffic

(in KG)	January – June 2020	January – June 2019	Change %
Air cargo of which	15,717,339	19,469,594	(19.3%)
Cargo	15,717,047	19,447,901	(19.2%)
Mail	292	21,693	(98.7%)
Road cargo	4,273,954	5,424,056	(21.2%)
Total	19,991,293	24,893,650	(19.7%)

In the first half of 2020, 19,991,293 KG of cargo was transported, down 19.7% on the same period of 2019, due to the reduction in road cargo transported by both air and road.

2.1.2 AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

in thousands of Euro	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change	% Change
Passenger Revenues	8,476	28,446	(19,970)	-70.2%
Carrier Revenues	5,938	12,429	(6,491)	-52.2%
Airport Operator Revenues	814	1,648	(834)	-50.6%
Traffic Incentives	(3,862)	(12,471)	8,609	-69.0%
Revenues from Construction Services	4,422	5,965	(1,543)	-25.9%
Other revenues	653	675	(22)	-3.3%
Aeronautical and FSC Revenue Reduction	(67)	(1)	(66)	n.a.
Total AVIATION SBU Revenues	16,374	36,691	(20,317)	-55.4%

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 new 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 revenues in the first half of 2020 compared with the same period of 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 and in revenues for construction services. It should be noted that until the health emergency began, revenues had exceeded 2019, driven by a positive traffic performance in the first two months of the year.

Group revenues from the *Aviation Strategic Business Unit* were down 55.4% overall on 2019. The individual accounts broke down as follows:

- Passenger Revenues (-70.2%): the decline in passenger revenues slightly exceeded the decrease in passenger traffic (-67.7%) due to the tariff update applied from January 1, 2020, which resulted in a decrease in tariffs for this category of revenues;
- Carrier Revenues (-52.2%): Carrier revenues fell slightly less than total tonnage, due to the increased take-off and landing tariffs;
- Airport Operator Revenues (-50.6%): 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 incentives on 2019 (-69%) is related to the decrease in incentivised traffic;
- Construction Service Revenues: the decline (-25.9%) related to lesser investments compared to the same period of the previous year, also considering the rescheduling of work required by the ongoing health emergency.

2.2 NON-AVIATION STRATEGIC BUSINESS UNIT

2.2.1 NON-AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change	% Change
Retail and Advertising	3,098	7,333	(4,235)	-57.8%
Parking	2,800	7,970	(5,170)	-64.9%
Real Estate	1,107	1,215	(108)	-8.9%
Passenger services	1,221	3,002	(1,781)	-59.3%
Revenues from Construction Services	7,995	1,126	6,869	610.0%
Other revenues	906	1,562	(656)	-42.0%
Total NON-AVIATION SBU Revenues	17,127	22,208	(5,081)	-22.9%

Total non-aviation business revenues in the period declined 22.9%, with all the main revenue items decreasing, except for revenue deriving from construction services.

The individual areas of this business unit performed as follows.

Retail and Advertising

The decrease in revenues on 2019 (-57.8%) was due to the Covid-19 emergency, which caused a dramatic decline in traffic volumes as result of the progressive cancellation of flights at the airport, followed by the shutdown of almost all commercial establishments (stores and restaurants) per the Decree of March 11, 2020 and by the progressive reduction of the sale of advertising spaces. This situation resulted in the significant reduction of the variable component to zero, in addition to a decline in fixed fees granted by the manager to sub-concessionaires to support them during this emergency phase. Following the resumption of airport operations by carriers, a plan for the gradual reopening of sales outlets was launched at the end of June and is still underway.

Parking

In the first half of 2020, parking and rail access revenues declined 64.9% over the same period of the previous year, due to the substantial disappearance of traffic volumes from the final days of March. In 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.

Real Estate

Real estate revenues slightly contracted on H1 2020 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

In the first half of 2020, passenger services were down 59.3% over 2019, due to both premium (*lounge and accessory services*) and self-hire services, whose performance is outlined below.

Premium services

In the first half of 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.

Self-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-concessionaires to support them during this emergency phase. Car rental activities were not entirely suspended since service must be ensured for passengers travelling through Bologna airport.

Revenues from Construction Services

This item's growth (+610.0%) relates to increased investment in the business unit over the same period of the previous year.

Other revenues: the contraction in other revenues (-42.0%) was mainly due to reduced maintenance activities carried out on airport operator vehicles 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

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change	% Change
Revenues from aeronautical services	11,437	30,229	(18,792)	-62.2%
Revenues from non-aeronautical services	9,421	21,075	(11,654)	-55.3%
Revenues from construction services	12,418	7,091	5,327	75.1%
Other operating revenues and income	225	504	(279)	-55.4%
REVENUES	33,501	58,899	(25,398)	-43.1%
Consumables and goods	(699)	(962)	263	-27.3%
Service costs	(7,681)	(10,075)	2,394	-23.8%
Construction service costs	(11,826)	(6,753)	(5,073)	75.1%
Leases, rentals and other costs	(1,900)	(4,074)	2,174	-53.4%
Other operating expenses	(1,495)	(1,595)	100	-6.3%
Personnel costs	(10,583)	(14,950)	4,367	-29.2%
COSTS	(34,184)	(38,409)	4,225	-11.0%
EBITDA	(683)	20,490	(21,173)	n.a.
Amortisation of concession rights	(3,317)	(3,024)	(293)	9.7%
Amortisation of other intangible assets	(650)	(576)	(74)	12.8%
Depreciation of tangible assets	(1,320)	(1,423)	103	-7.2%
DEPRECIATION, AMORTISATION AND IMPAIRMENT	(5,287)	(5,023)	(264)	5.3%
Provisions for doubtful accounts	(257)	(350)	93	-26.6%
Provision for renewal of airport infrastructure	(363)	(1,191)	828	-69.5%
Provisions for other risks and charges	(20)	(208)	188	-90.4%
PROVISIONS FOR RISKS AND CHARGES	(640)	(1,749)	1,109	-63.4%
TOTAL COSTS	(40,111)	(45,181)	5,070	-11.2%
EBIT	(6,610)	13,718	(20,328)	n.a.
Financial income	116	79	37	46.8%
Financial expenses	(303)	(598)	295	-49.3%
RESULT BEFORE TAXES	(6,797)	13,199	(19,996)	n.a.
TAXES FOR THE PERIOD	2,066	(3,778)	5,844	n.a.
PROFIT (LOSS) FOR THE PERIOD	(4,731)	9,421	(14,152)	n.a.
Profit (loss) for the period - Minority interests	0	0	0	0%
Profit (loss) for the period – Group	(4,731)	9,421	(14,152)	n.a.

H1 2020 reports a consolidated loss of **Euro 4.7 million**, compared to a profit of **Euro 9.4 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.

Operating **revenues** overall declined 43.1% on 2019. Specifically:

- **revenues from aeronautical services** were down 62.2% due primarily to the traffic decline and in part to the tariff update;
- **revenues from non-aeronautical services** dropped 55.3% due to the reduction in traffic and the almost total closure of commercial operations at the terminal, as highlighted by the performance of all category components and detailed in the relative section;
- **revenues from construction services** increased 75.1% following the rolling out of investments in the aviation sector;
- other **operating revenues and income**: the decrease of 55.4% on 2019 is mainly due to lower sales of energy efficiency certificates.

The **costs** for the period declined by 11% overall on the same period in 2019 following the decrease in traffic and efficiency enhancement measures implemented to reduce the impact of the decline in volumes on profitability.

These break down as follows:

- ✓ **consumables and goods** reduced (-27.3%) due to the lesser amounts of aircraft fuel purchased by a subsidiary;
- ✓ **service costs** were lower (-23.8%) than in the same period of 2019, in particular owing to the reduction of various services correlated to traffic (e.g., PRM, MBL, etc.), the containment of utilities costs due to the lesser use of some areas of the terminal, the renegotiation of several service contracts and lower maintenance and professional service costs;
- ✓ higher **construction service costs** (+75.1%) due to greater investment;
- ✓ the decrease of 53.4% 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.
- ✓ **other operating expenses** slightly decreased on 2019 (-6.3%) due to reduced tax charges.

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

Overall, the first half of 2020 reported an **EBITDA loss of Euro 683 thousand**, compared to a profit of Euro 20.5 million in the same period of 2019, due to the contraction in revenues, entirely linked to the traffic performance, and more rigid costs, considering the high fixed cost structure characteristic of airport managers.

In terms of **overheads**, amortisation and depreciation were up by 5.3% on the basis of the amortisation and depreciation schedule and new Group investments, whereas provisions decreased by 63.4%, mainly due to the lesser accrual to the provisions for renewal of airport infrastructure as a result of the review of the intervention timetable and the deferral of certain actions.

The 11.2% decrease in overall costs against the 43.1% reduction in revenues resulted in the **Operating Result** declining from Euro +13.7 million in the first six months of 2019 to **Euro -6.6 million** in H1 2020.

Financial expenses improved slightly compared to first half of 2019 (from a net expense of Euro 0.5 million to Euro 0.2 million), thanks mainly to the reduction in bank interest expense due to the lower debt (Euro -40 thousand) and of interest expense to be discounted of the provisions due to interest rate movements (Euro -251 thousand).

As a result of that outlined above, the **Result before taxes** for H1 2020 was a loss of **Euro 6.8 million**, compared to a profit of Euro 13.2 million in the first half of 2019 (a contraction of Euro 20 million).

With regards to the estimate of **taxes for the period**, during the period the Group reported an IRES tax loss which may be carried forward to subsequent years, with the consequent recognition of deferred tax income which improved the result for the period by a total of Euro 2.1 million (compared to Euro 3.8 million of taxes in the first half of 2019).

The **result** for the period, entirely concerning the Group, was therefore a **loss of Euro 4.7 million**, compared to a net profit of Euro 9.4 million in the first half of 2019 (a total contraction of Euro 14.2 million).

The **EBITDA** adjusted for the construction services margin is presented below:

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change	% Change
Revenues from aeronautical services	11,437	30,229	(18,792)	-62.2%
Revenues from non-aeronautical services	9,421	21,075	(11,654)	-55.3%
Other operating revenues and income	225	504	(279)	-55.4%
ADJUSTED REVENUES	21,083	51,808	(30,725)	-59.3%
Consumables and goods	(699)	(962)	263	-27.3%
Service costs	(7,681)	(10,075)	2,394	-23.8%
Leases, rentals and other costs	(1,900)	(4,074)	2,174	-53.4%
Other operating expenses	(1,495)	(1,595)	100	-6.3%
Personnel costs	(10,583)	(14,950)	4,367	-29.2%
ADJUSTED COSTS	(22,358)	(31,656)	9,298	-29.4%
ADJUSTED GROSS OPERATING PROFIT/(LOSS) (ADJUSTED EBITDA)	(1,275)	20,152	(21,427)	n.a.
Revenues from construction services	12,418	7,091	5,327	75.1%
Construction service costs	(11,826)	(6,753)	(5,073)	75.1%
Construction Services Margin	592	338	254	75.1%
GROSS OPERATING PROFIT/(LOSS) (EBITDA)	(683)	20,490	(21,173)	n.a.

The table below shows the quarterly **passenger traffic** performance and **EBITDA** adjusted for the construction services margin to emphasise the extent of the dramatic decline in traffic and profitability caused by the outbreak of the pandemic and the various measures taken by the various governments to limit domestic and international movements, with a consequent significant contraction in the offer of flights by airlines. This led to a 29% decrease in passenger traffic at Bologna in the first quarter and of 98% in the second quarter of 2020, with a consequent reduction in revenues of 23% and 89% respectively and in the Adjusted EBITDA as shown in the table below:

	Q1 2020	Cge. vs 2019	Q2 2020	Cge. vs 2019
PASSENGER TRAFFIC	1,395,671	-28.9%	39,630	-98.4%
INCOME STATEMENT	Q1 2020	Cge. vs 2019	Q2 2020	Cge. vs 2019
ADJUSTED REVENUES	18,054,188	-22.8%	3,028,991	-89.3%
REVENUES FROM AERONAUTICAL SERVICES	9,906,441	-26.1%	1,532,053	-90.9%
REVENUES FROM NON-AERONAUTICAL SERVICES	8,028,617	-18.0%	1,391,048	-87.7%
OTHER OPERATING REVENUES AND INCOME	119,130	-37.5%	105,890	-66.2%
ADJUSTED COSTS	-13,987,029	-8.2%	-8,371,194	-49.0%
PERSONNEL COSTS	-6,537,570	-8.5%	-4,045,054	-48.2%
OTHER OPERATING COSTS	-7,449,459	7.9%	-4,326,140	-49.8%
ADJUSTED EBITDA	4,067,159	-50.1%	-5,342,203	n.a.
EBITDA MARGIN	25%	-35.4%	-176.4%	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:

In thousands of Euro	As at 30.06.2020	As at 30.06.2019	Change
Cash flow generated / (absorbed) by operating activities before working capital changes	(1,171)	20,203	(21,374)
Cash flow generated / (absorbed) by net operating activities	(5,761)	10,050	(15,811)
Cash flow generated / (absorbed) by investment activities	(12,062)	10,032	(22,094)
Cash flow generated / (absorbed) by financing activities	4,661	(19,314)	23,975
Change in closing cash flow	(13,162)	768	(13,930)
Cash and cash equivalents at beginning of period	29,253	15,762	13,491
Change in closing cash flow	(13,162)	768	(13,930)
Cash and cash equivalents at end of period	16,091	16,530	(439)

Cash flow generated by operating activities before working capital changes of Euro 1.2 million compared to a generation of Euro 20.2 million in the comparative period. The reduction of Euro 21.4 million is essentially due to the net loss for the period.

Working capital absorbed resources for an additional Euro 4.6 million. This movement, although lesser than H1 2019 (Euro -10.2 million), resulted in **cash flow absorbed by operating activities of Euro 5.8 million**, compared to a generation of Euro 10 million in H1 2019.

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

- payment of income taxes (Euro 2.3 million), reducing on the first half of 2019 due to the crisis caused by Covid-19 and the consequent government support measures;
- reduction in trade payables and other liabilities in excess of the reduction of trade receivables and other assets as a result of the drop in business volumes.

Investing activities absorbed **Euro 12.1 million**, consisting almost exclusively of infrastructure investments, compared to positive cash flows of Euro 10 million generated in the first half of 2019 by the maturity of temporary investments of liquidity of Euro 17.4 million.

Finally, **cash flow generated by financing activities of Euro 4.7 million** related to the drawdown of the short-term loan of Euro 5 million by the parent company to meet cash requirements ahead of the finalisation of lending supported by the Sace guarantee and thereafter finalised in July for a total of Euro 58.9 million. The following is also considered:

- 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 June 30, 2019;
- the delay of the instalment on the loan maturing in June 2020, thanks to the moratorium proposed by the Lending Institution to extend the duration of the loan from June to December 2024.

Consequently, the **change in closing cash flow** in the period indicates the **use of Euro 13.2 million**, against generation of cash of Euro 0.8 million in the first half of 2019.

The Group net financial position at June 30, 2020, compared to December 31, 2019 and June 30, 2019, is presented below:

	<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	As at 30.06.2019	Change 30.06.2020 31.12.2019	Change 30.06.2020 30.06.2019
A	Cash	25	26	25	(1)	0
B	Other cash equivalents	16,066	29,227	16,505	(13,161)	(439)
C	Securities held for trading	0	0	0	0	0
D	Liquidity (A)+(B)+(C)	16,091	29,253	16,530	(13,162)	(439)
E	Current financial receivables	772	501	0	271	772
F	Current bank payables	(5,035)	(28)	(29)	(5,007)	(5,006)
G	Current portion of non-current debt	(3,062)	(3,059)	(3,056)	(3)	(6)
H	Other current financial debt	(1,967)	(3,086)	(3,792)	1,119	1,825
E	Current financial debt (F)+(G)+(H)	(10,064)	(6,173)	(6,877)	(3,891)	(3,187)
J	Net current financial position (I)-(E)-(D)	6,799	23,581	9,653	(16,782)	(2,854)
K	Non-current bank debt	(11,400)	(11,643)	(13,168)	243	1,768
L	Bonds issued	0	0	0	0	0
M	Other non-current payables	(1,221)	(1,437)	(1,617)	216	396
N	Non-current financial debt (K)+(L)+(M)	(12,621)	(13,080)	(14,785)	459	2,164
O	Net financial (debt) position (J)+(N)	(5,822)	10,501	(5,132)	(16,323)	(690)

The Group **Net Financial Position** at June 30, 2020 was a **debt position of Euro 5.8 million**, compared to a cash position of Euro 10.5 million at December 31, 2019 (-Euro 16.3 million).

The change in the year mainly comprises:

- reduction in cash and cash equivalents, both due to a typically seasonal effect with the payment of the concession fee in the second half of 2019 and due to the settlement of mainly infrastructural investments in the period, together with a reduction in the amounts collected as a result of the sharp drop in revenues in the period and the financial difficulties of clients, in view of the fact that the crisis hit the entire sector;
- increase in the debt due to the drawdown of a short-term loan of Euro 5 million.

Compared to June 30, 2019, no substantial differences emerged between the two net financial position values, both negative at Euro 5.8 million at June 30, 2020 and Euro 5.1 million at June 30, 2019, thanks to the allocation to reserves of the 2019 net profit and, consequently, the non-distribution of dividends, ensuring that the liquidity position did not deteriorate during the period.

Against substantially unchanged liquidity, the debt at June 30, 2020 increased, despite the payment of the maturing loan instalments, as a result of the drawdown of the short-term loan indicated above.

3.3 FINANCIAL POSITION ANALYSIS

The Group financial position, classified according to “sources” and “uses”, is presented below:

USES <i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	As at 30.06.2019	Change 30.06.2020 31.12.2019	Change 30.06.2020 30.06.2019
- Trade receivables	7,377	15,464	17,870	(8,087)	(10,493)
- Tax receivables	837	189	193	648	644
- Other Receivables	3,034	5,014	6,249	(1,980)	(3,215)
- Inventories	704	622	545	82	159
Sub-total	11,952	21,289	24,857	(9,337)	(12,905)
- Trade payables	(13,953)	(18,537)	(16,095)	4,584	2,142
- Tax payables	(1,060)	(3,598)	(2,566)	2,538	1,506
- Other payables	(21,753)	(27,514)	(25,743)	5,761	3,990
Sub-total	(36,766)	(49,649)	(44,404)	12,883	7,638
Net operating working capital	(24,814)	(28,360)	(19,547)	3,546	(5,267)
Fixed assets	205,487	198,143	193,308	7,344	12,179
- Deferred tax assets	7,931	6,190	6,180	1,741	1,751
- Other non-current assets	12,623	13,624	13,679	(1,001)	(1,056)
Total fixed assets	226,041	217,957	213,167	8,084	12,874
- Provisions for risks, charges & severance	(19,381)	(19,229)	(19,158)	(152)	(223)
- Deferred tax liabilities	(2,586)	(2,558)	(2,486)	(28)	(100)
- Other non-current liabilities	0	(136)	(168)	136	168
Sub-total	(21,967)	(21,923)	(21,812)	(44)	(155)
Fixed Operating Capital	204,074	196,034	191,355	8,040	12,719
Total Uses	179,260	167,674	171,808	11,586	7,452

SOURCES <i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	As at 30.06.2019	Change 30.06.2020 31.12.2019	Change 30.06.2020 30.06.2019
Net financial position/(Debt)	(5,822)	10,501	(5,132)	(16,323)	(690)
- Share Capital	(90,314)	(90,314)	(90,314)	0	0
- Reserves	(87,855)	(67,009)	(66,941)	(20,846)	(20,914)
- Profit (loss) for the period	4,731	(20,852)	(9,421)	25,583	14,152
Group Shareholders' equity	(173,438)	(178,175)	(166,676)	4,738	(6,762)
Minority Interests	0	0	0	0	0
Total Shareholders' Equity	(173,438)	(178,175)	(166,676)	4,738	(6,762)
Total Sources	(179,260)	(167,674)	(171,808)	(11,586)	(7,452)

The Group's equity structure as at June 30, 2020 reported negative **net operating working capital** of Euro **24.8 million**, compared to Euro 28.4 million at the end of 2019 due to a reduction in payables greater than the reduction in receivables and other current assets. The decrease in payables is due to the reduction in operating expenses in the period, of tax payables due to the tax loss in the period and of the payable for passenger boarding fee surtaxes as a result of the significant drop in aviation revenue.

Compared to the first half of 2019, net operating working capital reported an increase of over Euro 5 million, mainly due to the significant reduction in receivables and other current assets, including passenger boarding fee surtaxes, due to reduced aviation revenues.

Fixed operating capital amounted to **Euro 204 million**, increasing by Euro 8 million over December 31, 2019 and by Euro 12.7 million over June 30, 2019, mainly due in both cases to the advancement of the Group's investment plans, in addition to the increase in deferred tax assets in the period due to the tax benefit stemming from the tax losses reported in the period.

Net capital employed totalled **Euro 179 million**, increasing Euro 11.6 million over December 31, 2019.

In terms of sources, the **net financial debt** at June 30, 2020 totalled Euro 5.8 million, while **Consolidated and Group Shareholders' Equity** was **Euro 173.4 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 net profit to reserves.

3.4 INDICATORS

The Directors deemed the Group's major income statement and statement of financial position indicators at and for the period ended June 30, 2020 to be immaterial due to their interim nature and in particular, due to the extraordinary events that occurred in the first half of the year.

3.5 INVESTMENTS

Despite the rescheduling of actions not considered indispensable and urgent and the suspension of works due to the measures adopted by the Government to limit the spread of the pandemic (lockdown), the total amount of **investments** executed in H1 2020 was **Euro 12.1 million** (Euro 7.4 million in H1 2019).

Of the Euro 12.1 million, Euro 6.8 million concerned investments for the execution of the Masterplan, with the main intervention being the acquisition of an area adjacent to the airport grounds for the future infrastructural development of the terminal for Euro 4 million and Euro 5.3 million for investments in airport operations.

The state of progress of the main investments in the Masterplan is illustrated below:

- **Terminal expansion:** the executive design phase of the existing terminal extension was concluded and the review of the executive design was successfully completed at the end of January 2020; Pending approval of the executive project by ENAC;
- **New de-icing apron and building:** a number of accessory works to the completion of the intervention were concluded;
- **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;
- **Above ground express parking:** works on the construction of the above ground parking began;
- **Expansion of aircraft parking lot III:** the tender for the construction of the apron has begun and the examination of the bids received is currently underway;
- **Cargo Building:** work is in progress on a building dedicated to a specialist operator in the cargo sector.

Furthermore, in terms of other investments in airport operations, the following work was carried out to improve the service offered to passengers and increase the efficiency of company processes, in particular:

- 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;
- the start of works on the check-in area for the construction of new offices for airport operators;
- the installation of 3 new ABC (Automatic Border Control) gates for reading the passports of departing passengers;
- some energy efficiency actions;
- the purchase of thermo-scanners to measure the temperature of all those who have access to the terminal.

Provisions for renewal

The total works for the **cyclical renewal and maintenance of the airport infrastructure** and plant at June 30, 2020 amount to **Euro 221 thousand** and were carried out primarily on the land side.

The review of the scheduling of the provisions for renewal, with delays on a number of interventions in view of the Covid-19 pandemic did not affect the main intervention confirmed for September 2020 for the structural and functional upgrading works of a section of the runway, with the airports closure for 10 days between September 11 and 21.

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

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

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

The Masterplan calls for the performance, in phases, of a series of projects, the salient points of which are the passenger terminal expansion, increasing floor space by more than 20,000 square metres (+50% approx.), construction of a multilevel parking garage for passenger cars and car rental companies offering 2,000 additional parking spaces (+38% approx.) and the creation of approximately 40 hectares of woodlands to the north of the airport to absorb carbon dioxide and other environmental compensation and mitigation initiatives.

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

The results of the Services Conference and current urban planning restrictions, as well as legal communications regarding the possible future expropriation of certain private properties, are being notified to all other interested parties by AdB (the entity implementing the Masterplan), following the delegation of functions conferred by ENAC (promoting and authorising entity and with expropriation powers).

3.6 PERSONNEL

Workforce breakdown

	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change	% Change
Full Time Equivalent average workforce	452	489	-37	-8%
Executives	9	10	(1)	0%
Managers	35	32	3	10%
White-collar	321	349	(28)	-8%
Blue-collar	87	98	(11)	-11%

	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change	% Change
Average workforce	505	541	-36	-7%
Executives	9	9	0	0%
Managers	34	32	2	6%
White-collar	372	398	(26)	-7%
Blue-collar	90	102	(12)	-12%

Source: Company workings

The reduction in the workforce of 37 full-time equivalent staff compared to H1 2019 is due to the non-renewal of fixed-term contracts due to the almost complete reduction of traffic in the second quarter of 2020.

Costs

In addition to the drop in staff numbers mentioned above, the Group has reduced its costs by 29.2% 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, action was taken to block overtime and to encourage employees to take accrued holidays. In addition, on March 21, 2020, the Group launched an Extraordinary Redundancy Fund 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.

In 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.

	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change	% Change
Personnel costs	10,583	14,950	-4,367	-29.2%

TRADE UNION RELATIONS

An agreement for the AdB employee Extraordinary Redundancy Fund was signed by trade unions on March 19, 2020, with the Emilia Romagna Region issuing a favourable opinion. The Redundancy Fund may be in place for up to 12 months, and provides for a rotational system based on interchangeable job roles, in line with a set of criteria that guarantee fairness. On March 31, 2020, an agreement for the Extraordinary Temporary Lay-off Scheme for employees of the subsidiary FFM was signed with the trade unions.

AdB chose to advance to its employees the proceeds from the Extraordinary Temporary Lay-off Scheme, which at June 30 had been reimbursed by the INPS, in addition to presenting an application to the Air Transport Solidarity Fund for salary supplementation. This latter began to issue Supplementary Extraordinary Temporary Lay-off Scheme benefits for the months of March-April-May from the month of August.

TRAINING OF PERSONNEL

Spending on employee training was lower in the first half of 2020 compared to the same time last year due to the suspension, from mid-March, of internal and external training courses following ministerial provisions related to the COVID-19 pandemic.

All non-compulsory training activities were cancelled at the end of February in order to contain costs. Training in the first half of 2020 therefore featured specific mandatory training which involved particularly the Security area through web conference training from March 2020.

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 June 30, 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.

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.

In the first half of 2020, despite a 30% drop in traffic volumes with a reduction of approx. 2.9 million KG processed, FFM reported a net profit of Euro 236 thousand, contracting 12% on the same period of 2019. Revenues were Euro 1.4 million and decreased 19%. Operating costs saw a similar decrease to Euro 1 million, resulting in EBITDA of Euro 326 thousand (-17% on H1 2019).

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 June 30, 2020, the company operated with 12 employees and assigned certain staff activities to the parent under a management & staffing contract which for 2020 covers the legal and personnel area.

In the first half of 2020, the General Aviation traffic served by TAG saw a reduction in movements in line with the national average (-45%), although the reduction in tonnage and in aircraft fuel sales was greater: in both cases of 58%.

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 drop in volumes, TAG reported a net loss of Euro 113 thousand (profit of Euro 138 thousand in the comparative period). Revenues amounted to Euro 0.7 million, declining 52%. The reduction in operating costs to Euro 0.4 million was 38%, resulting in an EBITDA loss of Euro 349 thousand (profit of Euro 362 thousand in H1 2019).

Reference should be made to note 29 of the financial statements - related party transactions - for information on transactions in the period between the subsidiaries and the parent company.

4 MAIN NON-FINANCIAL RESULTS

4.1 THE ENVIRONMENT

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

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

During the first half of 2020, the executive design of the conservation works for the "Golena san Vitale" Natura 2000 SCI network site was undertaken, and the executive design of the wooded area to be built north of the airport continued.

4.2 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.

5 REGULATORY FRAMEWORK

5.1 REGULATORY AGREEMENT AND NEW TARIFF DYNAMIC 2020-2023

2020 represents the first year of the new 2020-2023 regulatory period. The parent company initiated in 2019 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.

On January 16, 2020, the Transport Regulation Authority passed and published the resolution definitively approving the tariff model of reference with regard to the proposed airport fees submitted by AdB.

On July 16, 2020, with Resolution No. 136/2020, the Transport Regulation Authority declared the conclusion of the process initiated with Resolution No. 84/2018 concerning the review of the charges. The new airport charges governance models enter into force from July 1, 2021.

5.2 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, the key provisions for the airport and air transport sector were as follows:

- 1) Liquidity Decree (Legislative Decree No. 23 of April 8, 2020) which governs access to State-backed loans;
- 2) Relaunch Decree (Legislative Decree 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 Legislative Decrees);
 - 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:

- Covid parental leave until 31/08
 - increase in days for those benefitting from Law 104 (12 additional days)
 - blocking of collective or economic related redundancies until 17/8.
- 3) 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.

- 4) 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.

5.3 FIRE PREVENTION FUND

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

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

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

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

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

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

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

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

5.4 BOARDING FEE MUNICIPAL SURTAX TO BE ALLOCATED TO INPS

Please refer to paragraph 5.2 above, as some changes have been made with regard to the municipal surtax to be allocated to INPS, by way of the Relaunch Decree.

5.5 NEW “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 Legislative Decree 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.

5.6 NON-FINANCIAL INFORMATION REPORT

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

5.7 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, etc.).

5.8 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 (Leg. Decree 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.

5.9 IRESA

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

Airlines are liable for IRESA with effect from January 1, 2020, per the terms in the accounting document issued by the airport manager, which then pays the sums in question to the Emilia Romagna Region in the manner established in a specific agreement approved by Regional Council Motion Resolution No. 2410 of December 19, 2019. The funds shall be allocated, net of the above-mentioned convention costs, to the completion of the acoustic monitoring system and acoustic anti-pollution, in addition to further investments and/or indemnities for the residents in zones A and B in the airport’s surrounding area as defined by the Environmental Ministry Decree of October 31, 1997. In light of the national health emergency, Emilia-Romagna Regional Council Resolution No. 402/2020 establishes the postponement until July 31, 2020 of tax compliance measures relating to the sending of information flows and IRESA payments by airport managers. AdB is complying with the requirements of the Agreement in place with the Emilia-Romagna Region.

5.10 BREXIT

On May 24, 2019, Law No. 41 of May 20, 2019 converting Legislative Decree No. 22 of May 25, 2019, was published in the Official Gazette of 24/05/2019, regarding urgent measures to ensure security, financial stability and market integrity, and to protect the health and freedom of movement of citizens of Italy and the United Kingdom in the event of the withdrawal of the latter from the European Union” (the “Brexit Decree”). Article 17-ter, in introducing provisions on airport tariffs, requires that EU airport charges will continue to apply to passengers travelling from Italian airports to the United Kingdom, on the condition of reciprocity, from the date of Brexit up to the date of entry into force of a global agreement governing the provision of transport services with the United Kingdom, or, failing that, until 30/03/2020.

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

6 DISPUTES

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

Fire Prevention Fund

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

Currently the Rome Court, following a series of postponements and suspensions deriving from the systematic reassignment of the case to different judges, has not outlined its conclusions and the next hearing is currently fixed for October 28, 2020. However, with the existence, over the years, of a consolidated jurisprudence (ex pluris Rome Provincial Tax Court No. 10137/51/2014 - passed into Law - and Rome Provincial Tax Court No. 2517/2019) sealed by the pronouncement of the Court of Cassation No. 3162 of February 1, 2019 and, latterly, by the Lazio Regional Tax Commission No. 7164/2019, which affirmed: i) the nature of the contribution to the Fire Prevention Fund, ii) the consequent competent tax jurisdiction, iii) the non-obligation to pay the tax from 2009, due to the non-applicability of its original legislative purpose, the Company is awaiting a definitive 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 incomprehensively, on May 24, 2018, the State District Lawyer notified an appeal against the ordinance of the Bologna Court of December 20, 2017.

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

The company in order to obtain a direct recognition of the principles embodied universally by the Court of Cassation and by the Rome Provincial Tax Court will present its case before the tax judge, once proceedings may take place, of the cases currently before the Rome Court (RG No. 22375/12). In parallel, in January 2020 a series of discussions were held with the administrations of a possible settlement and promotion of rewriting the statute that changed the Fund's initial purpose. There are no significant developments to report; ENAC has invited airport management companies to continue to adopt as prudential an approach as possible, above all with regard to the sums contributed to the Fire 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 matter concerns Euro 1.49 million, plus an additional 0.5 million in boarding fee surtaxes.

The first hearing is scheduled for February 22, 2021. The Company both strongly condemns and challenges the legal basis and timing of such an action, and will launch an appropriate legal defence to effectively oppose the lawsuit.

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. The Company 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.

7 MAIN RISKS AND UNCERTAINTIES

Risks relating to the COVID-19 pandemic

The Covid-19 health emergency is having significant impacts on the airport sector: ACI Europe reports a loss of over 223 million passengers in June alone for European airports and forecasts a total drop in traffic of 64% for the current year. According to the former's estimates, 2019 traffic levels will only be fully recovered in 2024, with significant diseconomy of scales for airport managers who shall see their earnings significantly impacted.

The pandemic's long-term impact on the air transport sector remains difficult to quantify, and radical changes to current business models cannot be excluded. Furthermore, it is highly probable that passenger traffic will be impacted beyond 2020, considering the maintenance of restrictive traffic measures on domestic and international flights, and geographical areas within and outside of the EU, as well as the financial impact on multiple business sectors, the "psychological" effect the emergency has had on people's propensity to travel by plane, and finally, the potential future maintenance or further tightening of health protection measures ("social distancing"), which may also significantly reduce the capacity of airport infrastructures.

A medium-to-long-term reduction in traffic could risk undermining the sustainability of business models, and result in significant changes being made to the airport's infrastructure development plan. The AdB Group's financial performance is strongly influenced by air traffic, which is, in turn, influenced by the economic environment, ongoing health emergencies, the economic and financial situation of individual airlines, airline alliances, and competition with alternative means of transport.

These risks 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 view of the significant commitments to infrastructure development, **liquidity risk** could manifest as difficulty in obtaining timely, cost-effective financing. While the Group's commitment to develop existing airport infrastructures currently remains unchanged, its operations plan is currently undergoing strategic re-assessment following the drastic reduction in traffic. Due to the current extraordinary financial crisis, the need to finance the Net Working Capital cycle must also be taken into consideration with regard to the operations plan, which has nevertheless been pared down and remodelled. With the aim of approving the 2019 Financial Statements, 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 – as has already been communicated to the market – 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 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 24% of its accounts receivable at June 30, 2020 are claimed from its top ten clients, compared to 46% at December 31, 2019. The current crisis and in particular the almost total reduction of carrier turnover in April and May has in fact changed the composition of the top ten customers, with the entry into the ranking of non-aviation customers, and their percentage of total revenue, as can be seen from the above percentages.

The 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 prudence and in compliance with the accounting standards IFRS 15 and IFRS 9, which strengthens the *ex-ante* analysis approach, rather than existing receivable recovery, in the credit risk assessment processes.

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

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

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 June 30, 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 49.9% of the airport's total traffic volumes in H1 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 Company's opinion Bologna airport is of strategic importance to the airline, it is still possible that Ryanair may decide to change the routes served, significantly reducing or discontinuing entirely its flights at the airport, or that at some point in the future the agreement might not be renewed, in whole or in part, or might contain conditions less favourable for the Group. Any reduction or stoppage of flights by the aforementioned 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 the summer, subject to incentives for exceptional cases (mainly the continuation of volatile market conditions) and to the definition of a new traffic development Policy, to be applied from the start of the 2020-21 IATA winter season. This new policy is to be implemented on an experimental basis – 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 be very limited during the summer months, the Parent Company accepted requests submitted by sub-license 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, which are in turn exclusively based on royalties on sub-concessionary revenue. These new contractual conditions will only remain in place until the end of the current year.

Risks related to implementation of the Action Plan

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

The Covid-19 health emergency may result in the redefinition by the parent company of the main investments to support the infrastructural capacity, including the extension of the terminal and the restructuring of the infrastructural development referred to in the 2030 Masterplan, in order to better meet new traffic demands and to allow for an adequate remuneration of the investment and financial sustainability. Decisions to be adopted by the Board of Directors of the parent company AdB will be communicated to the market immediately.

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.

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

The introduction of the IRESA (Regulatory Framework Section) from January 1, 2020 on airports in the Emilia-Romagna Region - although not directly regarding the AdB Group as the tax is upon the airlines - potentially damages the competitiveness of the Group given the non-uniform imposition of this tax in neighbouring regions. However, in view of the drastic reduction in traffic in the period, the revenue from this new tax was contained.

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 June 30, 2020 for Euro 185 million, the Covid-19 crisis was considered an indicator of impairment and therefore, 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 January 30, 2020 and no impairment losses were therefore recognised on the assets concerned (please refer to Note 1 - Intangible Assets for further information).

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. In addition to the above, the impact is considered in the period of the drastic drop in traffic and results following the Covid-19 outbreak.

8 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. It 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;
- **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.

9 GUARANTEES PROVIDED

The following table summarises the guarantees granted by the Group.

in thousands of Euro	As at 30/06/2020	As at 30/06/2019	Change	Change %
Sureties	8,093	7,573	521	6.9%
Pledge on Equity Financial Instruments	10,873	10,873	0	0.0%
Patronage letters	3,009	3,523	(514)	-14.6%
Total guarantees provided	21,975	21,968	7	0.0%

At June 30, 2020, the guarantees granted by the Group total approx. Euro 22 million and principally concern:

- sureties, mainly:
 - to ENAC (the Italian Civil Aviation Authority) pursuant to the Full Management Agreement (Euro 5.6 million);
 - 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;
- a letter of patronage concerning the mortgage loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena), equal to the residual principal, which at the end of the period amounted to Euro 3 million.

Inter-company and other related party transactions

Reference should be made to the specific paragraph of the Explanatory Notes to the consolidated financial statements at June 30, 2020 for information concerning transactions undertaken during the period with subsidiaries, associates and related parties.

10 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

No events have occurred subsequent to period 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.

However, some significant events occurred after the end of the period or are set to occur in the coming months.

Traffic performance

With the gradual return of flights from the majority of the EU and the Schengen countries, traffic volumes at the airport are slowly recovering, although the situation remains uncertain.

Passengers in July numbered 228,070, decreasing 75.2% on the same month of 2019, although up on June 2020, in which just 35,000 thousand passengers were recorded.

As was the case in June however, the international component - historically Marconi's strong point - was impacted harder, with a drop of 80.5% on the same period of 2019.

Passengers demonstrated in fact a preference for domestic destinations (-54.3% on 2019), a figure confirmed also by the busiest routes in the month which saw Italian destinations at the top - as follows: Rome Fiumicino, Catania, Palermo, Olbia and Cagliari.

As in the preceding months, again in July, air cargo volumes were impacted by the pandemic, although seeing a more contained reduction (-19.7% on the same month of 2019) for a total of 3,015 tonnes.

Overall, in the initial seven months of the year, Bologna Airport carried 1,661,926 passengers (-69.0%), with 16,513 movements (-60.8%) and 18,732 tonnes of cargo transported (-19.3%), confirming the very significant repercussions that the ongoing Covid-19 emergency continues to have across the world on the air transport sector.

Passengers numbered 312,156 in August, decreasing 65.9% compared to the same time last year, but significantly up from July 2020, when only 228,000 passengers travelled.

There were 3,302 air movements in August, down 50.2% compared to the same time last year, but up 46.9% compared to July 2020.

In further detail, 182,592 passengers travelled on international flights (-75.2% compared to August 2019), whereas 129,564 flew domestically (-27.5%). As in previous months, the pandemic hit international flights the hardest, which historically account for around 75% of all Marconi passengers, while domestic flights fared slightly better.

This trend was reflected in the airport's most popular August destinations, with Catania, Olbia, Palermo, Cagliari and Rome ranking in the top five spots, and a significant increase in the number of passengers travelling to Sardinia. Thanks to the launch of Volotea flights, passengers to and from Costa Smeralda Airport increased by 48% compared to the same time last year, while flights to Cagliari (with Ryanair) increased by 6%.

Air cargo transported decreased by 9.4% on the same month last year, for a total of 1,946 tonnes.

In the first eight months of 2020, Bologna Airport carried 1,974,082 passengers (-68.5%), with 19,815 movements (-59.4%) and 20,678 tonnes of cargo transported (-18.4%).

Liquidity-support loans

The parent company introduced in the second quarter a financial consolidation plan in order to handle the increased working capital demands due to the Covid-19 emergency. This plan was completed in July with the finalisation of two lending transactions, respectively of Euro 25 million with Unicredit and of Euro 33.9 million with Intesa Sanpaolo, both fully disbursed in July.

Both transactions comprise loans secured by SACE guarantees under the "Italy Guarantee" programme. 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).

The purpose of the loans is to support better planning of company operations in their various individual components and also to support the Parent Company's infrastructure development plan, in the hope that health and economic conditions will allow a stronger, albeit progressive, recovery to pre-pandemic levels over the medium term.

Extension of concession durations

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 Law No. 77 of July 17, 2020, which converted with amendments Article 202, paragraph 1-*bis* of Legislative Decree No. 34 of May 19, 2020, was extended by two years.

This will have an impact on the amortisation schedule of the concession rights, which will have to be revised by adjusting the straight-line amortisation rates according to the new conclusion of the airport concession.

ACI Airport Health Accreditation

At the end of August, Bologna airport obtained - as the first airport in Italy and among the first globally - ACI World's Airport Health Accreditation, the international programme assessing the health measures and procedures introduced by airports to deal with the Covid-19 pandemic, in accordance with the recommendation of the ICAO (International Civil Aviation Organization) – Council Aviation Recovery Task Force, in line with the EASA's (European Aviation Safety Agency) indications, with the protocol of the European Center for Disease Prevention and Control (ECDC – Aviation Health Safety Protocol) and ACI Europe's guidelines. Bologna airport has been assessed on several aspects including cleaning and disinfection, physical distancing, staff protection, passenger communications and facilities available to passengers. The Group hopes that this recognition – received thanks to its serious commitment to keeping passengers and the airport community safe since the very beginning of the pandemic – will help improve passenger trust in the air transport sector and supply chain.

Operating and Financial Performance and Business Outlook

Uncertainty surrounding the duration 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.

At the end of August, 24 airlines with connections to 74 national and international destinations were operating at the airport. The outlook for air traffic recovery in the second half of 2020 remains uncertain and is closely linked to the evolution of the Covid-19 pandemic. Initial studies on the pandemic and its impact on the air transport sector suggest an uneven recovery over the coming year, with volumes likely to see-saw as coronavirus spreads through countries at different rates. Based on the figures recorded in the first eight months of 2020, the information currently available, and sector studies, traffic volumes are expected to drop significantly in 2020, compared to 2019.

The non-aviation sector will continue to be adversely affected by the pandemic during the second half of 2020, both in terms of the redefinition of contractual agreements – with the substantial elimination of minimum guaranteed components – and the partial recovery of traffic volumes on which variable contract components are based. Overall, the pandemic has had a very negative impact on non-aviation business, given that it is estimated in proportion to the fluctuation in traffic volumes compared to the previous year.

With regard to costs, in the early days of the pandemic, the Group reduced its outgoings by renegotiating fairly with suppliers and halting the provision of non-strategic or unnecessary supplies during times when air traffic demand was in decline. These actions mainly had an impact on the second quarter of 2020, and, given the structure of the income statement – which is typical of airport operators and contains a high number of fixed outgoings – resulted in fewer savings compared to the decrease in sales. Suspended and rescheduled contracts were slowly reactivated as flights began to resume in June, resulting in an expected growth in operating costs in the second half of the year. The second half of the year will also be adversely affected by additional costs linked to the ongoing health emergency (such as cleaning activities and the use of PPE, etc.) and additional managerial duties (such as measuring body temperature and controlling access to the terminal, etc.).

The resumption of airline operations at the airport allowed for the reduced use of the Extraordinary Temporary Lay-off Scheme for the operating sectors. Anti-Covid security protocols have given rise to a series of particularly complex operational procedures that require the use of resources that is not proportional to the volume of traffic served.

Although aware of the above, the Group will continue its cost containment measures as far as possible, subject to the revaluation and potential reduction of non-essential and non-urgent investment/replacement initiatives. The Group will also continue to seek access to additional bank loans, with a view to adequately funding the Group's financial needs.

Despite the mitigation actions outlined above, and taking into account the difficulties that come with estimating the economic impact of an event whose duration is unknown, the Group is anticipating the impact on the current year to be severe, with volumes very unlikely to return to the levels seen in 2019 anytime in the near future. Furthermore, margins will not necessarily recover in parallel with and in proportion to an uptick in traffic, both in unitary terms and in terms of absolute value, due to the high incidence of fixed airport management costs and the higher operating costs involved in implementing anti-Covid-19 security protocols.

Within this context, the Aeroporto G. Marconi di Bologna S.p.A. Group is paying the utmost attention to the safety of its passengers and employees. The Group also intends to maintain current employment levels, where possible, and to pursue its infrastructure development plans, with the aim of overcoming this emergency and re-igniting a phase of recovery and development for Bologna Airport that was abruptly interrupted by the pandemic.

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

Bologna, September 7, 2020

Consolidated Financial Statements for the period ended June 30, 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

<i>in thousands of Euro</i>	<i>Note</i>	As at 30.06.2020	As at 31.12.2019
Concession rights		185,284	176,184
Other intangible assets		1,990	2,276
Intangible assets	1	187,274	178,460
Property, plant and equipment		13,481	14,951
Investment property		4,732	4,732
Tangible assets	2	18,213	19,683
Investments	3	44	44
Other non-current financial assets	4	12,272	12,586
Deferred tax assets	5	7,931	6,190
Other non-current assets	6	307	994
Other non-current assets		20,554	19,814
NON-CURRENT ASSETS		226,041	217,957
Inventories	7	704	622
Trade receivables	8	7,377	15,464
Other current assets	9	3,871	5,203
Current financial assets	10	772	501
Cash and cash equivalents	11	16,091	29,253
CURRENT ASSETS		28,815	51,043
TOTAL ASSETS		254,856	269,000

<i>in thousands of Euro</i>	<i>Note</i>	As at 30.06.2020	As at 31.12.2019
Share capital		90,314	90,314
Reserves		87,855	67,009
Profit (loss) for the period		(4,731)	20,852
GROUP SHAREHOLDERS' EQUITY	12	173,438	178,175
MINORITY INTERESTS	12	0	0
TOTAL SHAREHOLDERS' EQUITY		173,438	178,175
Post-employment benefits and employee provisions	13	4,173	4,257
Deferred tax liabilities	14	2,586	2,558
Provision for renewal of airport infrastructure	15	9,746	9,524
Provisions for risks and charges	16	1,400	1,390
Non-current financial liabilities	17	12,621	13,080
Other non-current liabilities		0	136
NON-CURRENT LIABILITIES		30,526	30,945
Trade payables	18	13,953	18,537
Other liabilities	19	22,813	31,112
Provision for renewal of airport infrastructure	20	4,040	4,040
Provisions for risks and charges	21	22	18
Current financial liabilities	22	10,064	6,173
CURRENT LIABILITIES		50,892	59,880
TOTAL LIABILITIES		81,418	90,825
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		254,856	269,000

Consolidated Income Statement

<i>In thousands of Euro</i>	Note	For the half year ended 30.06.2020	For the half year ended 30.06.2019
Revenues from aeronautical services		11,437	30,229
Revenues from non-aeronautical services		9,421	21,075
Revenues from construction services		12,418	7,091
Other operating revenues and income		225	504
Revenues	23	33,501	58,899
Consumables and goods		(699)	(962)
Service costs		(7,681)	(10,075)
Construction service costs		(11,826)	(6,753)
Leases, rentals and other costs		(1,900)	(4,074)
Other operating expenses		(1,495)	(1,595)
Personnel costs		(10,583)	(14,950)
Costs	24	(34,184)	(38,409)
Amortisation of concession rights		(3,317)	(3,024)
Amortisation of other intangible assets		(650)	(576)
Depreciation of tangible assets		(1,320)	(1,423)
Amortisation, depreciation & write-downs	25	(5,287)	(5,023)
Provisions for doubtful accounts		(257)	(350)
Provision for renewal of airport infrastructure		(363)	(1,191)
Provisions for other risks and charges		(20)	(208)
Provisions for risks and charges	26	(640)	(1,749)
Total Costs		(40,111)	(45,181)
Operating result		(6,610)	13,718
Financial income	27	116	79
Financial expenses	27	(303)	(598)
Result before taxes		(6,797)	13,199
Taxes for the period	28	2,066	(3,778)
Profit (loss) for the period		(4,731)	9,421
Minority interest profit (loss)		0	0
Group profit (loss) for the period		(4,731)	9,421
Undiluted earnings/(loss) per share (in Euro)		(0.13)	0.25
Diluted earnings/(loss) per share (in Euro)		(0.13)	0.25

Consolidated Comprehensive Income Statement

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019
Profit (loss) for the period (A)	(4,731)	9,421
<i>Other profits (losses) that will be reclassified in the net result for the period</i>	0	0
<i>Total other profits (losses) that will be reclassified in the net result for the year (B1)</i>	0	0
<i>Other profits (losses) that will not be reclassified in the net result for the period</i>		
Actuarial profits (losses) on severance and other personnel provisions	(9)	(309)
Tax impact on actuarial profits (losses) on severance and other personnel provisions	2	74
<i>Total other profits (losses) that will not be reclassified in the net result for the period (B2)</i>	(7)	(235)
Total other profits (losses), net of taxes (B1 + B2) = B	(7)	(235)
Total profits (losses), net of taxes (A + B)	(4,738)	9,186
of which Minority Interests	0	0
of which Group	(4,738)	9,186

Consolidated Cash Flow Statement

<i>in thousands of Euro</i>	As at 30.06.2020	As at 30.06.2019
Core income-generating operations		
Result for the period before taxes	(6,797)	13,199
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(592)	(338)
+ Depreciation and amortisation	5,287	5,023
+ Provisions	640	1,749
+ Interest expense (income) for discounting and severance provisions	99	351
+/- Interest income and financial charges	88	168
+/- Losses/gains and other non-monetary costs/revenues	84	0
+/- Severance provisions and other personnel expenses	22	51
Cash flow generated/(absorbed) by operating activities before changes in working capital	(1,171)	20,203
Change in inventories	(82)	49
(Increase)/decrease in trade receivables	7,763	(3,948)
(Increase)/decrease in other receivables and current/non-current assets (non financial)	2,026	(1,727)
Increase/(decrease) in trade payables	(4,584)	(2,917)
Increase/(decrease) in other liabilities, various and financial	(7,021)	2,758
Interest paid	(165)	(250)
Interest collected	83	104
Taxes paid	(2,252)	(3,393)
Severance and other personnel provisions paid	(130)	(127)
Use of provisions	(229)	(703)
Cash flow generated / (absorbed) by net operating activities	(5,761)	10,050
Purchase tangible assets	(615)	(657)
Proceeds on sale of tangible assets	3	0
Purchases of intangible assets/concession rights	(11,520)	(6,711)
Proceeds on sale of intangible assets/concession rights	0	0
Purchase/capital increase of equity investments	0	0
Proceeds on sale of equity investments	0	0
Changes in current and non-current financial assets	70	17,400
Cash flow generated / (absorbed) by investment activities	(12,062)	10,032
Proceeds from the issuance of shares and other equity instruments	0	0
Dividends paid	0	(16,220)
Loans received	5,000	3,000
Loans repaid	(258)	(5,913)
Payments of leasing capital share	(81)	(181)
Cash flow generated / (absorbed) by financing activities	4,661	(19,314)
Final cash change	(13,162)	768
Cash and cash equivalents at beginning of period	29,253	15,762
Final cash change	(13,162)	768
Cash and cash equivalents at end of period	16,091	16,530

Statement of changes in Consolidated Shareholders' Equity

<i>in thousands of Euro</i>	<i>Share capital</i>	<i>Share Premium Reserve</i>	<i>Legal Reserve</i>	<i>Other Reserves</i>	<i>FTA Reserve</i>	<i>Actuarial profits/(losses) reserve</i>	<i>Profits (losses) Carried Forward</i>	<i>Profit (loss) for the period</i>	<i>Group shareholders' equity</i>	<i>Minority interests</i>	<i>Shareholders' Equity</i>
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
Assets held-for-sale	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive profit (loss)	0	0	0	0	0	(7)	0	(4,731)	(4,738)	0	(4,738)
Shareholders' Equity as at 30.06.2020	90,314	25,683	8,179	56,655	(3,272)	(995)	1,604	(4,731)	173,438	0	173,438

<i>Euro thousands</i>	<i>Share capital</i>	<i>Share Premium Reserve</i>	<i>Legal reserve</i>	<i>Other reserves</i>	<i>FTA Reserve</i>	<i>Actuarial profits/(losses) reserve</i>	<i>Profits (losses) Carried Forward</i>	<i>Profit (loss) for the period</i>	<i>Group shareholders' equity</i>	<i>Minority interests</i>	<i>Shareholder s' Equity</i>
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	(16,200)	0	(16,220)
Assets held-for-sale	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive profit (loss)	0	0	0	0	0	(235)	0	9,421	9,186	0	9,186
Shareholders' Equity as at 30.06.2019	90,314	25,683	7,170	37,029	(3,272)	(1,056)	1,387	9,421	166,676	0	166,676

Notes to the consolidated financial statements

Information on Group activities

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

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

Accounting standards adopted for the Preparation of the Consolidated interim financial statements as at June 30, 2020

Basis of preparation

The condensed consolidated half-year financial statements of the Group (hereafter "the condensed consolidated half-year financial statements of the Group" or "consolidated financial statements") were prepared for the period ended June 30, 2020 and include the comparative figures for the year ended December 31, 2019, limited to the Consolidated Statement of Financial Position and the comparative figures for the half-year January 1-June 30, 2019, limited to the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Cash Flow Statement. The consolidated financial statements were prepared under the historic cost convention, except for financial assets held-for-sale, and Intangible Assets comprising Energy Certificates, which were recognised at fair value, and in accordance with the going concern principle. Despite enduring a difficult economic and financial time due to the effects of the Covid-19 pandemic, and taking into account all available information, the Group believes that no significant uncertainties exist (as defined by paragraph 25 of IAS Principle 1) on the going concern, as it believes that the current crisis is exceptional in nature and temporary in duration – despite being particularly significant in scope and impact – as demonstrated by the signs of recovery seen in June onwards. For further information on risk factors, assumptions and uncertainties, please refer to the relevant paragraph in the Directors' Report, in addition to the paragraph entitled "Impacts of the Covid-19 Pandemic" in these notes.

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.

The publication of the condensed half-year financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. and the two subsidiaries (the Group) for the first half of 2020 was approved by the Board of Directors on September 7, 2020.

Content and form of the condensed consolidated half-year financial statements

The Condensed Consolidated Financial Statements at June 30 were prepared as per IAS 34 “Interim Financial Statements” including condensed notes in accordance with the above-mentioned international accounting standard and supplemented in order to provide greater disclosure where considered necessary. These Consolidated Financial Statements must therefore be read together with the Consolidated Financial Statements for the year 2019 prepared in accordance with IFRS International Accounting Standards 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, to which reference should be made, 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 Group 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 Consolidated Financial Position has been prepared by separating assets and liabilities into current and non-current categories.

An asset is considered current where:

- it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held mainly for the purpose of negotiating it;
- it is expected to be realized within twelve months of the closing date of the year; or
- it comprises cash or cash equivalents, upon which no prohibition exists on their exchange or utilisation to settle a liability for at least 12 months from the reporting date.

All other assets are classified as non-current.

A liability is considered current where:

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

The Group classifies all other liabilities as non-current.

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

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

Consolidation principles

The Condensed Consolidated Half-Year Financial Statements include the consolidated statement of 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 at June 30, 2020 were prepared based on the financial statements of the Parent 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 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 consolidation scope has not changed since December 31, 2019.

The following table summarises the information on the subsidiaries at June 30, 2020 and December 31, 2019 in terms of the Group's direct and indirect holding.

<i>in thousands of Euro</i>	<i>Currency</i>	<i>Share capital</i>	<i>As at 30.06.2020</i>	<i>As at 31.12.2019</i>
Fast Freight Marconi S.p.a. Società Unipersonale	Euro	520	100.00%	100.00%
Tag Bologna S.r.l. Società Unipersonale	Euro	316	100.00%	100.00%

The following table summarises the information on the associated companies at June 30, 2020 and December 31, 2019 in terms of the Group's direct and indirect holding.

<i>in thousands of Euro</i>	<i>Currency</i>	<i>Share capital</i>	<i>As at 30.06.2020</i>	<i>As at 31.12.2019</i>
Ravenna Terminal Passeggeri S.r.l.	Euro	50	24.00%	24.00%

In addition to approving the company's 2019 financial statements, the Shareholders' Meeting of Ravenna Terminal Passeggeri Srl held on July 9 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 as the value of the investment was fully written down in previous financial years.

Accounting policies

In the preparation of the condensed consolidated 2020 half-year financial statements, the same accounting standards and policies were adopted as for the preparation of the consolidated financial statements at December 31, 2019 to which reference should be made and which provides a detailed description of those principles and standards.

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 interim 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.

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 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. After entering into force, the amendment will be applicable with effect from June 1, 2020.

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, 2022.

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.

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

Discretionary valuations and significant accounting estimates

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

IAS 8 Changes in accounting estimates and errors

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

The errors of previous years are omissions and incorrect measurements of accounts in the financial statements of an entity for one or more years deriving from the non-utilisation or the erroneous utilisation of reliable information which was available when the financial statements were authorised for their publication and it is reasonable to consider that such information could have been obtained and utilised in the preparation and presentation of these financial statements. These errors include the effects of arithmetic errors, errors in the application of accounting policies, inaccuracies or distorted interpretations of facts, and fraud.

The financial statements are not in accordance with IFRS if they contain significant errors or irrelevant if committed intentionally in order to obtain a specific presentation of the statement of financial position, of the economic result or of the cash flows of the entity. Potential errors of the current year, recorded in the same year, are corrected before the financial statements are authorised for publication. The errors uncovered in subsequent years, if considered significant and if the correction is considered feasible, must be corrected in the comparative disclosure presented in the financial statements for the following year, remeasuring the opening balances of assets, liabilities and shareholders' equity (restatement).

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

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

Estimates and assumptions

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.

<i>In thousands of Euro</i>	For the half year ended 30.06.2020 Aviation	For the half year ended 30.06.2020 Non-Aviation	For the half year ended 30.06.2020 Other	For the half year ended 30.06.2020
Revenues	16,374	17,127	0	33,501
Costs	(20,434)	(13,750)	0	(34,184)
EBITDA	(4,060)	3,377	0	(683)
Depreciation and amortisation	(2,786)	(2,501)	0	(5,287)
Provisions	(474)	(166)	0	(640)
Operating result	(7,320)	710	0	(6,610)
Financial income	0	0	116	116
Financial expenses	0	0	(303)	(303)
Result before taxes	(7,320)	710	(187)	(6,797)
Taxes for the period	0	0	2,066	2,066
Profit (loss) for the period	(7,320)	710	1,879	(4,731)
Minority interest profit	0	0	0	0
Group profit (loss)	0	0	0	(4,731)

In thousands of Euro	For the half year ended	For the half year ended	For the half year	For the half year
	30.06.2019 Aviation	30.06.2019 Non-Aviation	ended 30.06.2019 Other	ended 30.06.2019
Revenues	36,691	22,208	0	58,899
Costs	(28,397)	(10,012)	0	(38,409)
Gross operating profit	8,294	12,196	0	20,490
Depreciation and amortisation	(3,435)	(1,588)	0	(5,023)
Provisions	(1,541)	(208)	0	(1,749)
Operating result	3,318	10,400	0	13,718
Financial income	0	0	79	79
Financial expenses	0	0	(598)	(598)
Result before taxes	3,318	10,400	(519)	13,199
Taxes for the period	0	0	(3,778)	(3,778)
Profit (loss) for the period	3,318	10,400	(4,297)	9,421
Minority interest profit	0	0	0	0
Group profit (loss)	0	0	0	9,421

The table below presents the segment information for assets:

in thousands of Euro	As at June 30, 2018 Aviation	As at June 30, 2020 Non-Aviation	As at June 30, 2019 Other	As at June 30, 2020
Non-current assets	171,536	34,029	20,476	226,041
Intangible assets	167,341	19,933	0	187,274
Concession rights	166,363	18,921	0	185,284
Other intangible assets	978	1,012	0	1,990
Tangible assets	4,133	14,080	0	18,213
Property, plant and equipment	4,133	9,348	0	13,481
Investment property	0	4,732	0	4,732
Other non-current assets	62	16	20,476	20,554
Investments	0	0	44	44
Other non-current financial assets	0	0	12,272	12,272
Deferred tax assets	0	0	7,931	7,931
Other non-current assets	62	16	229	307
Current assets	6,420	4,181	18,214	28,815
Inventories	382	322	0	704
Trade receivables	3,927	3,450	0	7,377
Other current assets	2,111	409	1,351	3,871
Current financial assets	0	0	772	772
Cash and cash equivalents	0	0	16,091	16,091
Total assets	177,956	38,210	38,690	254,856

<i>in thousands of Euro</i>	As at June 30, 2018 Aviation	As at June 30, 2019 Non-Aviation	As at June 30, 2019 Other	As at June 30, 2019
Non-current assets	163,968	29,403	19,796	213,167
Intangible assets	157,900	14,576	0	172,476
Concession rights	156,819	13,539	0	170,358
Other intangible assets	1,081	1,037	0	2,118
Tangible assets	6,017	14,815	0	20,832
Property, plant and equipment	6,017	10,083	0	16,100
Investment property	0	4,732	0	4,732
Other non-current assets	51	12	19,796	19,859
Investments	0	0	43	43
Other non-current financial assets	0	0	12,208	12,208
Deferred tax assets	0	0	6,180	6,180
Other non-current assets	51	12	1,365	1,428
Current assets	19,169	5,119	17,099	41,387
Inventories	304	241	0	545
Trade receivables	13,982	3,888	0	17,870
Other current assets	4,883	990	569	6,442
Current financial assets	0	0	0	0
Cash and cash equivalents	0	0	16,530	16,530
Total assets	183,137	34,522	36,895	254,554

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 the first half of 2020, the Group's revenues mainly derived from the following clients, compared to the first half of 2019:

<i>30/06/2020</i>	<i>30/06/2019</i>
RYANAIR LTD	RYANAIR LTD
WIZZ AIR HUNGARY LTD	ALITALIA-SOCIETA' AEREA ITALIANA SPA
HEINEMANN ITALIA SRL	WIZZ AIR HUNGARY LTD
ALITALIA SAI SPA IN A.S.	TRAVEL RETAIL ITALIANA SRL
EMIRATES	LUFTHANSA LINEE AEREE GERMANICHE
SOCIETE' AIR FRANCE S.A.	BRITISH AIRWAYS PLC
GH BOLOGNA SPA	SOCIETE' AIR FRANCE S.A.
VECCHIA MALGA NEGOZI SRL	EMIRATES
LUFTHANSA LINEE AEREE GERMANICHE	AIR DOLOMITI SPA
BRITISH AIRWAYS PLC	TURKISH AIRLINES

The sharp decline in aviation revenues associated with the almost complete absence of traffic during the lockdown months also changed the composition of the above rankings, which at June 30, 2020 include more non-aviation business clients than at June 30, 2019.

Impacts of the Covid-19 pandemic

The AdB Group's performance in the first half of 2020 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 67.7% compared to the first half of 2019). As extensively illustrated in the Directors' Report, service was dramatically reduced to a single daily flight to and from Rome, the only route that remained active throughout the lockdown period, according to an essential public service approach, entailing overall declines of 62.2% in revenues from aeronautical services and of 55.3% in revenues from non-aeronautical services.

The repercussions on financial performance during the period were extremely significant: in fact, the main differences between the two half-years compared 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 Group in response to the crisis. See the Directors' Report for further details regarding these measures.

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

- dramatic 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 almost complete absence of traffic in the second quarter;
- increase in deferred tax assets due to the recognition of the tax benefit on the IRES loss for the period, which is believed to be recoverable in future years;
- use of cash due to the reduction in collections during the period;
- increase in financial 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 June 30, 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 solely to the loss for the period, owing to the allocation to reserves of the 2019 profits approved by the Shareholders' Meeting on April 30, 2020 in view of the ongoing crisis;
- increase in net capital employed, primarily due to the growth of fixed assets due to several important investments already approved and in progress when the pandemic began to spread.

With regard to the recoverability of the carrying amount of the concession rights – the Group's main asset – in the light of the impairment indicator represented by the Covid-19 crisis, an impairment test pursuant to IAS 36 was conducted at June 30, 2020. On the basis of the Group's updated forecast financial performance, the test confirmed the recoverable amount of the asset (see note 1).

In the light of the cost containment actions taken (launch of a plan to use accumulated holiday leave, recourse to the Extraordinary Temporary Lay-off Scheme, freeze on new personnel recruitment and external cost-cutting measures, with particular regard to non-strategic suppliers, including renegotiation with suppliers) and those aimed at maintaining adequate liquidity levels, including:

- granting of a moratorium for an outstanding loan at June 30, 2020;
- disbursement of two new loans already contracted in July for a total of Euro 59 million;
- the search, already in progress, for new sources of financing; and
- the granting of waiver letters eliminating the risk of non-compliance with financial covenants, to be calculated at December 31, 2020 and December 31, 2021;

as well as the financial solidity of the Parent Company and its subsidiaries, the Group believes that the actions taken will allow it to overcome the current crisis and meet the Aeroporto di Bologna Group's existing financial, contractual and concession obligations.

ASSETS

1. Intangible assets

The following table breaks down intangible assets at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Concession rights	185,284	176,184	9,100
Software, licences and similar rights	1,466	1,752	(286)
Other intangible assets	57	60	(3)
Other intangible assets in progress	467	464	3
TOTAL INTANGIBLE ASSETS	187,274	178,460	8,814

The table below presents the changes in intangible assets for the period ended June 30, 2020 compared to June 30, 2019, by asset category.

in thousands of Euro	31.12.2019			Changes of the period				30.06.2020		
	Historical cost	Accumulated Amortisation	Book value	Increases/ Acquisitions	Amortisation	Decreases/ Disposals/ Reclassifications	Decrease provision	Historical cost	Accumulated Amortisation	Book value
Concession rights	217,589	(41,405)	176,184	11,748	(3,317)	669	0	230,006	(44,722)	185,284
Software, licences and similar rights	13,591	(11,839)	1,752	361	(647)	0	0	13,952	(12,486)	1,466
Other intangible assets	250	(190)	60	0	(3)	0	0	250	(193)	57
Other intangible assets in progress	464	0	464	3	0	0	0	467	0	467
TOTAL INTANGIBLE ASSETS	231,894	(53,434)	178,460	12,112	(3,967)	669	0	244,675	(57,401)	187,274

in thousands of Euro	31.12.2018			Changes of the period				30.06.2019		
	Historical cost	Accumulated Amortisation	Book value	Increases/ Acquisitions	Amortisation	Decreases/ Disposals/Write-downs	Decrease provision	Historical cost	Accumulated Amortisation	Book value
Concession rights	201,487	(35,195)	166,292	6,413	(3,024)	677	0	208,577	(38,219)	170,358
Software, licences and similar rights	11,888	(10,268)	1,620	435	(574)	0	0	12,323	(10,842)	1,481
Other intangible assets	250	(185)	65	0	(2)	0	0	250	(187)	63
Other intangible assets in progress	374	0	374	200	0	0	0	574	0	574
TOTAL INTANGIBLE ASSETS	213,999	(45,648)	168,351	7,048	(3,600)	677	0	221,724	(49,248)	172,476

In the first half of 2020, Concession rights increased by Euro 11.7 million (equal to the fair value of construction services provided in the period), principally due to:

- the acquisition of an area adjacent to the airport grounds for the future infrastructural development of the terminal;
- extension and modification of the departing baggage handling system (BHS) to comply with "STANDARD 3" security level as required by current regulations;
- construction work on a new cargo building and related annexes for a specialised operator;
- other activities to prepare for the passenger terminal extension.

Amortisation of concession rights in the period amounted to Euro 3.3 million and was applied according to the residual duration of the concession.

Software, licenses and similar rights, recorded an increase of Euro 361 thousand, primarily linked to the development of some software platforms and the modernization of the GSTAR Operating System through the activation of the module serving the de-icing plant.

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.

For the year 2019, the impairment test performed did not identify any impairment of the carrying amounts of the concession rights, and no impairment losses were therefore recognised on the assets concerned. In light of the COVID-19 health and economic crisis, when closing the 2019 financial statements the Group had conducted a further sensitivity analysis 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.

For the first half of 2020, the Group has made reference to the ESMA recommendation of May 20, 2020, which states that the effects of the Covid-19 pandemic will presumably result in the presence of one or more impairment indicators, and has updated the test which, 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 this purpose, the explicit economic-financial projections for the period 2020-2046 were utilised, since the airport concession, originally set to expire in 2044, was extended until 2046 by Law 77/2020, and the "Terminal Value" was taken into account in conformity with Article 703 of the Navigation Code.

The method used is based on the presumption that the economic capital value of a company at a certain date (in the present case, June 30, 2020) is representative of the algebraic sum of the following elements:

- 'operating' value, i.e. the present value of the cash flows from operating activities over a defined time period (explicit projection period; in the present case this coincides with the end of the airport concession expected for 2046)
- value of the non-strategic surplus assets at the measurement date.

For impairment testing purposes, the Group has identified a single CGU which coincides with the Aeroporto G. Marconi di Bologna S.p.A. Group., and the cash flows based on the 2020-2046 economic-financial projections approved by the Board of Directors on September 7, 2020 were used. This latter also approved the methodology relating to the impairment test.

Given the difficulty in predicting the future course of the Covid-19 pandemic in the short and medium term, the following is a summary of the main assumptions underlying the 2020-2046 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 was estimated on the basis of the main industry studies, which call for a return to pre-Covid volumes in three to four years. Passenger traffic estimates were also prepared for the medium-to-long term on the basis of 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 determined according to the current regulatory model until 2023 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.

The operating cash flow was discounted utilising the UDCF (Unlevered Discounted Cash Flow) at a rate equal to the weighted average cost of debt and own funds (WACC - Weighted Average Cost of Capital), equal to 6.76%, determined through the application of the Capital Asset Pricing Model ("CAPM") with:

- Italian risk-free rate of 1.5%;
- Equity market risk premium equal to 7%;
- Average beta for the peers identified (panel of listed airport companies) equal to 0.97.

The cost of debt capital was calculated by applying the average spread on the loans outstanding and in the process of being finalised at June 30 to the 10-year IRS, net of the tax effect (24%) of 1.60%.

The weighting of own funds and of debt capital equal to respectively 67.1% and 32.9% was made on the basis of an average gearing of industry peers equal to 49.1%.

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

- level of risk in the 2020-2046 Economic-Financial Forecasts, in particular considering forecasts relating to a period as long as 2025-2046;
- 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 6.76%.

The impairment test performed did not identify any impairment of the carrying amounts of the concession rights for the first half of the year (up to June 30, 2020), and no impairment losses were therefore recognised on the assets concerned.

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 34.3%.

The value of the WACC which renders the value of the CGU equal to the book value of the Net Capital Employed is 7%.

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 June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Land	2,763	2,763	0
Buildings, light constructions and improvements	3,680	3,876	(196)
Machinery, equipment & plant	3,029	3,109	(80)
Furniture, EDP and transport	1,949	2,147	(198)
Building plant and machinery in progress and advances	434	1,087	(653)
Investment property	4,732	4,732	0
TOTAL TANGIBLE ASSETS	16,587	17,714	(1,127)
Land in leasing	1,417	1,732	(315)
Leased buildings and minor construction and improvements	0	2	(2)
Leased machinery, equipment & plant	14	11	3
Leased furniture, office machinery, transport equipment	195	224	(29)
TOTAL LEASED TANGIBLE ASSETS	1,626	1,969	(343)
TOTAL TANGIBLE ASSETS	18,213	19,683	(1,470)

The table below presents the changes in tangible assets for the period ended June 30, 2020 compared to June 30, 2019, by asset category.

in thousands of Euro	31.12.2019			Changes of the period				As at 30.06.2020		
	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	(196)	0	0	8,581	(4,901)	3,680
Machinery, equipment & plant	15,499	(12,390)	3,109	444	(523)	(13)	12	15,930	(12,901)	3,029
Furniture, EDP and transport	10,060	(7,913)	2,147	155	(336)	(24)	7	10,191	(8,242)	1,949
Tangible fixed assets in progress	1,087	0	1,087	16	0	(669)	0	434	0	434
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	615	(1,055)	(706)	19	42,631	(26,044)	16,587
Land in leasing	2,136	(404)	1,732	(61)	(200)	(127)	73	1,948	(531)	1,417
Leased buildings and minor construction and improvements	13	(11)	2	0	(2)	(13)	13	0	0	0
Leased machinery, equipment & plant	75	(64)	11	10	(7)	(5)	5	80	(66)	14
Leased furniture, office machinery, transport equipment	323	(99)	224	27	(56)	(7)	7	343	(148)	195
TOTAL LEASED TANGIBLE ASSETS	2,547	(578)	1,969	(24)	(265)	(152)	98	2,371	(745)	1,626
TOTAL TANGIBLE ASSETS	45,269	(25,586)	19,683	591	(1,320)	(858)	117	45,002	(26,789)	18,213

in thousands of Euro	31.12.2018			Changes of the period				30.06.2019		
	Historical cost	Accumulated depreciation	Book value	Increases/ Acquisitions	Depreciation	Decreases/ Disposals	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	8,451	(4,305)	4,146	48	(191)	0	0	8,499	(4,496)	4,003
Machinery, equipment & plant	14,449	(11,384)	3,066	313	(602)	(1)	1	14,761	(11,985)	2,776
Furniture, EDP and transport	9,475	(7,294)	2,181	209	(339)	(3)	3	9,681	(7,630)	2,051
Tangible fixed assets in progress	2,979	0	2,979	87	0	(677)	0	2,389	0	2,389
Investment property	4,732	0	4,732	0	0	0	0	4,732	0	4,732
TOTAL TANGIBLE ASSETS	42,489	(22,983)	19,867	657	(1,132)	(681)	4	42,825	(24,111)	18,714
Land in leasing	0	0	0	2,073	(199)	0	0	2,073	(199)	1,874
Leased buildings and minor construction and improvements	0	0	0	13	(5)	0	0	13	(5)	8
Leased machinery, equipment & plant	0	0	0	65	(33)	0	0	65	(33)	32
Leased furniture, office machinery, transport equipment	0	0	0	258	(54)	0	0	258	(54)	204
TOTAL RIGHTS OF USE ON PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS	0	0	0	2,409	(291)	0	0	2,409	(291)	2,118
TOTAL TANGIBLE ASSETS	42,849	(22,983)	19,867	3,066	(1,423)	(681)	4	45,234	(24,402)	20,832

In H1 2020, this category increased by Euro 0.6 million, mainly relating to the purchase of furniture and EDP, as well as to the purchase of ten thermo-scanners to measure the temperature of passengers at terminal entrances, security checkpoints and arrivals.

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 tables below break down investments at June 30, 2020 (compared to December 31, 2019); the values and composition of investments remain unchanged.

<i>in thousands of Euro</i>	As at 31.12.2019	Increases / Acquisitions	Decreases / Disposals	Write-downs	As at 30.06.2020
Other investments	44	0	0	0	44
TOTAL INVESTMENTS	44	0	0	0	44

The composition of the account is as follows:

<i>in thousands of Euro</i>	Holding	As at 30.06.2020	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 period ended June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 31.12.2019	Increases/ Acquisitions	Decreases / Reclass.	Write- downs	As at 30.06.2020
Receivables from Terminal Value	364	18	0	0	382
Equity Financial Instruments	10,873	0	0	0	10,873
Escrow bank accounts/Saving bonds	70	0	(70)	0	0
Other financial assets	1,279	7	(269)	0	1,017
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	12,586	25	(339)	0	12,272

At June 30, 2020, the account "Other non-current financial assets" comprised:

- Euro 0.4 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. The amount corresponds to the present value at June 30, 2020 of the receivable from application of the Terminal Value regulation, as per the updated Article 703 of the Navigation Code (Article 15 quinque, paragraph 1, Legislative Decree No. 148 of 16/10/2017, converted with amendments by Law No. 172/2017), which established that, for investments in concession rights, the airport manager shall receive from the succeeding concession holder, on conclusion of the concession, an amount equal to the residual value at that date of the investment, in addition to the interventions made on the provisions for renewal, both calculated according to the regulatory accounting rules;
- Euro 10.9 million of equity financial instruments in Marconi Express Spa, concession holder for the construction and management of the rapid rail link infrastructure between the Airport and Bologna Central Station called People Mover. This financial instrument, subscribed on January 21, 2016 for a total value of Euro 10.9 million, is recorded at June 30, 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;
- 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.

The decreases during the period were mainly due to the reclassification to current financial assets (note 10) of another capitalisation product with a duration of 5 years, a value of Euro 0.3 million and maturity in May 2021.

5. Deferred tax assets

The following table shows the movements in deferred tax assets for the period ended June 30, 2020 (compared with December 31, 2019) and in comparison with the period between December 31, 2018 and June 30, 2019, even though said comparison is impacted by the exceptional performance recorded in the period under review due to the Covid-19 crisis:

<i>in thousands of Euro</i>	<i>As at 31.12.2019</i>	<i>Provisions</i>	<i>Utilizations</i>	<i>As at 30.06.2020</i>
DEFERRED TAX ASSETS	6,190	2,133	(392)	7,931

<i>in thousands of Euro</i>	<i>at 31.12.2018</i>	<i>Provisions</i>	<i>Util./Reclass.</i>	<i>As at 30.06.2019</i>
DEFERRED TAX ASSETS	6,108	630	(558)	6,180

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 1.7 million) to deferred tax assets on the Parent Company's IRES tax loss, which is reasonably certain to be recovered in the future in view of the Group's forecast financial performance.

6. Other non-current assets

The following table breaks down other non-current assets at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Non-current prepaid expenses and accrued income	78	184	(106)
Guarantee deposits	88	88	0
Non-current tax receivables	141	722	(581)
OTHER NON-CURRENT ASSETS	307	994	(687)

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.

7. Inventories

The following table breaks down inventories at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Inventories of raw materials, supplies and consumables	679	519	160
Inventories of finished products	25	103	(78)
INVENTORIES	704	622	82

8. Trade receivables

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

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Trade receivables	9,537	17,300	(7,763)
Provisions for doubtful accounts	(2,160)	(1,836)	(324)
TRADE RECEIVABLES	7,377	15,464	(8,087)

At June 30, 2020, trade receivables for Euro 7.4 million were recorded net of the provision for doubtful accounts of Euro 2.2 million. Gross trade receivables contracted significantly (-Euro 7.8 million) from Euro 17.3 million at December 31, 2019 to Euro 9.5 million due to the drop in revenues as a result of the severe traffic decline caused by the COVID-19 pandemic.

The increase in the provision for doubtful accounts is due both to the write-downs carried out on the basis of specific analysis of cases in arrears and/or in dispute, whose probability of recovery reduced in the period 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.

<i>in thousands of Euro</i>	As at 31.12.2019	Provisions	Utilizations	Releases	As at 30.06.2020
PROVISIONS FOR DOUBTFUL ACCOUNTS	(1,836)	(327)	0	3	(2,160)

<i>in thousands of Euro</i>	At 31.12.2018	Provisions	Utilizations	Releases	As at 30.06.2019
PROVISIONS FOR DOUBTFUL ACCOUNTS	(958)	(350)	0	1	(1,307)

The provisions in the year total Euro 327 thousand, of which Euro 67 thousand recorded as a direct reduction of the related revenues as concerning amounts matured in the period which are no longer considered collectible.

An analysis of the aging of trade receivables of the Group at June 30, 2020 compared with December 31, 2019 is reported below.

<i>in thousands of Euro</i>	Not yet due	Overdue	Total at 30.06.2020
Trade receivables for invoices/credit notes issued	1,189	8,185	9,374
Trade receivables for invoices/credit notes to be issued	163	0	163
TOTAL TRADE RECEIVABLES	1,352	8,185	9,537

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60 days	Overdue 60-90 days	Overdue over 90 days	Total
TOTAL TRADE RECEIVABLES	1,189	343	2,121	432	5,290	9,374

<i>in thousands of Euro</i>	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

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30 days	Overdue 30-60 days	Overdue 60-90 days	Overdue beyond 90	Total
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 the half-year as a consequence of the slowdown of collections resulting from the ongoing crisis. In particular, receivables overdue by more than 90 days rose from 35% of total overdue receivables at December 31, 2019 to 65% at June 30, 2020. In July, 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 most of overdue receivables. The financial exposure by overdue classes presented in the above tables does not take account of this rescheduling, since it was granted after June 30.

9. Other current assets

The following table breaks down other current assets at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
VAT Receivable	834	182	652
Direct income tax receivables	2	0	2
Other tax receivables	1	7	(6)
Employee receivables	60	83	(23)
Other receivables	2,974	4,931	(1,957)
OTHER CURRENT ASSETS	3,871	5,203	(1,332)

Other receivables are composed of:

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Prepayments and accrued income	779	327	452
Advances to suppliers	145	61	84
Pension and social security institutions	216	19	197
Municipal surtax receivables	2,481	4,799	(2,318)
Other current receivables provision for doubtful accounts	(966)	(763)	(203)
IRESA receivables	113	0	113
Other current receivables	206	488	(282)
TOTAL OTHER RECEIVABLES	2,974	4,931	(1,957)

“Prepayments and accrued income” include the following cost accounts, paid in advance in the period under review:

- ✓ Euro 0.2 million of insurance premiums;
- ✓ Euro 0.3 million of data processing charges;
- ✓ Euro 0.3 million of other costs for services invoiced in advance.

The increase in prepayments and accrued income compared to December 31 derives from the seasonality of the invoicing for maintenance, data elaboration, insurance and local taxes.

The decline in the amount receivable for passenger boarding fees surtaxes was due to the abrupt decline in traffic as a result of the health emergency. Relating to this account, the Group charged the carriers the boarding fee municipal surtax, as per Article 2, paragraph 11 of Law 350/2003 and subsequent integrations and modifications, and once collected, paid the amount to the State and to INPS respectively in the measure of Euro 1.50 and Euro 5.00 per passenger boarded.

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

- is exclusively an asset account,
- does not involve any provisions to the Income Statement,
- was classified as a deduction of the respective receivables due to the high improbability of recovery, reporting the following movements:

<i>in thousands of Euro</i>	As at 31.12.2019	Provisions/Increases	Utilizations	Releases	As at 30.06.2020
Municipal surtax receivable provision					
TOTAL OTHER RECEIVABLES PROVISIONS FOR DOUBTFUL ACCOUNTS	(763)	(244)	41	0	(966)

The following table outlines the movements in the comparative period:

<i>in thousands of Euro</i>	at 31.12.2018	Provisions/Increases	Utilizations	Releases	As at 30.06.2019
Municipal surtax receivable provision	(1,088)	(4)	349	0	(743)
TOTAL OTHER RECEIVABLES PROVISIONS FOR DOUBTFUL ACCOUNTS	(1,088)	(4)	349	0	(743)

Finally, the IRESA receivable is due to the invoicing to the carriers, on behalf of the Emilia-Romagna Region as from January 1, 2020, of the new regional Iresa - Regional Tax on Aircraft Sound Emissions - whose collection is fully paid to the Region itself according to the methods and timeline governed by a specific agreement.

10. Current Financial Assets

The following table breaks down current financial assets at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Deposit accounts	501	500	1
Capitalisation policies	271	0	271
Other financial receivables	0	1	(1)
CURRENT FINANCIAL ASSETS	772	501	271

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

<i>in thousands of Euro</i>	As at 31.12.2019	Acquisitions	Other increases/ reclassifications	Decreases / Disposals	As at 30.06.2020
Deposit accounts	500	0	1	0	501
Capitalisation policies	0	0	271	0	271
Other financial receivables	1	0	0	(1)	0
TOTAL OTHER CURRENT FINANCIAL ASSETS	501	0	272	(1)	772

As at June 30, 2020, this account comprised:

- o a deposit certificate of Euro 500 thousand, subscribed in 2019 and with maturity of October 2020. This category of financial investments meets the Group's temporary needs to invest liquidity in order to obtain the contractual cash flows. Pursuant to IFRS 9, it is classified as being in the "Held to collect – HTC" category. The contractual maturity defined, the yield defined and calculated on the notional amount permits the passing of the SPPI tests and therefore the valuation at amortised cost;
- o 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.

11. Cash and cash equivalents

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Bank and postal deposits	16,066	29,227	(13,161)
Cash in hand and similar	25	26	(1)
CASH AND CASH EQUIVALENTS	16,091	29,253	(13,162)

Cash and cash equivalents declined considerably during the reporting half year due mainly to the sharp reduction in activities and slowdown of collections. In order to meet its cash needs and honour its repayment obligations, the Parent Company sought other sources of financing within the framework of the “Garanzia Italia” programme and in July finalised two transactions backed by guarantees from SACE for a total of Euro 58.9 million. Refer to the Directors’ Report for further details. In addition, prior to these transactions AdB increased its liquidity through a short-term loan of Euro 5 million.

Net Financial Position

The following table shows the breakdown of the net financial position at June 30, 2020, December 31, 2019 and June 30, 2019, in accordance with Consob Communication of July 28, 2006 and the ESMA/2011/81 Recommendations:

	<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	As at 30.06.2019
A	Cash	25	26	25
B	Other cash equivalents	16,066	29,227	16,505
A	Securities held for trading	0	0	0
D	Cash & cash equivalents (A)+(B)+(C)	16,091	29,253	16,530
E	Current financial receivables	772	501	0
F	Current bank debt	(5,035)	(28)	(29)
G	Current portion of non-current debt	(3,062)	(3,059)	(3,056)
H	Other current financial debt	(1,967)	(3,086)	(3,792)
E	Current financial debt (F)+(G)+(H)	(10,064)	(6,173)	(6,877)
J	Net current financial position (I) – (E) – (D)	6,799	23,581	9,653
K	Non-current bank debt	(11,400)	(11,643)	(13,168)
L	Bonds issued	0	0	0
M	Other non-current debt	(1,221)	(1,437)	(1,617)
N	Non-current financial debt (K)+(L)+(M)	(12,621)	(13,080)	(14,785)
O	Net financial (debt) position (J) + (N)	(5,822)	10,501	(5,132)

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 22 for further details.

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

LIABILITIES

12. Shareholders' Equity

The following table breaks down the Shareholders' Equity at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Share capital	90,314	90,314	0
Reserves	87,855	67,009	20,846
Profit (loss) for the period	(4,731)	20,852	(25,583)
GROUP SHAREHOLDERS' EQUITY	173,438	178,175	(4,737)

i. Share capital

The share capital of the Parent Company at June 30, 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:

<i>in Euro</i>	As at June 30, 2020	As at June 30, 2019
Group profit (loss) (*)	(4,737,003)	9,185,473
Average number of shares outstanding	36,125,665	36,125,665
Undiluted earnings/(losses) per share	(0.13)	0.25
Diluted earnings/(losses) per share	(0.13)	0.25

(*) from *Consolidated Statement of Comprehensive Income*

The undiluted earnings and diluted earnings per share of the AdB Group at June 30, 2020 and June 30, 2019 are the same due to the absence of potential dilutive instruments.

ii. Reserves

The following table breaks down the Reserves at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	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 (losses) carried forward	1,604	1,387	217
OCI Reserve	(995)	(988)	(7)
TOTAL RESERVES	87,855	67,009	20,846

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 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 net profit to reserves. The legal reserve, extraordinary reserve and retained earnings/accumulated losses reserve therefore increased due to the allocation of the profit in the previous year.

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

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
IAS 19 actuarial profits/losses	(1,309)	(1,300)	(9)
Deferred taxes on actuarial gains/losses as per IAS 19	314	312	2
OCI RESERVE	(995)	(988)	(7)
of which minority interest	0	0	0
of which Group	(995)	(988)	(7)

13. Severance and other personnel provisions

The following table breaks down severance and other personnel provisions at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Severance	3,993	4,088	(95)
Other personnel provisions	180	169	11
SEVERANCE AND OTHER PERSONNEL PROVISIONS	4,173	4,257	(84)

The table below shows the movements in the provisions from December 31, 2019 to June 30, 2020 compared with the same movements in the period from December 31, 2018 to June 30, 2019.

<i>in thousands of Euro</i>	As at 31.12.2019	Service cost	Net interest	Benefits paid	Actuarial profits/(losses)	As at 30.06.2020
Severance	4,088	11	15	(130)	9	3,993
Other personnel provisions	169	11	0	0	0	180
SEVERANCE AND OTHER PERSONNEL PROVISIONS	4,257	22	15	(130)	9	4,173

<i>in thousands of Euro</i>	at 31.12.2018	Service cost	Net interest	Benefits paid	Actuarial profits/(losses)	As at 30.06.2019
Severance	4,087	13	30	(127)	310	4,313
Other personnel provisions	118	38	0	0	0	156
SEVERANCE AND OTHER PERSONNEL PROVISIONS	4,205	51	30	(127)	310	4,469

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 are as follows:

- a) discount rate: 0.74% for the valuation at June 30, 2020 and 0.77% for the valuation at December 31, 2019;
- b) current and prospective inflation rate: 1.20%;

- 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 following table shows the effects of reasonably possible changes in the actuarial assumptions utilised at June 30, 2020.

<i>in thousands of Euro</i>	Valuation parameter					
	+1 % on turnover rate	-1 % on turnover rate	+ 0.25% on annual inflation rate	- 0.25% on annual inflation rate	+ 0.25% on annual discount rate	- 0.25% on annual discount rate
Severance	3,962	4,028	4,053	3,935	3,901	4,089

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	503
2	125
3	124
4	303
5	149

The other personnel provisions at June 30, 2020 concern the long-term incentive plan and the non-competition agreement of the Chief Executive Officer/General Manager of the Parent Company.

14. Deferred tax liabilities

The following table breaks down the deferred tax liabilities at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 31.12.2019	Provisions	Utilizations	As at 30.06.2020
DEFERRED TAX LIABILITIES	2,558	28	0	2,586
<hr/>				
<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Utilizations	As at 30.06.2019
DEFERRED TAX LIABILITIES	2,456	30	0	2,486

The deferred tax liability provision amounts to Euro 2.6 million and increased due to the deferred taxes on adjustments regarding the application of IFRIC 12 "service concession arrangements".

15. Provision for renewal of airport infrastructure (non-current)

The provision for renewal of airport infrastructure includes the provision allocated to cover the conservation maintenance expenses and renewal of the assets held under concession which the Group must return at the end of the concession period in perfect functioning state.

The following table shows the movements for the periods ended June 30, 2020 and 2019 of the provision:

in thousands of Euro	As at 31.12.2019	Provisions	Utilizations	Reclassifications	As at 30.06.2020
<hr/>					
PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)	9,524	441	0	(219)	9,746
<hr/>					
in thousands of Euro	As at 31.12.2018	Provisions	Utilizations	Reclassifications	As at 30.06.2019
<hr/>					
PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)	10,332	1,497	0	(701)	11,128

The increases in the period totalled Euro 0.4 million, of which Euro 363 thousand classified under provisions in the income statement and the residual of Euro 78 thousand recorded under financial expenses from discounting. The decrease in the provision with respect to the comparative half year was due to the periodic revision of the ten-year work plan, which entailed the postponement of some projects.

The utilisations of the provision total Euro 0.2 million and are stated in the current provision for renewal of airport infrastructure (note 20).

At June 30, 2020 the infrastructure renewal provision (current portion and non-current portion) totals Euro 13.8 million.

For completeness the following table shows the sensitivity in the interest rates applied for the discounting of the provisions for renewal of airport infrastructure at June 30, 2020:

in thousands of Euro	Financial expenses period balance	Sensitivity Analysis (+0.5%)	Sensitivity Analysis (-0.1%)
Provision for renewal of airport infrastructure	78	146	66

The discounting curve utilised for the valuation includes the country risk. In this specific case the input data utilised was the short, medium and long-term zero-coupon government bonds (from 3 months to 30 years), sourced from the information provider Bloomberg.

16. Provisions for risks and charges (non-current)

The following table shows the movements for the period ended June 30, 2020 of the provision for risks and charges:

in thousands of Euro	As at 31.12.2019	Provisions	Util./Other decreases	As at 30.06.2020
Risk provision for disputes	978	4	0	982
Provisions for other risks and charges	412	13	(7)	418
PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)	1,390	17	(7)	1,400

Neither the risk provision for disputes nor other provisions for risks and charges underwent significant changes during the reporting period.

In addition to ongoing disputes – for which reference should be made to the specific chapter of the Directors' Report in these half-yearly financial statements or the 2019 financial statements – other provisions include, *inter alia*, the estimate of the liability linked to the definition of the cadastral category of some buildings following the deed of notification of invitation by the Municipality of Bologna to a different cadastral classification - with respect to that agreed with the Administration since 2007, with a consequent impact on the IMU tax for recent years. The deed, addressed to the Parent Company, by virtue of the contractual relationship with the subsidiary Tag also concerns certain properties managed by the latter. The changes during the half year are primarily related to this liability, which at June 30, 2020 totalled Euro 222 thousand.

Contingent liabilities

With reference to the notice of invitation referred to above, the Directors, taking into account the factual and legal arguments shared with their tax advisors, have decided to qualify the contingent liability as possible for a further estimated amount of Euro 288 thousand and therefore to include appropriate information in the Notes.

On July 26, 2016, on the completion of a general review commenced on May 18, 2016 for the year 2013 of the Parent Company, the Bologna Tax Agency prepared a tax assessment highlighting a presumed derecognition of the IRES deductibility of the loss of Euro 5 million deriving from the enforcement of the surety guarantee issued in 2007 by Adb to the financial institutions of SEAF, Società di Gestione dell'Aeroporto di Forlì, company declared bankrupt in 2013.

The Directors, taking account of the factual and legal arguments of the Parent Company, as formalised in the petitions forwarded to the Tax Agency concerning the financial and therefore tax reasoning behind the choices made, categories the liability as possible and therefore only includes appropriate disclosure in the Notes.

In relation, finally, to the extraordinary administration of Alitalia, the Group assessed the potential liability related to the revocation of receivables arising in the six months before the procedure, for an amount of Euro 1.49 million, net of municipal surtaxes. At the preparation date of this document, and specifically taking account of the information noted and the defensive arguments against the advanced action (see the 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 financial liabilities

The following table breaks down non-current financial liabilities at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Bank loans – non-current	11,400	11,643	(243)
Non-current financial payables for leasing	1,221	1,437	(216)
NON-CURRENT FINANCIAL LIABILITIES	12,621	13,080	(459)

Bank loans - non-current comprise medium/long-term loans contracted by the Group and outstanding at that date.

Total bank loans at June 30, 2020 amount to Euro 14.5 million, of which Euro 11.4 million non-current and Euro 3.1 million current (note 22).

The decrease during the period was due to the reclassification of the principal amount, set to come due in the next twelve months, to current financial liabilities.

At June 30, 2020 the account comprised:

- ten-year bank loan with 2024 maturity and a residual balance of Euro 11.4 million at June 30, 2020, unchanged on December 31, 2019 since the Parent Company accepted the moratorium offered by Banca Intesa, allowing the Parent Company not to pay the principal amount of the June 2020 instalment and deferring the maturity of the loan from June to December 2024. This liability is classified for Euro 8.9 million under non-current loans and for Euro 2.5 million under current loans. 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;
- fifteen-year bank loan with maturity 2026, with a residual balance of Euro 3 million at June 30, 2020 (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 loan decreased in the period in question following the payment of instalments due for a total of Euro 258 thousand and is classified for Euro 2.5 million under non-current loans (Euro 2.8 million at December 31, 2019), and for Euro 0.5 million under current loans (same amount at December 31, 2019); At June 30, 2020 payables due beyond 5 years relate to this loan and amount to Euro 397 thousand.

With regard to the loan stipulated with Banca Intesa in 2014, the Parent Company must comply with the following economic/financial covenants calculated annually on its financial statements:

- NFP/EBITDA (lower than 1.35 for 2020).
- NFP/SE (lower than 0.3 for 2020).

However, in view of the deterioration of margins caused by the Covid-19 crisis, at AdB's request on August 31, 2020 Banca Intesa announced the suspension of the covenants for the years 2020-2021.

The contractual conditions of the loans in place at June 30, 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

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 June 30, 2020 the Group has not received any communication for application of cross default clauses by any of its lenders since at the contractual level there are no obligations for verification at that date and, in any event, the Group has complied with its existing contractual obligations.

“Non-current financial liabilities for leasing” of Euro 1.2 million concern contractually due fees and with maturity beyond 12 months, for third party asset rights-of-use recognised to fixed assets under IFRS 16 (note 2).

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.

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

<i>in thousands of Euro</i>	31/12/2019	Cash flows	New contracts	Interest/Other Reclassifications	30/06/2020
Loans - current portion	3,059	(258)	0	261	3,062
Lease liabilities - current portion	521	(81)	13	120	573
Loans - non-current portion	11,643	0	0	(243)	11,400
Lease liabilities - non-current portion	1,437	0	24	(240)	1,221
Total	16,660	(339)	37	(102)	16,256

18. Trade payables

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Trade payables			
TRADE PAYABLES	13,953	18,537	(4,584)

At June 30, 2020, trade payables amounted to Euro 13.9 million, decreasing on December 31, 2019 due to seasonality and the reduction in costs in the period under review.

Trade payables by maturity at June 30, 2020 and December 31, 2019 are illustrated below:

<i>In thousands of Euro</i>	Not yet due	Overdue	Total at 30.06.2020
Invoices/credit notes received	2,259	1,770	4,029
Invoices/credit notes to be received	9,924	0	9,924
TOTAL TRADE PAYABLES	12,183	1,770	13,953

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
TRADE PAYABLES	2,259	1,097	183	64	427	4,029

<i>in thousands of Euro</i>	Not yet due	Overdue	Total 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

<i>in thousands of Euro</i>	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 financial liabilities at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Current tax payables	1,060	3,598	(2,538)
Employee payables and social security institutions	2,631	4,708	(2,077)
ENAC concession fee and other State payables	16,398	17,669	(1,271)
Other current liabilities, accrued liabilities and deferred income	2,724	5,137	(2,413)
TOTAL OTHER CURRENT LIABILITIES	22,813	31,112	(8,299)

The principal changes were as follows:

i. Current tax payables

The following table breaks down tax payables at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Direct income taxes	13	2,620	(2,607)
Other tax payables	1,047	978	69
TOTAL CURRENT TAX PAYABLES	1,060	3,598	(2,538)

Payables for direct taxes were essentially reduced to zero due to:

- ✓ the estimated tax loss for the period, with the resulting recognition of IRES deferred tax assets;
- ✓ the payment of the IRES balance for 2019 in June;
- ✓ Legislative Decree 34/2020 (the “Relaunch Decree”), which provided for an exemption from payment of the IRAP balance in 2019 (in addition to the 40% first instalment of the prepayment due for 2020).

The item other tax payables is essentially in line with the comparative period and is primarily composed of the IRPEF payable on employees and consultants and local tax payables.

ii. Employee payables and social security institutions

The following table breaks down employee payables and social security institutions at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Employee salaries	698	1,030	(332)
Employee deferred compensation	1,316	2,365	(1,049)
Social security payables	617	1,313	(696)
EMPLOYEE PAYABLES AND SOCIAL SECURITY INSTITUTIONS	2,631	4,708	(2,077)

Employee payables and social security institutions were down considerably at June 30, 2020 due to lower personnel costs, as illustrated in further detail in the pertinent section (note 24).

iii. ENAC concession fee and other State payables

The ENAC concession fees and other State payables mainly comprises:

- Euro 14.8 million (Euro 14.2 million at December 31, 2019) concerning the fire prevention service as governed by Article 1, paragraph 1328 of the 2007 Finance Act, modified by Article 4, paragraph 3bis of Law No. 2/2009. For further details, reference should be made to the Directors' Report;
- Euro 1.5 million (Euro 3.5 million at December 31, 2019) as the variable airport concession fee payable. Payment of the concession fee, normally due on July 31 (prior year balance and first prepayment for the current year) and January 31 (second prepayment), has been deferred until January 31, 2021 and the amount adjusted to be commensurate to actual traffic in 2020, following the measure adopted by ENAC to facilitate the recovery of the industry.

iv. Other current liabilities, accrued liabilities and deferred income

The following table breaks down current liabilities, accrued liabilities and deferred income at June 30, 2020 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Municipal surtax payables and Iresa	1,628	4,036	(2,408)
Other current liabilities	952	1,018	(66)
Current accrued liabilities and deferred income	144	83	61
TOTAL OTHER CURRENT LIABILITIES, ACCRUED LIABILITIES AND DEFERRED INCOME	2,724	5,137	(2,413)

The main account concerns the municipal surtax and, from January 1, 2020 for Iresa, relating to the receivables from carriers not yet received at June 30 for Euro 1.6 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 22). 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.

20. Provision for renewal of airport infrastructure (current)

The following table shows the movement of the current provisions for renewal of airport infrastructure for the periods ended June 30, 2020 and 2019.

<i>in thousands of Euro</i>	As at 31.12.2019	Provisions	Utilizations	Reclassifications	As at 30.06.2020
PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)	4,040	0	(221)	221	4,040

<i>in thousands of Euro</i>	at 31.12.2018	Provisions	Utilizations	Reclassifications	As at 30.06.2019
PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)	1,757	0	(701)	701	1,757

The account concerns the provisions for renewal of airport infrastructure - current portion. Utilisations in the first half of 2020 primarily relate to the renovation of a portion of the terminal's roof. The review of the scheduling of the provision for renewal, with the deferral of several interventions, did not affect the current portion of the provision in question, which in fact remained unchanged compared to December 31, 2019. The main intervention is confirmed for September 2020 for the structural and functional upgrading works of a section of the runway, with the airports due to close for 10 days between September 11 and 21. The infrastructure renewal provisions are reported at Note 15 (non-current portion), to which reference should be made for full disclosure on the provision.

21. Provisions for risks & charges (current)

The following table breaks down current financial liabilities at June 30, 2020.

<i>in thousands of Euro</i>	As at 31.12.2019	Provisions	Other increases	As at 30.06.2020
Provisions for employee back pay				
PROVISIONS FOR RISKS AND CHARGES (CURRENT)	18	4	0	22

The account refers to the estimate of the liability of the subsidiary FFM relating to back pay for employees in connection with the renewal of the collective contract for handlers.

22. Current financial liabilities

The following table breaks down current financial liabilities at June 30, 2020 (compared with December 31, 2019).

<i>In thousands of Euro</i>	As at 30.06.2020	As at 31.12.2019	Change
Bank loans - current	3,062	3,059	3
Municipal surtax payables and Iresa	1,394	2,565	(1,171)
Other current financial debt	5,035	28	5,007
Current financial liabilities for leasing	573	521	52
CURRENT FINANCIAL LIABILITIES	10,064	6,173	3,891

For a breakdown of the Loans - current portion, reference should be made to account 17 Non-current Financial Liabilities which presents the outstanding Group loans at June 30, 2020 and the changes in the year. Boarding fee municipal surtax payables and for IRESA concern the portion received by airlines and reversed to the credit institutions in July 2020.

The increase in other current financial debt at June 30, 2020 is due to a short-term loan (hot money) of Euro 5 million contracted by the Parent Company to meet cash needs in the interim prior to the finalisation of the loans in July (see note 11 and the Directors' Report).

Finally, finance lease liabilities concern the current portion of charges due for third party asset usage rights recognised to non-current assets from January 1, 2019 in application of IFRS 16.

NOTES TO THE MAIN CONSOLIDATED INCOME STATEMENT ACCOUNTS

The principal H1 2020 income statement accounts are compared with H1 2019 below; it bears recalling that the main differences between the two half-years 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 Group in response to the crisis.

REVENUES

23. Revenues

The tables below breakdown revenues for the periods ending June 30, 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 33.5 million, a decline of over Euro 25 million on H1 2019.

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Revenues from aeronautical services	11,437	30,229	(18,792)
Revenues from non-aeronautical services	9,421	21,075	(11,654)
Revenues from construction services	12,418	7,091	5,327
Other operating revenues and income	225	504	(279)
TOTAL REVENUES	33,501	58,899	(25,398)

The reclassification of Group revenues based on revenue streams defined by IFRS 15, i.e. those from contracts with customers, is shown in the following table:

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Airport fees	9,535	26,869	(17,334)
Parking	2,799	7,970	(5,171)
Construction service revenues	12,418	7,091	5,327
Other	3,449	6,128	(2,679)
TOTAL IFRS 15 REVENUE STREAMS	28,201	48,058	(19,857)

The table below shows aviation revenues in H1 2020 and H1 2019.

This category of revenues presents the greatest decline, at 62.2%, since it is the component directly correlated with traffic (passenger traffic -67.7%).

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Centralised infrastructure/other airport services	159	356	(197)
Exclusive use revenues	242	626	(384)
Airport fee revenues	12,368	36,314	(23,946)
PRM revenues	951	2,864	(1,913)
Air traffic development incentives	(3,862)	(12,471)	8,609
Handling services	869	1,341	(472)
Other aeronautical revenues	710	1,199	(489)
TOTAL REVENUES FROM AERONAUTICAL SERVICES	11,437	30,229	(18,792)

The breakdown of airport fee revenues is shown below:

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Passenger boarding fees	5,275	18,110	(12,835)
Landing, take-off and parking fees	4,596	10,342	(5,746)
Passenger security fees	1,693	5,820	(4,127)
Baggage stowage control fees	557	1,652	(1,095)
Freight loading and unloading charges	314	390	(76)
Reduction for provision	(67)	0	(67)
TOTAL AVIATION FEE REVENUES	12,368	36,314	(23,946)

i. Revenues from non-aeronautical services

The table below shows non-aviation service revenues in H1 2020 and H1 2019. The sharp decline (-55.3%) was led by services directly associated with passenger traffic (parking -64.9%, Marconi Business Lounge - 65.8%), but was also particularly significant for commercial premises and spaces sub-concessions (-51.9%) due to the closure of almost all commercial establishments by order of the Presidential Decree of March 11, 2020; this essentially eliminated the variable component of this type of revenues. This was in addition to the significant discounts granted by the Group on fixed fees to support its customers at the height of the emergency.

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Commercial premises and spaces sub-license	4,515	9,385	(4,870)
Parking	2,800	7,970	(5,170)
Other commercial revenues	2,106	3,720	(1,614)
TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES	9,421	21,075	(11,654)

Other commercial revenues are broken down as follows:

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Marconi Business Lounge	486	1,425	(939)
Advertising	588	860	(272)
Misc. commercial revenues	1,032	1,435	(403)
TOTAL OTHER COMMERCIAL REVENUES	2,106	3,720	(1,614)

ii. 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.

H1 2020 revenues were Euro 12.4 million (Euro 7.1 million in H1 2019). The growth was due to the greater investments in airport infrastructure under concession made in the first half of 2020; see the Directors' Report for the details.

iii. Other Revenues and Income

The table below shows other revenues and income in H1 2020 and H1 2019. This category of revenues declined primarily as a result of the lesser sales of energy efficiency certificates in the first half of 2020.

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Indemnities, reimbursement and misc. income	221	501	(280)
Operating grants	4	3	1
TOTAL OTHER REVENUES AND INCOME	225	504	(279)

COSTS

24. Costs

i. Consumables and goods

The table below presents consumables and goods in H1 2020 and H1 2019.

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Consumables and goods	424	260	164
Maintenance materials	61	118	(57)
Fuel and gasoline	214	584	(370)
TOTAL CONSUMABLES AND GOODS	699	962	(263)

This category indicates a saving of Euro 0.3 million, mainly due to the reduced consumption of:

- runway de-icing liquid thanks to the absence of major snow events in the period;
- stationery, printing and car fuel due to decreased airport operations partially offset by greater costs for purchases of:
- de-icing liquid for aircraft not present in the first half of 2019 as it was previously the subject of the contract with the handler providing the de-icing service at the airport;
- consumables related to the Covid emergency (PPE, social distancing panels, dedicated signs, etc.).

ii. Service costs

The following table shows the breakdown of services costs for H1 2020 and H1 2019.

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Maintenance costs	2,039	2,397	(358)
Utilities	858	1,133	(275)
Cleaning and accessory services	765	1,025	(260)
Services	2,293	3,233	(940)
MBL Services	58	163	(105)
Advertising, promotion and development	213	355	(142)
Insurance	515	435	80
Professional and consultant services	615	875	(260)
Statutory board fees and expenses	323	318	5
Other service costs	2	141	(139)
TOTAL SERVICE COSTS	7,681	10,075	(2,394)

This category of costs was also down (-23.8%), primarily due to the Covid-19 emergency, which reduced the cost of several services correlated to traffic (PRM, MBL) 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 absence of major snowfalls and the milder temperatures during the winter period;

A further breakdown in maintenance expenses is provided below:

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Owned asset maintenance expenses	448	494	(46)
Airport infrastructure maintenance expenses	1,376	1,475	(99)
Third party asset maintenance expenses	215	428	(213)
TOTAL MAINTENANCE EXPENSES	2,039	2,397	(358)

The breakdown of services is illustrated below:

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Snow clearance	167	344	(177)
Porterage, transport third-party services	161	306	(145)
PRM assistance service	324	815	(491)
De-icing and other public service charges	242	217	25
Security service	507	618	(111)
Other outsourcing	892	933	(41)
TOTAL SERVICES	2,293	3,233	(940)

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 H1 2020 and H1 2019.

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Concession fees	1,005	3,140	(2,135)
Hire charges	65	80	(15)
Rental charges	21	75	(54)
EDP processing charges	807	810	(3)
Other rental & hire costs	2	(31)	33
TOTAL LEASES, RENTALS AND OTHER COSTS	1,900	4,074	(2,174)

This cost category also decreased significantly (-53.4%), mainly due to the lower traffic volumes, on whose basis the concession and security fees are calculated.

v. Other operating expenses

The following table shows the breakdown of other operating expenses for H1 2020 and H1 2019.

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Misc. and local taxes	600	673	(73)
Fire prevention service contribution	664	675	(11)
Capital losses	17	0	17
Other operating expenses	214	247	(33)
TOTAL OTHER OPERATING EXPENSES	1,495	1,595	(100)

vi. Personnel costs

The following table shows the breakdown of personnel costs for H1 2020 and H1 2019.

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Wages and salaries	7,197	10,209	(3,012)
Social security charges	2,195	2,918	(723)
Severance provisions	661	741	(80)
Retirement pension and similar	99	98	1
Other personnel costs	431	984	(553)
TOTAL PERSONNEL COSTS	10,583	14,950	(4,367)

The decline in personnel costs (-29.2%) was due, on the one hand, to the decrease in the workforce (-36 average resources in H1 2020 compared to H1 2019; -89 resources at June 30, 2020 compared to June 30, 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 Redundancy Fund 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. In addition, the employee performance bonus cost account was reduced to zero due to the negative performance during the current year.

Other personnel costs are broken as follows:

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Employee canteen	185	323	(138)
Personnel training and refresher courses	46	203	(157)
Employee expenses	36	165	(129)
Other personnel provisions	153	38	115
Misc. personnel costs	11	255	(244)
TOTAL OTHER PERSONNEL COSTS	431	984	(553)

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

Average workforce (No.)	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Executives	9	9	0
White-collar	406	430	(24)
Blue-collar	90	102	(12)
TOTAL PERSONNEL	505	541	(36)

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

Workforce (number)	As at 30.06.2020	As at 30.06.2019	Change
Executives	9	9	0
White-collar	379	451	(72)
Blue-collar	85	102	(17)
TOTAL PERSONNEL	473	562	(89)

25. Amortisation, depreciation & write-downs

The following table shows the movement of depreciation, amortisation and impairment for the periods ended June 30, 2020 and 2019.

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Amortisation of concession rights	3,317	3,024	293
Amortisation of other intangible assets	650	576	74
Depreciation of tangible assets	1,320	1,423	(103)
TOTAL DEPRECIATION AND AMORTISATION	5,287	5,023	264

The item comprised of Euro 5.3 million of amortisation and depreciation includes Euro 265 thousand of amortisation of leased assets (291 thousand at June 30, 2019).

26. Provisions for risks and charges

The following table shows the movement of the provisions for risks and charges for the periods ended June 30, 2020 and 2019.

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Provisions for doubtful accounts	257	350	(93)
Provision for renewal of airport infrastructure	363	1,191	(828)
Provisions for other risks and charges	20	208	(188)
TOTAL PROVISIONS	640	1,749	(1,109)

This category of costs was also down; the main such cost refers to the provision for the 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.

27. Net financial income and expenses

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Income from securities	12	3	9
Other income	86	76	10
Discounting income on provisions	18	0	18
TOTAL FINANCIAL INCOME	116	79	37
Interest expenses and bank charges	(184)	(224)	40
Discounting charges on provisions	(112)	(351)	239
Interest charges for discounting of liabilities for leasing	(5)	(17)	12
Other financial expenses	(2)	(6)	4
TOTAL FINANCIAL EXPENSES	(303)	(598)	295
TOTAL FINANCIAL INCOME AND EXPENSES	(187)	(519)	332

Net financial expense improved due to higher financial income, whereas interest expense and bank charges decreased due to the lower total debt and provision discounting expense.

28. Taxes for the period

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Current taxes	13	3,761	(3,748)
Prior year taxes	(369)	(16)	(353)
Deferred tax income and charges	(1,710)	33	(1,743)
TOTAL TAXES FOR THE PERIOD	(2,066)	3,778	(5,491)
Current taxes as a % of result before tax	n.a.	28.49%	n.a.
% current taxes on pre-tax result	n.a.	28.62%	n.a.

Income taxes are a positive component of the income statement at Euro 2 million, compared to a cost of Euro 3.8 million in the first half of the previous year; the difference is mainly due to the estimated deferred tax assets in relation to the tax losses for the period.

The reconciliation between the IRES effective and theoretical tax rate is illustrated below:

Reconciliation between actual/theoretical Tax Rate (IRES)	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Pre-tax result	(6,797)	13,199	(19,996)
Ordinary tax rate	27.5%	24%	
Theoretical tax charge	0	3,168	(3,168)
Effect of increases and decrease to the ordinary rate			
Reconciliation between actual/theoretical Tax Rate (IRES)	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
Provisions deductible in future years	369	548	(179)
Costs deductible in future years	1,362	1,489	(127)
Other non-deductible costs	433	532	(99)
Utilisation provisions deductible in future years	(23)	(1)	(22)
Costs not deductible in previous years	(1,254)	(2,078)	824
Other differences	(1,071)	(838)	(233)
Change in deferred income/charges from IAS translation	(86)	(111)	25
Total increase/decrease	(270)	(459)	189
Assessable income	(7,067)	(12,740)	(19,807)
Current IRES	0	3,057	(3,057)
IRES deferred tax assets on tax loss	(1,696)	0	(1,696)
Effective tax rate	n.a.	23.16%	n.a.

The breakdown of current income taxes is illustrated below:

<i>in thousands of Euro</i>	For the half year ended 30.06.2020	For the half year ended 30.06.2019	Change
IRES	0	3,057	(3,057)
IRAP	13	704	(691)
TOTAL CURRENT INCOME TAXES	13	3,761	(3,748)

The IRAP presented is the estimate of the tax burden of the subsidiary FFM, the only Group company to turn a profit, including from a tax standpoint.

29. Related party transactions

For the definition of "Related Parties", reference should be made to IAS 24, approved by Regulation (EC) No. 1725/2003.

Intercompany transactions are carried out within the scope of ordinary operations and at normal market conditions. Related party transactions principally concern commercial and financial transactions, in addition to participation in the tax consolidation.

None of these have particular economic or strategic significance for the Group, as the receivables, payables, revenues and costs regarding related parties do not account for a significant percentage of the total financial statement amounts.

The Bologna Chamber of Commerce shareholders were identified as a Government party, therefore exempt from the disclosure regarding related parties as defined by IAS 24. The categorisation of the Bologna Chamber of Commerce as a Government party therefore limited the checks required for the identification of related parties to the mere identification of the Bologna Chamber of Commerce. No additional information is reported in the financial statements concerning transactions undertaken by the Group with the Bologna Chamber of Commerce as no significant transactions are undertaken with this shareholder.

No transactions with related parties are reported in the period 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 some personnel secondment, management and staffing services for Euro 90 thousand.

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 the first half of 2020 to the subsidiary overall amount to Euro 89 thousand.

Non-commercial transactions with Tag concerned:

- the tax consolidation contract renewed in January 2018 for the years 2018-2020;
- the patronage letter issued by the Parent Company, in favour of Monte dei Paschi di Siena relating to the long-term loan granted by the bank to Tag. At June 30, 2020, the guaranteed portion of the loan, equal to the residual capital portion, amounts to Euro 3 million.

During the period, commercial transactions between the Parent Company and the subsidiary Fast Freight Marconi S.p.A. concern the provision by AdB of the following services:

- sub-concession of offices, areas and operating rooms;
- management and staffing, including the following staff services: accounting, administration, finance, operating control, management reporting, personnel, legal, ICT, personnel secondment and directors' competences;
- packages and goods x-ray controls.

Revenues in the period from the subsidiary amount to Euro 188 thousand.

The non-commercial transactions with FFM include the tax consolidation contract renewed in January 2018 for the years 2018-2020.

30 Commitments, guarantees and risks

Environmental investment commitments

The environmental commitments of the Parent Company were formalised with the signing in 2015 with the Regional Agencies of the Regional Agreement for reducing the Airport's carbon footprint, involving investments by the Company totalling Euro 6.5 million over a time period consistent with the timeframe for the rolling out of the airport Master Plan.

In the first half of 2020, the executive design of the conservation works for the "Golena san Vitale" Natura 2000 SCI network site was undertaken, and the executive design of the wooded area to be built north of the airport continued.

Guarantees granted

At June 30, 2020, the guarantees granted by the Group total Euro 22 million, an amount that was essentially unchanged compared to June 30, 2019 and slightly higher than at December 31, 2019 (Euro 20.8 million); for the details, see the specific chapter of the Directors' Report.

Types and management of other risks

With regards to the disclosure concerning the types and means of financial risk management under Article 2428, paragraph 2 No. 6 bis, reference should be made to the specific section of the Directors' Report, also with regards to the comment upon the other risks to which the Group is subject.

The Chairman of the Board of Directors

(Enrico Postacchini)

Bologna, September 7, 2020

**Statement on the condensed consolidated financial statements
as per Article 154-bis, paragraph 5, CFA**

1. The undersigned Nazareno Ventola, as Chief Executive Officer, and Patrizia Muffato, as Officer in charge of preparing the corporate accounting documents, of Aeroporto Guglielmo Marconi di Bologna S.p.A., declare, also in consideration of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of February 24, 1998:
 - the accuracy of the information on company operations and
 - the effective applicationof the administrative and accounting procedures for the compilation of the condensed half-year financial statements for the first half-year of 2020.
2. The assessment of the adequacy of the accounting and administrative procedures for the preparation of the condensed consolidated half-year financial statements at June 30, 2020 is based on a process defined by Aeroporto Guglielmo Marconi di Bologna S.p.A. in accordance with the Internal Control - Integrated Framework defined by the Committee of the Sponsoring Organisations of the Treadway Commission, which represents a benchmark standard generally accepted at international level.
3. We also declare that:
 - 3.1 the condensed half-year financial statements as at June 30, 2020:
 - a) are drawn up in conformity with the applicable international accounting standards recognised by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
 - b) correspond to the underlying accounting documents and records;
 - c) provide a true and fair view of the financial position, financial performance and cash flow of the Issuer and of the other companies in the consolidation scope.
 - 3.2 The Interim Directors' Report includes a reliable analysis of the significant events in the first six months of the year and their impact on the condensed consolidated half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. It also presents a reliable analysis of the significant transactions with related parties.

Bologna, September 7, 2020

Chief Executive Officer

(Nazareno Ventola)

**Officer in charge of preparing the corporate
accounting documents**

(Patrizia Muffato)

Aeroporto Guglielmo Marconi di Bologna S.p.A.

Interim condensed consolidated financial statements as of
June 30, 2020

Review report on the interim condensed consolidated
financial statements

(Translation from the original Italian text)



**Building a better
working world**

EY S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel: +39 051 278311
Fax: +39 051 236666
ey.com

Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
Aeroporto Guglielmo Marconi di Bologna S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flows statement and the related notes of Aeroporto Guglielmo Marconi di Bologna S.p.A. and its subsidiaries (the "Aeroporto Guglielmo Marconi di Bologna Group") as of June 30, 2020. The Directors of Aeroporto Guglielmo Marconi di Bologna S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna Group as of June 30, 2020 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Emphasis of matter

We draw attention to the paragraph "Impacts of the Covid-19 pandemic" of the explanatory notes whereby the Directors describe the impacts caused by the spread of the Covid-19 on Group's performance as of June 30, 2020 and the status of the actions undertaken to counteract the effects, in order to ensure compliance with financial, contractual and concessionary commitments undertaken by the parent company and its subsidiaries. Our conclusion is not modified with respect to this matter.

Bologna, September 7, 2020

EY S.p.A.
Signed by: Alberto Rosa, Statutory Auditor

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



WWW.BOLGNA-AIRPORT.IT