

daa Finance plc

Reports and financial statements

For the financial year ended 31 December 2019

Registered number 326966

daa Finance plc

Reports and Financial Statements

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daa Finance plc

Directors and other information

Directors	Dalton Philips (Chairman) Ray Gray Catherine Gubbins Marion O'Brien
Registered Number	326966
Registered Office	Old Terminal Building Dublin Airport Co. Dublin
Secretary	Marion O'Brien
Solicitor	Arthur Cox Ten Earlsfort Terrace Dublin 2
Independent Auditor	Deloitte Ireland LLP Chartered Accountants & Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2
Principal bankers	Bank of Ireland Group Barclays Bank Ireland plc BNP Paribas S.A, Dublin Danske Bank A/S European Investment Bank HSBC Bank plc Ulster Bank Ireland Limited

daa Finance plc

Report of the directors

The directors submit their report together with the financial statements of daa Finance plc ("the Company") for the financial year ended 31 December 2019.

Principal Activities

The principal activity of the Company is the provision of funding to undertakings in the Group headed by daa plc ("daa"), which is the Company's parent undertaking.

The Company has listed loan notes on the main securities market of the Euronext Dublin and bank loans from the European Investment Bank.

Business Review and Key Performance Indicators

The Company paid interest and made debt repayments on all borrowings by the due dates during the financial year.

Income to pay interest on borrowings is received by surrendering tax losses to daa and other Irish companies within the group headed by daa. To the extent that not all the tax losses are required to shelter taxable profits within the group headed by daa, the Company can charge interest on borrowings on-lent to daa to cover the income shortfall. Total value of losses surrendered in 2019 was €2.0 million (2018: €2.9 million). There was no interest charged on monies on-lent to daa in 2019 (2018: €3.6 million). Debt repayments were funded from repayments by daa of the monies on-lent by the Company.

The directors consider the following to be the financial key performance indicators of the Company:

- the Company incurred a loss after tax of €6.8 million (2018: loss after tax of €11.7 million);
- there were no credit events that affected the Company during the current and prior financial year;
- interest income from loans to parent undertaking amounted to €Nil (2018: €3.6 million);
- interest expense from notes and borrowings amounted to €8.8 million (2018: €17.9 million);
- the Company's total indebtedness at 31 December 2019 was €588.8 million (2018: €614.5 million);

Due to the nature of the Company, the directors consider there to be no significant non-financial key performance indicators.

Principal Risks, Uncertainties and Future Developments

The key risk and uncertainty facing the Company is a premature obligation to repay its borrowings which could occur if a default event arose due to a breach in the terms and conditions of the borrowings which include non-payment of interest and/or principal. The Company considers the possibility of a breach in the terms and conditions arising to be remote because of the credit quality of daa, the guarantor of the borrowings, and the regular review and monitoring of compliance with the terms and conditions of the borrowings.

The Company is not planning any material changes to its operating activities.

Please see Note 19 where liquidity, credit and market risks are discussed.

daa Finance plc

Report of the directors (*continued*)

Results and Dividends

The results for the financial year are set out on page 12. The directors do not propose the payment of a dividend (2018: €Nil).

Directors, Secretary and their Interests

The names of the persons who, at any time during the financial year, were directors of the Company:

Dalton Philips
Ray Gray
Catherine Gubbins
Marion O'Brien

In accordance with the Articles of Association, the directors are not required to retire by rotation.

The directors and secretary who held office during the financial year had no beneficial interests in the shares, debentures or loan stock of the Company, subsidiary or group companies at any time during the financial year or the preceding financial year or at 31 December 2019 or 1 January 2019.

Going Concern

The Company is dependent on the continuation of the financial agreements with daa, who in turn has guaranteed the Company's debt. The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future. Further detail in respect of the impact of the COVID-19 virus on the daa Group, which includes daa Finance and daa plc is set out below and has been duly considered in the assessment of the appropriateness of the use of the going concern basis in the preparation of these financial statements.

Post Balance Sheet Events

As a subsidiary of daa plc, the company provides funding to daa plc and other undertakings in the Group and, as noted previously, is dependent on the continuation of the financial agreements with daa plc.

Since December 2019 the aviation industry has been significantly impacted by the spread of a Coronavirus, COVID-19. Originating in China, this virus has been declared a pandemic by the World Health Organisation and, at the time of approval of the financial statements has spread to 162 countries.

The spread of COVID-19 has resulted in the introduction of a wide range of measures by national Governments with the aim of halting the spread of the virus. On 17 March 2020 the European Commission announced plans to introduce a 30-day restriction on all non-essential travel to the European Union and the Irish Government advised Irish citizens against all non-essential travel overseas from now until at least 29th March. This has resulted in significant disruption to airline travel and has seen most airlines announce that they are standing down their aircraft fleet and flights schedules and significantly reducing capacity for a period of approximately two months.

This has had a significant impact on the passenger numbers using both Dublin and Cork airport

daa Finance plc

Report of the directors (*continued*)

for the month of March 2020 and has also had a detrimental impact on the revenues being generated by ARI (Aer Rianta International) and daa International for that period. The Group's priority is to ensure the long-term sustainability and viability of the Group's businesses and it will continue to ensure provision of essential services at our airports and be able to meet demand in line with the evolving situation. There is however significant and ongoing uncertainty in relation to the short and medium-term financial impact of the spread of this virus on the daa Group.

The financial outlook for the daa Group will be impacted by how long the current travel restrictions remain in place and the rate at which passenger growth will resume once the crisis has passed. We are currently assessing the financial impact of a range of scenarios to determine the impact on profitability and cash flow in this environment. While the situation is still developing, and a significant amount of uncertainty exists the Directors are satisfied that daa plc has a strong balance sheet and sufficient liquidity in place to meet this challenge.

Accounting Records

The measures that the directors have taken to secure compliance with the requirements of section 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the engagement of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at Old Terminal Building, Dublin Airport, Co. Dublin.

Directors' Compliance Statement

As required by section 225(2) of the Companies Act 2014 the directors: (a) acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in that legislation); (b) confirm that a compliance policy statement has been drawn up and that appropriate arrangements or structures are in place that are, in the directors' opinion, designed to secure material compliance with the relevant obligations; and (c) confirm that a review has been conducted during the year of the arrangements and/or structures that have been put in place as referred to in (b) above.

Corporate Governance

The directors are committed to maintaining appropriate standards of corporate governance. The Company is subject to and complies with Irish Statute comprising the Companies Act 2014. In addition, daa Group ("the Group") of which the Company is a part, complies with the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice") which sets out the principles of corporate governance which the boards of State bodies are required to observe.

Financial Reporting Process

The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. The Board is also responsible for the review of the annual financial statements. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

daa Finance plc

Report of the directors (*continued*)

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. The key procedures, which are supported by detailed controls and processes, are as follows:

- active Board involvement in assessing key business risks faced by the Company and determining the appropriate course of action for managing these risks;
- a schedule of items reserved to the Board of the Company and daa for approval;
- a clearly defined organisation structure to perform the activities of the Company with appropriate segregation of duties and delegation of responsibility and authority within which the Company's activities can be planned, executed, controlled and monitored;
- a formalised risk reporting system which forms part of the Group risk reporting process;
- a formal Group code of business ethics; which the company has adopted and applies appropriately;
- a comprehensive system of management and financial reporting, accounting and treasury management;
- clearly defined procedures for financial expenditure relating to interest and principal loan repayments;
- annual budgets and financial plans for the Company;
- monitoring of performance against budgets and financial plans for the Company;
- the daa Internal Audit department periodically reviews key systems and controls for the Company.

The Board also evaluates and discusses significant accounting and reporting issues as the need arises.

Audit Committee

The Company has not established an Audit Committee on the basis that it is part of a group which has an Audit Committee. The Group Audit Committee performs the relevant functions as required by the Companies Act 2014 on a group wide basis and on behalf of daaF, including periodic review of procedures and controls by the Group Internal Audit function and review of the Company's financial performance by the Group finance function.

Key responsibilities of the Audit Committee include:

- the strategic processes for risk, internal control and governance;
- the accounting policies, the financial statements, and the annual report of the organisation, including the process for review of the financial statements, levels of error identified, and the letter of representation to the external auditors;
- the planned activity and results of both internal and external audit including adequacy of management response to issues identified by audit activity;
- external auditors, recommending appointments, monitoring effectiveness, independence and objectivity, approving remuneration and terms of engagement and determining policy on the supply of non-audit services; and
- anti-fraud policies, protected disclosure processes and arrangements for special investigations.

daa Finance plc

Report of the directors (*continued*)

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and to ensure that these changes are accurately reflected in the Company's financial statements. In respect of the financial reporting process, the Company has in place appropriate practices to ensure that:

- its financial reporting is accurate and complies with the financial reporting frameworks; and
- systems are in place to achieve high standards of compliance with regulatory requirements.

Control Activity

The directors are obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's financial statements.

Monitoring

The Board ensures that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors. In addition, the Company is monitored by the Group's Internal Audit Department who reviews key systems and controls for the Company with full access to the Audit Committee of the parent company, daa.

Statement on Relevant Audit Information

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

daa Finance plc

Report of the directors (*continued*)

Auditors

The auditors, Deloitte Ireland LLP, Chartered Accountants & Statutory Audit Firm, as appointed on 13 July 2012, continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:

Ray Gray
Director

A stylized, handwritten signature of Ray Gray, consisting of several vertical strokes and a large, sweeping curve at the end.

Catherine Gubbins
Director

A handwritten signature of Catherine Gubbins, written in a cursive style with a long, horizontal flourish at the end.

20 March 2020

daa Finance plc

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("Relevant Financial Reporting Framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and the Main Securities Market Listing Rules of Euronext Dublin applicable to debt issuers and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Legislation in Ireland governing the preparing and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of DAA Finance plc

Report on the audit of the financial statements

Opinion on the financial statements of DAA Finance plc (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2019 and of the loss the company for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Cash Flows;
- the Statement of Changes in Equity; and
- the related notes 1 to 28, including a summary of significant accounting policies as set out in note 3.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Accounting and Auditing Supervisory Authority, as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of DAA Finance plc

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter Description	How the scope of our audit responded to the key audit matter
<p>Recoverability of loans to parent undertaking</p> <p>The carrying value of the loans to parent undertaking as at 31 December 2019 is €592.2m which represents 99% of total current assets at year end. The recoverability of loans to parent undertaking is considered a key audit matter, as the company is dependent on the repayment of the loans in order to meet its obligations to repay borrowings.</p> <p>There is a risk that loans to parent undertakings are not recorded at their recoverable amount.</p> <p>Refer also to notes 13 and 27 in the financial statements.</p>	<p>We evaluated management's assessment of the recoverability of these loans which included consideration of the assets and undrawn committed credit facilities available and the impact of Covid-19 on daa plc. We also considered the detail and sufficiency of the disclosures provided in notes 13 and 27 in the financial statements.</p>

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to the risk described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the company to be €5,900,000 which is approximately 1% of borrowings. We have considered borrowings to be the critical component for calculating materiality because the main objective of the company is to obtain funding which is on-lent to undertakings in the Group headed by daa plc.

We agreed with the Board of Directors that we would report to them any audit differences in excess of €295,000, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the company and its environment, including the accounting processes and controls in place and the industry in which the company operates. Based on this assessment, we identified the risks of material misstatement.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Reports and financial statements for the financial year ended 31 December 2019, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of DAA Finance plc

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

Independent auditor's report to the members of DAA Finance plc

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements and based on the work undertaken in the course of the audit the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the financial reporting process is consistent with the financial statements and has been prepared in accordance with section 1373 of the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Other matters which we are required to address

Following the recommendation of the Board of Directors, we were reappointed by the Directors on 16 June 2017 to audit the financial statements for the financial year ended 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years, covering the years ending 31 December 2012 to 31 December 2019.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the company in conducting the audit.

Our audit opinion is consistent with the additional report to the Board of Directors we are required to provide in accordance with ISA (Ireland) 260.



Emer O'Shaughnessy
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date 23 March 2020

daa Finance plc

Statement of comprehensive income for the financial year ended 31 December 2019

	<i>Note</i>	2019 €000	2018 €000
Interest income	7	-	3,617
Interest expense	7	(8,793)	(17,904)
		<hr/>	<hr/>
Net interest expense	7	(8,793)	(14,287)
Other operating income	8	38	37
Operating costs	9	(35)	(34)
		<hr/>	<hr/>
Loss before income tax		(8,790)	(14,284)
Income tax credit	11	1,960	2,634
		<hr/>	<hr/>
Loss for the financial year and total comprehensive income	22	(6,830)	(11,650)
		<hr/>	<hr/>

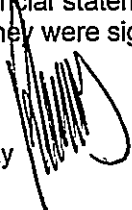
daa Finance plc

Statement of financial position as at 31 December 2019

	<i>Note</i>	31 December 2019 €000	31 December 2018 €000
Assets			
Non-current assets			
Deferred tax asset	12	325	177
Current assets			
Loans to parent undertaking	13	592,183	618,489
Other receivables	14	133	396
Cash and cash equivalents	15	940	929
Total current assets		593,256	619,814
Total assets		593,581	619,991
Equity			
Called up share capital presented as equity	20	40	40
Capital contribution reserve	21	71,197	65,062
Retained earnings	22	(67,134)	(60,304)
Total equity attributable to equity holders of the Company		4,103	4,798
Liabilities			
Non-current liabilities			
Borrowings	17	560,585	587,480
Current liabilities			
Amounts due to parent undertaking	16	700	700
Borrowings	17	28,193	27,013
Total current liabilities		28,893	27,713
Total liabilities		589,478	615,193
Total equity and liabilities		593,581	619,991

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2020. They were signed on its behalf by:

Ray Gray
Director




Catherine Gubbins
Director

daa Finance plc

Statement of cash flows

for the financial year ended 31 December 2019

	Note	2019 €000	2018 €000
Net cash from operating activities	18	2,076	3,652
Investing activities			
Loan repayment from parent undertaking		26,307	176,069
Capital contribution from parent undertaking	21	6,135	12,101
Interest received from parent undertaking		-	3,617
Net cash flows from investing activities		32,442	191,787
Financing activities			
Repayment of bank loans		(26,307)	(25,769)
Repayment of loan notes		-	(290,218)
Interest and similar charges paid		(8,200)	(18,911)
Net cash flows from financing activities		(34,507)	(334,898)
Net increase/(decrease) in cash and cash equivalents		11	(139,459)
Cash and cash equivalents at beginning of financial year		929	140,388
Cash and cash equivalents at end of financial year	15	940	929

daa Finance plc

Statement of changes in equity for the financial year ended 31 December 2019

		Share capital €000	Capital contribution reserve €000	Retained earnings €000	Total equity €000
	<i>Note</i>				
Balance at 1 January 2018		40	52,961	(48,654)	4,347
Total comprehensive income for the financial year					
Movement for the financial year	21, 22	-	12,101	(11,650)	451
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018		40	65,062	(60,304)	4,798
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2019		40	65,062	(60,304)	4,798
Total comprehensive income for the financial year					
Movement for the financial year	21, 22	-	6,135	(6,830)	(695)
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019		40	71,197	(67,134)	4,103
		<hr/>	<hr/>	<hr/>	<hr/>

The capital contribution reserve represents monies received from the Company's parent undertaking.

daa Finance plc

Notes to the financial statements

for the financial year ended 31 December 2019

1 Basis of preparation

Statement of compliance

These financial statements of daa Finance plc (the "Company") have been prepared in accordance with the Companies Act 2014 and International Financial Reporting Standards ("IFRS") (and their interpretations issued by the International Accounting Standards Board ("IASB")) as adopted by the EU.

Basis of measurement

The financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro is rounded to the nearest thousand. The financial statements have been prepared under the historical cost convention. Due to the nature of the Company's activities, no modifications to the historical cost convention are necessary. The Company had no material transactions in foreign currencies in the current financial year or preceding financial year.

2 Going concern

The financial statements have been prepared on the going concern basis. The Company is dependent on the continuity of the financial agreements with daa, who in turn has guaranteed the Company's debt. The directors are satisfied that the going concern is appropriate on the basis of the commitment of support from the parent company, daa plc.

Further detail in respect of the impact of the COVID-19 virus on the daa Group, which includes daa Finance and daa plc is set out in the directors report and has been duly considered in the assessment of the appropriateness of the use of the going concern basis in the preparation of these financial statements.

3 Summary of significant accounting policies

The accounting policies applied in the preparation of the financial statements for the financial year ended 31 December 2019 are set out below.

(a) Details of the entity

daa Finance plc is a public company limited by shares registered and domiciled in Ireland. The address of the Company's registered office is Old Terminal Building, Dublin Airport, Co Dublin and its registered number is 326966. The Company is primarily involved in the provision of funding to undertakings in the Group headed by daa plc ("daa"), which is the Company's parent undertaking.

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

3 Summary of significant accounting policies *(continued)*

(b) New standards and amendments

The new standards and interpretations first applying in the current financial year include the following:

IFRS 16 Leases

The new standard IFRS 16 Leases, effective 1 January 2019 is not applicable for the Company, as no leases are in place.

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

The amendments to IAS 28, effective 1 January 2019 clarify that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. This amendment has no effect on the financial statements in the current or prior periods

Annual improvements 2015 – 2017 cycle

The Company has adopted the amendments included in the *Annual Improvements to IFRS Standards 2015–2017 Cycle* for the first time in the current year. The amendments have no effect on the financial statements in the current or prior periods. The Annual Improvements include amendments to four Standards:

IAS 12 *Income Taxes*

The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. There were no dividends in daa Finance plc in 2018 or 2019.

IAS 23 *Borrowing Costs*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. There is no capital spend in daa Finance plc in 2018 or 2019.

IFRS 3 *Business Combinations*

The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation. There were no transactions relating to joint operations in 2018 or 2019.

IFRS 11 *Joint Arrangements*

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation. There were no transactions relating to joint arrangements in 2018 or 2019.

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

3 Summary of significant accounting policies *(continued)*

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). There is no defined benefit scheme in daa Finance plc in 2018 or 2019.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The updated interpretation has been considered by daa Finance plc. There have been no instances where uncertain tax treatments have arisen in daa Finance plc 2018 and 2019.

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Notes to the financial statements (continued) for the financial year ended 31 December 2019

3 Summary of significant accounting policies (continued)

New standards, amendments to standards and interpretations in issue not yet effective for accounting periods are included in the table below. These are not expected to have a material effect.

Title	Key requirements	Effective Date
Amendments to IFRS 3 <i>Definition of a business</i>	<p>The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.</p> <p>Additional guidance is provided that helps to determine whether a substantive process has been acquired.</p> <p>The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.</p>	<p>The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.</p>
Amendments to IAS 1 and IAS 8 <i>Definition of material</i>	<p>The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.</p> <p>The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.</p> <p>The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the <i>Conceptual Framework</i> that contain a definition of material or refer to the term 'material' to ensure consistency.</p>	<p>The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.</p>

daa Finance plc

Notes to the financial statements (continued) for the financial year ended 31 December 2019

3 Summary of significant accounting policies (continued)

Title	Key requirements	Effective Date
<p><i>Amendments to References to the Conceptual Framework in IFRS Standards</i></p>	<p>Together with the revised <i>Conceptual Framework</i>, which became effective upon publication on 29 March 2018, the IASB has also issued <i>Amendments to References to the Conceptual Framework in IFRS Standards</i>. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.</p> <p>Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised <i>Conceptual Framework</i>. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised <i>Conceptual Framework</i>.</p>	<p>The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.</p>

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

3 Summary of significant accounting policies *(continued)*

(c) Financial Instruments

The Company did not use any derivative financial instruments during the current financial year or preceding financial year.

Non-derivative financial instruments comprise of loans and receivables, cash and cash equivalents, borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides funding directly to undertakings in the Group headed by daa with no intention of trading the receivable.

Subsequent to initial measurement at fair value, loans and receivables are measured at amortised cost using the effective interest method. Interest calculated using the effective interest method is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset or liability.

Loans receivable from the parent undertaking, daa, are repayable on demand. In the case of an intercompany loan repayable on demand, the fair value would equal the face value of the loan (i.e. the undiscounted amount repayable). The financial asset is measured on the same basis.

The group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for other receivables. The expected loss rates are based on the credit rating of the counterparty and the outlook for their performance. Where the credit rating of a counterparty declines and results in material uncertainty over the recoverability of the receivable an amount equal to lifetime ECL will be recognised. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. The amount of the allowance is recognised in profit or loss.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash maturing in less than 3 months and which are subject to an insignificant risk of changes in value.

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

3 Summary of significant accounting policies *(continued)*

Borrowings

Borrowings are initially measured at fair value, less transaction costs, and subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Other payables

Trade and other payables are stated at amortised cost.

Derecognition of financial assets and liabilities

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(d) Interest income and interest expense

Interest income represents the return receivable on the loans to the parent undertaking and is recognised in profit or loss as it accrues, using the effective interest method.

Interest expense on borrowings is recognised in profit or loss using the effective interest rate method.

(e) Income tax

Current tax represents the expected tax payable or recoverable on the taxable result for the financial year using tax rates enacted or substantively enacted at the balance sheet date and any adjustments in respect of prior financial years. It also includes consideration for the tax value of tax losses being surrendered to companies in the Group headed by daa.

Deferred tax is recognised using the balance sheet method, providing for any temporary differences between the carrying amounts of financial assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

3 Summary of significant accounting policies *(continued)*

(f) Fair value estimation

An area of estimation for this Company would be in the determination of fair values for financial assets and financial liabilities for which there is no observable market price. Loans and receivables and borrowings are initially measured at fair value and subsequently stated at amortised cost. In doing so, this requires management to apply judgement to ensure that they are initially correctly stated at fair value, which equates to market value at the day of execution. After initial measurement, the fair values of loans and receivables and borrowings are disclosed in the notes. This also requires management to apply judgement to ensure that fair values are correctly disclosed.

IFRS 13 "Fair Value Measurement" establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), including inputs from markets that are not considered to be active; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the financial instrument and does not necessarily correspond to the Company's perceived risk inherent in such financial instruments.

Fair values of the Company have been determined based on the following methods:

- the fair value of the loan notes is based on exit prices obtained from third party financial institutions at the balance sheet date;
- fair values for bank loans are based on discounted expected future principal and interest cash flows, assuming no prepayments;
- the interest rates used are observable and market based and include appropriate credit margins, externally sourced, which take account of the credit quality of the Company;

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

3 Summary of significant accounting policies *(continued)*

- the fair values of the loans to the parent undertaking are based on judgement applied by management in relation to the credit quality of the parent and ability of the parent to repay the loans on demand.

The fair values of the loan notes and bank loans fall into Level 2 and Level 3 respectively of the hierarchy. The valuation methods use inputs that are market observable and externally sourced and management do not make significant judgements or estimations in the calculations of fair values. Therefore, estimation uncertainty is considered to be low. Loan notes are listed on Euronext Dublin however no active market price is available via Euronext Dublin. Prices are obtained from brokers in order to value the loan notes, and prices can vary based on the broker. For this reason, the fair value of the loan notes are classified as Level 2. The fair values of the loans to the parent undertaking fall into Level 3 of the hierarchy. The valuation methods use inputs that are not based on observable market data (that is, unobservable inputs). The assumptions made in determining the fair value of these financial assets are set out below in Note 4 'Critical Accounting Judgements and Estimates'.

Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4 Critical Accounting Judgements and Estimates

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts reported for assets and liabilities as at the date of the statement of financial position and the amounts reported for income and expenses during the period that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgements in the current year. A key source of estimation uncertainty includes, but is not limited to, the following:

Impairment of loans and receivables:

Management exercise judgement when assessing if the loans and receivables are impaired. The loans are receivable from the parent undertaking, daa, hence the test is dependent on management's assessment of the credit quality of daa which is based on daa's credit rating assigned to daa by Standard & Poor's Global Ratings.

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Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

5 Financial risk management

Financial risk factors

The Company can use derivative instruments (principally interest rate swaps) to hedge certain risk exposures which may arise from financing activities but did not use any derivative instruments during the current financial year or preceding financial year. The Company does not trade in financial instruments nor does it enter into any leveraged derivative transactions.

(i) Credit risk

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. The expected loss rates are based on the credit rating of the counterparty and the outlook for their performance. The principal financial assets of the Company are the loans to the parent undertaking, daa, which are repayable on demand. Due to the nature of the counterparty, the concentration of credit risk is not considered likely to lead to a significant risk of financial loss.

(ii) Liquidity risk

The Company has minimal liquidity risk due to the fact that the repayments of loans due from the parent undertaking, daa, are repayable on demand and daa has sufficient liquidity to ensure that it will meet its financial commitments to the Company when they fall due.

(iii) Interest rate risk

The Company's policy is to protect the statements of comprehensive income and cash flows from material adverse movements in interest rates by undertaking controlled management of the interest rate structure on the Company's borrowings and investments. At the end of 2019, 100% (2018: 69%) of the Company's debt was denominated as fixed interest debt.

(iv) Foreign currency risk

All of the Company's financial instruments are denominated in Euro and therefore no foreign currency risks arise.

Further disclosures in accordance with IFRS 7 "Financial Instruments: Disclosures" are given in Note 19.

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Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

6 Operating segments

IFRS 8 "Operating Segments", adopts a strict management approach to segment reporting and requires that operating segments be identified on the same basis as financial information is reported internally for the purpose of allocating resources between segments and assessing their performance. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker and for which financial information is available. The Company's Chief Operating Decision Maker is the Board.

The Company has one reportable segment - Financing - which is the Company's strategic business unit. For this strategic business unit, the senior finance management of the Company's parent undertaking review internal management reports on a regular basis. Financing includes the provision of funding to undertakings in the Group headed by daa, including the surrender of Group tax relief. There are no other significant operations in the Company. The Company's revenue is generated from the return receivable on the loans to the parent undertaking (daa) and management fees received from the parent undertaking.

7 Interest income and interest expense

	2019 €000	2018 €000
Interest income		
Interest on loans to parent undertaking	-	3,617
	<hr/>	<hr/>
Interest expense		
Interest expense on financial liabilities measured at amortised cost:		
On loan notes	6,216	16,322
On bank borrowings	2,577	1,381
Custodial charges	-	201
	<hr/>	<hr/>
	(8,793)	17,904
	<hr/>	<hr/>
Net interest expense	(8,793)	(14,287)
	<hr/>	<hr/>

Interest on loans to the parent undertaking represents the return receivable on the loans to the parent undertaking calculated under the effective interest method in accordance with IFRS 9 Financial Instruments.

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

8 Other operating income

	2019 €000	2018 €000
Management fee income	38	37

9 Operating costs

	2019 €000	2018 €000
Materials and services	35	34

10 Statutory and other information

Loss before income tax has been arrived at after charging the following amounts:

	2019 €000	2018 €000
Auditors' remuneration		
– audit of individual accounts	25	25
– other assurance services	-	-
– tax advisory services	-	-
– other non-audit services	-	-
	25	25
Directors' remuneration/key management compensation	-	-

Other than the directors, the Company had no employees or direct key management personnel during the current financial year or preceding financial year.

Directors' remuneration is borne by the parent undertaking for the Group. The Directors are not remunerated for their roles as directors of the Company.

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

11 Income tax

(i) Income tax recognised in the income statement

	2019 €000	2018 €000
Current tax:		
Corporation tax group relief credit	2,041	2,903
Adjustment in respect of prior years	(229)	(11)
	<hr/> 1,812	<hr/> 2,892
Deferred tax:		
<i>Origination/reversal of temporary differences:</i>		
Deferred tax credit/(charge) for the financial year	148	(258)
	<hr/> 148	<hr/> (258)
Total income tax credit	<hr/> 1,960	<hr/> 2,634

The corporation tax group relief credit in the financial year arises due to the surrender of tax losses to undertakings in the Group headed by daa. The deferred tax relates to temporary differences arising on interest payable.

(ii) Reconciliation of tax credit

The following table reconciles the applicable Irish statutory tax rate to the effective tax rate of the Company:

	2019 €000	2018 €000
Loss before income tax	<hr/> (8,790)	<hr/> (14,284)
Income tax credit at the standard rate of tax in the Republic of Ireland for the year ended 31 December 2019 of 12.5% (2018: 12.5%)	1,099	1,786
Non-deductible expenses	(4)	(24)
Income taxed at higher rates	1,094	883
Adjustment in respect of prior years	(229)	(11)
Income tax credit	<hr/> 1,960	<hr/> 2,634

Non-deductible expenses relate to other disallowable expenses booked to the Statement of Comprehensive Income.

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

12 Deferred tax asset

	2019 €000	2018 €000
Deferred tax asset	325	177

The deferred tax asset relates to temporary differences on interest accrued. Although the Company is loss making, it has the ability to charge for group relief on the interest, therefore it is appropriate to recognise a deferred tax asset on same.

13 Loans to parent undertaking

	2019 €000	2018 €000
Loans to parent undertaking		
Current	592,183	618,489

Loans to parent undertaking represent the external borrowings that have been on-lent to the Company's parent undertaking and are governed by a loan agreement which gives the flexibility to charge interest on some or all of the loans to parent undertaking. In 2019, it was agreed between the Company and the parent undertaking that no interest would be charged (2018: €3.6 million). The Company considers the risk of default to be remote due to the credit quality of daa.

The loans to the parent undertaking are repayable on demand.

14 Other receivables

	2019 €000	2018 €000
Amounts due from fellow subsidiary undertakings	133	396

The above receivables all fall due for payment within one year.

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

15 Cash and cash equivalents

	2019 €000	2018 €000
Cash at bank and in hand	940	929
	<hr/>	<hr/>

16 Amounts due to parent undertaking

	2019 €000	2018 €000
Amounts due to parent undertaking	700	700
	<hr/>	<hr/>

The above payables are due for payment within one year.

17 Borrowings

This note provides information about the contractual terms of the Company's interest bearing borrowings which are measured at amortised cost. For more information about the Company's exposure to interest rate and liquidity risks, see Note 19.

	2019 €000	2018 €000
Non-current:		
Loan notes	400,000	400,000
Bank loans	160,585	187,480
	<hr/>	<hr/>
	560,585	587,480
	<hr/>	<hr/>
Current:		
Loan notes	272	272
Bank loans	27,921	26,741
	<hr/>	<hr/>
	28,193	27,013
	<hr/>	<hr/>
Total borrowings	588,778	614,493
	<hr/>	<hr/>

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

17 Borrowings *(continued)*

Terms and conditions of outstanding loans and borrowings were as follows:

					2019	2018
	Currency	Nominal interest rate	Year of maturity	Face value €000	Carrying value €000	Carrying value €000
Loan notes 2028	Euro	1.554%	2028	400,000	400,272	400,272
Bank loan (2002)	Euro	5.12%	2020	11,600	11,815	23,035
Bank loan (2011)	Euro	1.05%	2031	175,882	176,691	191,186
				187,482	188,506	214,221
Total interest - bearing liabilities				587,482	588,778	614,493

Loan notes 2028 represent €400,000,000 (2018: €400,000,000) 1.554% fixed rate Eurobonds repayable 7 June 2028 which are guaranteed by the parent undertaking, daa, and are listed on the main securities market of the Euronext Dublin.

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

17 Borrowings *(continued)*

The bank loan (2002) is an 18 year amortising loan from the European Investment Bank at a fixed rate of 5.12%, payable semi-annually. The bank loan (2011) is a 20 year amortising loan, payable semi-annually, from the European Investment Bank and on 28 January 2019 the loan was fixed at 1.05% to maturity having been floating since drawdown. Both bank loans are guaranteed by the parent undertaking, daa.

The loan notes and bank loans have been borrowed on an unsecured basis.

Undrawn committed revolving credit facility

At 31 December 2019, the Company shared with its parent undertaking, daa,

- (1) a joint undrawn committed revolving credit facility of €300 million in respect of which all conditions precedent have been met. This facility expires in more than one year but not more than two years; and
- (2) a joint undrawn committed 20 year European Investment Bank loan of €350 million in respect of which all creditors precedent have been met. The drawdown availability period expires in June 2022.

18 Notes to the cash flow statement

	2019 €000	2018 €000
Loss before income tax	(8,790)	(14,284)
Adjustment for:		
Net interest expense	8,793	14,287
Payments received for Group income tax relief	1,731	3,650
	<hr/>	<hr/>
Operating cash flow before movement in working capital	1,734	3,653
Decrease/(increase) in other receivables	342	(1)
	<hr/>	<hr/>
Net cash flows from operating activities	<u>2,076</u>	<u>3,652</u>

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

18 Notes to the cash flow statement *(continued)*

Analysis of net debt

	At 1 January 2019 €000	Cash flow €000	Non-cash* movements €000	At 31 December 2019 €000
Cash	929	11	-	940
	<hr/>	<hr/>	<hr/>	<hr/>
	929	11	-	940
Debt due within one year				
Loan notes	(272)	-	-	(272)
Bank loans	(26,741)	26,307	(27,487)	(27,921)
	<hr/>	<hr/>	<hr/>	<hr/>
	(27,013)	26,307	(27,487)	(28,193)
Debt due after one year				
Loan notes	(400,000)	-	-	(400,000)
Bank loans	(187,480)	-	26,895	(160,585)
	<hr/>	<hr/>	<hr/>	<hr/>
	(587,480)	-	26,895	(560,585)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(613,564)	26,318	(592)	(587,838)
	<hr/>	<hr/>	<hr/>	<hr/>
In respect of prior financial year	At 1 January 2018 €000	Cash flow €000	Non-cash* movements €000	At 31 December 2018 €000
Cash	143	786	-	929
Cash equivalents	140,245	(140,245)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	140,388	(139,459)	-	929
Debt due within one year				
Loan notes	(291,174)	290,218	684	(272)
Bank loans	(26,524)	25,769	(25,986)	(26,741)
	<hr/>	<hr/>	<hr/>	<hr/>
	(317,698)	315,987	(25,302)	(27,013)
Debt due after one year				
Loan notes	(400,000)	-	-	(400,000)
Bank loans	(213,789)	-	26,309	(187,480)
	<hr/>	<hr/>	<hr/>	<hr/>
	(613,789)	-	26,309	(587,480)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(791,099)	176,528	1,007	(613,564)
	<hr/>	<hr/>	<hr/>	<hr/>

* Non cash movements include transfer of debt and accrued interest from due after one year to due within one year.

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

19 Financial instruments

Foreign currency risk

All financial instruments are denominated in Euro and hence no foreign currency risk exists.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk exposure, which at the reporting date was:

	Carrying value	
	2019 €000	2018 €000
Loans to parent undertaking	592,183	618,489
Other receivables	133	396
Cash and cash equivalents	940	929
	<hr/>	<hr/>
	593,256	619,814
	<hr/>	<hr/>

Expected credit losses have been considered based on the credit ratings of the counter parties. The loans to parent undertaking are repayable on demand and are therefore deemed to have a contractual period of one day or less. The credit rating of the parent undertaking (daa) is A with a stable outlook (2018: A- with a positive outlook). The cash and cash equivalents are placed with counter parties with a minimum rating of A-, limiting the aggregate amount and duration of the exposure to any one counterparty primarily depending on its credit rating and by regular review of these ratings. There are no amounts past due or impaired. The directors believe that there are no foreseeable issues in relation to the credit quality of financial assets due to the financial creditworthiness of the undertakings and therefore expected credit losses on the above categories of financial assets are €Nil (2018: €Nil).

daa Finance plc

Notes to the financial statements (continued) for the financial year ended 31 December 2019

19 Financial instruments (continued)

Liquidity risk

The principal liquidity risk faced by the Company stems from the maturation of debt obligations and is reliant on daa, guarantor of the debt, to repay the loans due from the parent undertaking to meet the debt obligations. The Company also has access to a committed line of credit (see Note 17).

The following are the contractual maturities of financial liabilities, including interest payments.

31 December 2019	Carrying value €000	Contractual cash flows €000	6 months or less €000	6 – 12 months €000	1 – 2 years €000	2 – 5 years €000	More than 5 years €000
Loan notes	(400,272)	(452,750)	-	(6,216)	(6,216)	(18,648)	(421,670)
Bank loans	(188,506)	(199,010)	(14,592)	(14,556)	(16,940)	(49,857)	(103,065)
Due to parent undertaking	(700)	(700)	(700)	-	-	-	-
	(589,478)	(652,460)	(15,292)	(20,772)	(23,156)	(68,505)	(524,735)
31 December 2018	Carrying value €000	Contractual cash flows €000	6 months or less €000	6 – 12 months €000	1 – 2 years €000	2 – 5 years €000	More than 5 years €000
Loan notes	(400,272)	(458,924)	-	(6,216)	(6,216)	(18,648)	(427,844)
Bank loans	(214,223)	(227,305)	(13,676)	(14,620)	(29,184)	(50,397)	(119,428)
Due to parent undertaking	(700)	(700)	(700)	-	-	-	-
	(615,195)	(686,929)	(14,376)	(20,836)	(35,400)	(69,045)	(547,272)

The Company's principal financial assets, being the loans due from the parent undertaking (see Note 13) are repayable on demand (see Note 17).

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

19 Financial instruments *(continued)*

Interest rate risk management

The Company borrows at both fixed and floating rates of interest. Interest rates swaps were not used to manage the Company's resulting exposure to interest rate fluctuations in the current or prior financial year.

The Company is exposed to interest rate risk as the Company holds financial assets (bank deposits) on a floating rate basis.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying value	
	2019	2018
	€000	€000
<i>Fixed rate instruments</i>		
Financial assets	592,183	427,302
Financial liabilities	(588,778)	(423,306)
	<hr/>	<hr/>
	3,405	3,996
	<hr/>	<hr/>
<i>Floating rate instruments</i>		
Financial assets	940	192,116
Financial liabilities	-	(191,187)
	<hr/>	<hr/>
	940	929
	<hr/>	<hr/>

Interest rate sensitivity analysis

The floating rate financial assets comprises of bank deposits and fluctuates based on EURIBOR. If interest rates applicable to these bank deposits were to rise/fall by 50 basis points, interest receivable would change by +/- €4,700 (2018: +/- €5,000).

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Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

19 Financial instruments *(continued)*

Fair values

The fair values of financial instruments together with the carrying amounts shown in the statement of financial position are as follows:

	2019		2018	
	Carrying value	Fair value	Carrying value	Fair value
	€000	€000	€000	€000
Cash and cash equivalents	940	940	929	929
Loans to parent undertaking	592,183	592,183	618,489	618,489
Other receivables	133	133	396	396
Loan notes	(400,272)	(418,108)	(400,272)	(400,716)
Bank loans	(188,506)	(195,590)	(214,221)	(217,027)
Other payables	(700)	(700)	(700)	(700)

Basis for determining fair values

Loans to parent undertaking

As these amounts are repayable on demand, the actual amount receivable is deemed to reflect the fair value. The key judgements and assumptions applied by management in determining if the fair value of loans to the parent undertaking are correctly stated relate to (i) the credit quality of the counter party, daa, and (ii) daa's ability to repay the loans on demand. Management's assessment of the credit quality of daa is based on the credit rating assigned to daa by Standard & Poor's Global Ratings. Management's assessment of daa's ability to repay the loans on demand is based on the Company's knowledge of daa's working capital and liquidity. The fair values fall within Level 3 of the fair value hierarchy.

Other receivables/Other payables

As these amounts fall due within one year, the actual amount receivable/payable is deemed to reflect the fair value. The fair values fall within Level 3 of the fair value hierarchy.

Loan notes

The fair value is based on broker prices obtained from third party financial institutions. The fair values fall within Level 2 of the fair value hierarchy.

Bank loans

Fair value is calculated based on discounted expected future principal and interest cash flows, assuming no prepayments. The average observable market interest rate used for determining fair value at 31 December 2019 was 0.3% (2018: 0.7%) and included an appropriate credit margin, externally sourced from the lending bank, taking into account the credit quality of the Company. The interest rate of 0.3% is substantially lower than the fixed rates payable on the bank loans due to the current and projected low interest rate environment. The fair values fall within Level 3 of the fair value hierarchy.

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

20 Called up share capital presented as equity

	2019 €000	2018 €000
Authorised		
1,000,000 ordinary shares of €1 each	1,000	1,000
Allotted, called up and fully paid		
40,000 ordinary shares of €1 each	40	40

21 Capital contribution reserve

	2019 €000	2018 €000
At beginning of financial year	65,062	52,961
Capital contribution for the financial year	6,135	12,101
At end of financial year	71,197	65,062

22 Retained earnings

	2019 €000	2018 €000
At beginning of financial year	(60,304)	(48,654)
Loss for the financial year	(6,830)	(11,650)
At end of financial year	(67,134)	(60,304)

23 Investment in shares in subsidiary undertaking

					Shares at cost
					€
At 31 December 2019 and 31 December 2018					2
Details of the subsidiary undertaking are as follows:					
	Ordinary share holding	Business	Net Assets €000	Profit for the year €000	Country of incorporation and operation
daa Operations Limited	100%	Property holding	411	60	Ireland

The registered office of daa Operations Limited is Old CTB, Dublin Airport, Co. Dublin.

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

24 Related parties

The principal related party relationships requiring disclosure in the financial statements under IAS 24 Related Party Disclosures relate to the existence of the parent undertaking, daa, and transactions with this entity and its subsidiaries entered into by the Company.

During the financial year, the Company recognised an income tax credit for the surrender of tax losses to the parent undertaking, to the Company's subsidiary and to fellow subsidiaries of the parent undertaking. The total group relief surrendered to the parent undertaking amounted to €1.9 million (2018: €2.5 million). The total group relief surrendered to the Company's subsidiary amounted to €8,791 (2018: €8,788). The total group relief surrendered to fellow subsidiaries of the parent undertaking amounted to €0.1 million (2018: €0.4 million).

During the financial year, the Company recognised interest income of €Nil (2018: €3.6 million) on loans advanced to the parent undertaking and management fee income of €37,571 (2018: €36,501).

At the year end, loans to the parent undertaking were €592.2 million (2018: €618.5 million) (Note 13), other receivables due from fellow subsidiaries of the parent undertaking were €0.1 million (2018: €0.4 million) (Note 14), other payables due to the parent undertaking were €0.7 million (2018: €0.7 million) (Note 16). These balances will be settled in cash.

The Company also received a capital contribution from daa during the financial year of €6.1 million (2018: €12.1 million).

The parent undertaking has guaranteed the loans and borrowings of the Company (Note 17).

The Company is a wholly owned subsidiary of daa, a company incorporated and operating in Ireland. The financial statements of daa Finance plc are included in the consolidated financial statements prepared for daa. The consolidated financial statements of daa are available from the Secretary at Head Office, Old CTB, Dublin Airport, Co Dublin and on www.daa.ie.

25 Management of capital

The capital structure of the Company consists of debt related financial liabilities, cash and cash equivalents and equity attributable to the parent undertaking, daa, comprising share capital, capital contribution reserve and retained earnings as disclosed in the Statement of Changes in Equity on page 15. The parent undertaking provides sufficient capital to fund the company's loss making activities.

daa Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2019

25 Management of capital *(continued)*

The financing structure of the Company is managed in order to optimise shareholder value while allowing the Group to take advantage of opportunities that arise to grow the business. The Group targets investment opportunities that are value enhancing and the Group's policy is to fund these transactions from cash flow and/or borrowings while maintaining the Group's investment grade credit rating.

The Company's joint €300 million committed revolving credit facility (RCF) and €350 million European Investment Bank loan, provides the Group with a substantial level of liquidity.

The loan notes and the bank loans are not subject to financial covenants.

26 Controlling party

The Company is a wholly owned subsidiary of daa plc. Both companies are incorporated in the Republic of Ireland. Consolidated group accounts of daa Finance plc are not prepared as provided for under IAS 27 and Section 297 of the Companies Act 2014. These are separate financial statements and are consolidated into the financial statements prepared by that company. The consolidated financial statements of daa plc are available from the secretary at Head Office, Old CTB, Dublin Airport. Co. Dublin.

27 Post balance sheet events

The development of the COVID-19 outbreak arose after the end of the reporting period and has resulted in significant travel restrictions both domestically and internationally which have a direct impact on the operations of daa Group and its subsidiaries. daa Finance provides funding to daa plc and undertakings of the group and will therefore potentially be impacted by these events. At this point in time, due to the uncertainty over the length of time the restrictions will be in place and its economic impact on the wider aviation market, it is not possible to provide an estimate of the financial effect of the COVID-19 situation on the daa Group. Management will continue to assess the impact of the outbreak on the Group but are satisfied we have sufficient liquidity in place to meet this challenge.

28 Approval of financial statements

The financial statements were approved by the Board of Directors on 20 March 2020.